



## *Memorandum*

**DATE:** November 3, 2015

**TO:** Wen Vongjesda, Contract Manager

**FROM:** Paula Rivera, Audit Division

**CC:** Finance and Audit Subcommittee of the Board  
Jeff Morales, CEO  
Guy Preston, Task Manager  
Kimberly Hodge, Contract Analyst

**SUBJECT:** Pre-award Review HSR 15-34

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The Authority Audit Division has completed its review of the draft agreement and the cost proposal for Engineering and Environmental Services for San Francisco – San Jose and San Jose – Merced Project Sections, RFQ HSR15-34 between the California High-Speed Rail Authority (Authority) and HNTB Corporation.

The scope was limited to reviewing the draft agreement and the cost proposals dated September 30, 2015. The objectives of the review were to determine if the necessary fiscal provisions were incorporated in the draft agreement and whether the proposed costs are reasonable and in compliance with the Code of Federal Regulations Title 48, Chapter 1, Part 31 for the purpose of accepting contract progress billings.

Except as noted in the following paragraph, our review was conducted in accordance with Government Auditing Standards for attestation engagements as issued by the Comptroller General of the United States. A review is substantially less in scope than an examination, the objectives of which is the expression of an opinion on the proposed costs submitted by the Contractor, and accordingly, review reports express no such opinion.

The Authority Audit Division has not undergone a peer review as required by the Government Auditing Standards due to the recent formation of the Audit Division and the lack of a body of work to be reviewed. The Authority Audit Division is not yet eligible for a peer review for the reasons stated.

Based on the review of the cost proposal and the draft agreement, except as discussed in the issues and recommendations section below, no material deficiencies came to our attention, except as noted below.

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

## ISSUES AND RECOMMENDATIONS

### Issue 1

The following proposed indirect cost rates were misstated:

Firm	Proposed	Supported
Anchor Engineering	192.09	131.90
FMG Architects	198.34	77.51
Garcia and Associates	119.15	112.42
Lettis Consultants International, Inc.	190.77	144.00
Square One Productions	102.60%	101.01%
Ward & Associates	167.54	103.77
Wilson Thrig	183.85	165.22

**Recommendation:** The Contract Manager should have the cost proposal revised to reflect the supported indirect cost rates.

### Issue 2

The proposed hourly rates were misstated for the following employees:

Employee	Proposed Rate	Supported Rate	Firm
Claudia Gaudagner	\$71.00	\$66.95	FMG Architects
Meghan Lamb	27.50	30.00	Paleo Solutions, Inc.

**Recommendation:** The Contract Manager should have the cost proposal revised to reflect the supported hourly rates.

### Issue 3

The hourly rates/ranges were misstated for the following proposed classifications:

Classification	Proposed Rate/Rang	Supported Range/Rate	Firm
Junior Engineer	\$25.00 - \$45.00	\$35.00	Anchor Engineering
Associate Engineer	45.00 – 55.00	51.71	Anchor Engineering
Senior Engineer	55.00 – 65.00	63.00	Anchor Engineering
Engineering Technician	25.00 – 65.00	43.00	Anchor Engineering
Administrative/Clerical	20.00 – 62.00	55.00	Anchor Engineering
Principal Engineer/Geologist	63.38	60.50	Earth Mechanics, Inc.
Senior Engineer/Geologist	51.25	45.75	Earth Mechanics, Inc.

<b>Classification</b>	<b>Proposed Rate/Rang</b>	<b>Supported Range/Rate</b>	<b>Firm</b>
Senior Project Engineer/Geologist	46.80	45.00	Earth Mechanics, Inc.
Project Engineer/Geologist	38.80	34.00	Earth Mechanics, Inc.
Senior Staff Engineer/Geologist	33.75	31.75	Earth Mechanics, Inc.
Staff Engineer/Geologist	29.00	28.00	Earth Mechanics, Inc.
Clerical (Non-exempt)	22.47	16.80	Earth Mechanics, Inc.
Senior Eng/Planner III	55.29	40.87 - 48.89	Fehr and Peers
Senior Eng/Planner I	26.94	25.00 - 32.69	Fehr and Peers
Technician III	35.10	30.29 - 31.73	Fehr and Peers
Principal IV	110.58	100.96 - 114.42	Fehr and Peers
Senior Administrative Asst. II	30.91 – 36.54	36.06	Fehr and Peers
Administrative Asst. III	21.79 – 29.81	29.81	Fehr and Peers
Administrative Asst. II	21.63 – 25.96	25.96	Fehr and Peers
SS V Environmental Scientist	34.00 - 39.00	32.18 - 39.00	Garcia & Associates
SS III Environmental Scientist	24.00 - 27.00	23.00 - 27.00	Garcia & Associates
SS II Environmental Scientist	18.00 - 24.00	18.00 - 22.66	Garcia & Associates
PM V Princ. Scientist/Planner	65.00 – 100.00	135.22	Garcia & Associates
PM IV Princ. Scientist/Planner	55.00 - 65.00	55.00 - 60.96	Garcia & Associates
PM III Princ. Scientist/Planner	44.00 - 55.00	44.00 - 53.69	Garcia & Associates
GIS III/GIs Manager	35.00 - 45.00	35.00 - 39.52	Garcia & Associates
CA-III-Contract Analyst	30.00 - 40.00	37.61	Garcia & Associates
Sr. Project	44.82	43.19	Lettis Consultants
Project	40.35	39.03	Lettis Consultants
Project Manager	70.00 - 110.00	90.00	Owlized, Inc.
Visualization Engineer	60.00 - 110.00	85.00	Owlized, Inc.
Software Engineer	75.59 – 102.27	180.00	Owlized, Inc.
Field Support Tech	25.00 – 35.00	25.00	Owlized, Inc.
Administrative Asst.	22.00 – 44.00	22.00	Owlized, Inc.
Project Manager	47.69	58.85	TEF Design
Project Architect	40.24	44.27	TEF Design
Designer	35.77	44.27	TEF Design
Drafter	29.81	35.15	TEF Design
Project Staging	92.00	84.00	Pointec. Inc.
Operations	45.69	28.06	Pointec. Inc.
Engineering Manager	88.00	84.00	Pointec. Inc.
Senior Engineer A	67.00 - 73.00	63.57 - 70.44	Pointec. Inc.
Senior Engineer B	49.00 - 55.00	45.50 - 50.05	Pointec. Inc.
Senior Engineer C	42.00 - 47.00	39.54 - 41.84	Pointec. Inc.
Engineer	30.00 - 34.00	28.31 - 32.16	Pointec. Inc.

<b>Classification</b>	<b>Proposed Rate/Rang</b>	<b>Supported Range/Rate</b>	<b>Firm</b>
Survey Manager	72.00	61.20	Towill, Inc.
Senior Land Surveyor/Manager	66.00	54.00	Towill, Inc.
Survey Task manager	51.50	46.25	Towill, Inc.
Project Surveyor	48.13	49.00	Towill, Inc.
Survey Office Technician	35.69	37.14	Towill, Inc.
Survey CADD Technician	24.33	31.81	Towill, Inc.
Engineer II	40.00	38.98	Wilson Thrig
Geotechnical Engineers	58.61 – 65.18	64.48	WRECO
Associate Engineer	34.09 - 45.45	34.48 - 36.37	WRECO
Staff Engineer	22.73 - 34.09	24.46 - 30.00	WRECO
Associate Biologist/Environ.Sci	30.30 - 41.67	33.79 - 34.88	WRECO
2Staff Biologist/Environ.Sci	18.94 - 30.30	21.09 - 26.62	WRECO
Senior Technician	26.52 - 34.09	27.73 - 30.92	WRECO
Administrator/Clerical/Tech Edit	23.99 - 41.67	24.17 - 33.25	WRECO

**Recommendation:** The Contract Manager should have the cost proposal revised to reflect the supported rates, and high and low ranges for the proposed classifications.

#### Issue 4

Classifications were proposed with no specific employees identified to perform work on this contract.

**Recommendation:** The Contract Manager should verify the actual hourly rate is within the proposed range when employees are identified to perform work on this contract.

#### Issue 5

The following employees could not support the actual hourly rate, indirect cost rate and fee, but could support Loaded Hourly Billing Rates:

<b>Name</b>	<b>Classification</b>	<b>Proposed Rate</b>	<b>Supported Rate</b>	<b>Firm</b>
Michael Kiesling	Owner	\$170.00	\$155.00	Architecture 21, Inc.
Mike Garvey	Outreach Specialist	210.00	210.00	Economic Planning & Systems, Inc.
Laura Uden	Quality Manager	214.11	204.64	NSI Engineering
Katherine Strehl	Outreach Manager	250.00	250.00	KS Public Affairs Consulting

**Recommendation:** The Contract Manager should have the cost proposal revised to reflect the supported billing rate and remove the actual hourly rate, indirect cost rate and fee.

**Issue 6**

The following employees/classifications’ proposed billing rates could be supported with actual cost documentation:

<b>Name</b>	<b>Classification</b>	<b>Hourly Rate/Range</b>	<b>Indirect Cost Rate</b>	<b>Firm</b>
Bob Goodfellow	Principal	\$96.15	155.4%	Aldea Services
Sharif Ebrahim	Principal - SI	106.23	179.11	Kearns & West, Inc.
Ben Gettleman	Sr. Director – SJ to CVY Lead	78.23	179.11	Kearns & West, Inc.
	Vice President	75.47 – 91.47	179.11	Kearns & West, Inc.
	Director	46.48	179.11	Kearns & West, Inc.
	Senior Associate	54.68 – 57.29	179.11	Kearns & West, Inc.

**Recommendation:** The Contract Manager should have the cost proposal revised to reflect the hourly rates/ranges and indirect cost rates identified above.

**Issue 7**

The following proposed classifications were unsupported:

<b>Classification</b>	<b>Firm</b>
Senior Associate	Aldea Services, LLC
Senior PM	Aldea Services, LLC
Senior Project Engineer	Aldea Services, LLC
Project Engineer	Aldea Services, LLC
Technician	Aldea Services, LLC
Project Engineer	DEENSCORP, Inc.
Staff Engineer I	DEENSCORP, Inc.
Staff Engineer II	DEENSCORP, Inc.
CAD Engineer	DEENSCORP, Inc.
Project Manager	FMG Architects
Project/Senior Architect	FMG Architects
Specification Writer	FMG Architects
Intermediate Staff	FMG Architects
Junior Staff	FMG Architects
GIS-I-GIS Technician	Garcia & Associates
Senior Project Director	ICF Jones & Stokes, Inc.
Project Director	ICF Jones & Stokes, Inc.
Technical Director	ICF Jones & Stokes, Inc.
Sr. Technical Analyst	ICF Jones & Stokes, Inc.
Managing Consultant	ICF Jones & Stokes, Inc.
Senior Consultant III	ICF Jones & Stokes, Inc.
Senior Consultant II	ICF Jones & Stokes, Inc.
Senior Consultant I	ICF Jones & Stokes, Inc.

<b>Classification</b>	<b>Firm</b>
Associate Consultant III	ICF Jones & Stokes, Inc.
Associate Consultant II	ICF Jones & Stokes, Inc.
Associate Consultant I	ICF Jones & Stokes, Inc.
Assistant Consultant	ICF Jones & Stokes, Inc.
Administrative Technician	ICF Jones & Stokes, Inc.
Sr. Director – CVL Local Govt	Kearns & West, Inc.
Sr. Associate – C&E Support	Kearns & West, Inc
Quality Assurance Auditor III	NSI Engineering
Project Manager	Square One Productions
Planner/Admin	Ward & Associates

**Recommendation:** The Contract Manager should have the classifications that cannot be supported removed from the cost proposal.

### Issue 8

The Sr. Biologist and Sr. Planner classifications proposed by Ward & Associates will be filled by independent consultants.

**Recommendation:** The Contract Manager should have the cost proposal revised to reflect that these classifications are reimbursed at actual cost.

### Issue 9

The following proposed other direct costs could not be supported:

<b>Other Direct Cost</b>	<b>Description</b>	<b>Proposed Rate</b>	<b>Supported Rate</b>	<b>Firm</b>
Printing & Reproductions	8.5 x 11 color	.38 page	Actual	HNTB Corporation
Printing & Reproductions	11 x 17 color	.75 page	Actual	HNTB Corporation
Printing & Reproductions	8.5 x 11 B/W	.04 page	Actual	HNTB Corporation
Printing & Reproductions	11 x 17 B/W	.09 page	Actual	HNTB Corporation
Printing & Reproductions	Reproduction Color 8.5x11	\$1.00 page	Actual	FMG Architects
Printing & Reproductions	Reproduction B&W 11x17	4.00 page	Actual	FMG Architects
Printing & Reproductions	Reproduction Color 11x17	5.00 page	Actual	FMG Architects
Printing & Reproductions	Reproduction B&W 22x24	20.00 page	Actual	FMG Architects
Printing &	Presentation Color Print	15.00 page	Actual	FMG

Reproductions				Architects
Printing & Reproductions	Presentation Foamcore Mounting	20.00 each	Actual	FMG Architects
Printing & Reproductions	Digital Set Up Full Size Plot	10.00 each	Actual	FMG Architects
Printing & Reproductions	Wire O Binding	15.00 each	Actual	FMG Architects
Miscellaneous	Owl Solar Power-Canopy	9,500/day	Actual	Owlized, Inc.
Communications	Owl Marketing Comm View Finder	17,500/day	Actual	Owlized, Inc.
Delivery Services	Transport/Install Owl Unit	750.00 each	\$350.00	Owlized, Inc.
Delivery Services	Transport/Remove Owl Unit	750.00 each	350.00	Owlized, Inc.
Printing & Reproductions	Black and White large plotting	.69 page	Actual	TEF Design
Printing & Reproductions	Color plotting	1.25 page	Actual	TEF Design
Printing & Reproductions	8.5 x 11 b/w copies	.25 page	Actual	TEF Design
Miscellaneous	ALTM II-200 LiDAR Sytem	3,500/day	Actual	Towill, Inc.
Miscellaneous	DiMAC Digital Camera	1,100/day	Actual	Towill, Inc.

**Recommendation:** The Contract Manager should have the cost proposal revised to reflect the supported rate. Other direct costs to be reimbursed at actual cost should be supported by vendor invoice or in-house supporting documentation.

### Issue 10

The proposed miscellaneous travel and vehicle expenses (mileage, parking, & rental car) did not identify that these expenses will be reimbursed in accordance with the State of California Travel policy and guidelines for the following firms:

HNTB	Economic Planning & Systems, Inc.
FMG Architects	Garcia & Associates
HortScience, Inc.	ICF Jones & Stokes, Inc.
JRP Historical Consulting, LLC	KS Public Affairs Consulting
Lettis Consultants International, Inc.	NSI Engineering, Inc.
Owlized, Inc.	Paleo Solutions
Pointec, Inc.	Square One productions
TEF Design	Towill, Inc.
VAAC, Inc.	Ward & Associates
Wilson Thrig	WRECO

**Recommendation:** The Contract Manager should have the cost proposal revised to reflect that travel and vehicle expenses will be reimbursed in accordance with the State of California Travel policy and guidelines.

#### **Issue 11**

Mathematical errors were found in the calculation of the initial Loaded Hourly Billing Rate for the Project Principal, Consulting Engineer, and Administrative/Clerical classifications for Anchor Engineering:

**Recommendation:** The Contract Manager should have the cost proposal revised to correct mathematical errors for the classifications noted above.

#### **Issue 12**

HortScience, Merrill Morris Partners, and ENGEIO, Inc. were not able to provide supporting documentation of the costs proposed.

**Recommendation:** The Contract Manager should review supporting documentation when received from the above named subconsultants, in conjunction with the Audit Division, prior to performing work on this contract.