



# CALIFORNIA High-Speed Rail Authority

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## Memorandum

**DATE:** September 24, 2025

**TO:** Ruben Aparicio, Contract Manager  
Andrew Prack, Contract Manager  
Chris Rice, Contracting Office

**FROM:** Paula Rivera, <sup>PR</sup>Chief Auditor

**CC:** Finance and Audit Subcommittee of the Board  
Ian Choudri, Chief Executive Officer  
Mark Tollefson, Chief of Staff

**SUBJECT: Pre-award Review of HSR 24-60**

The Audit Office of the California High-Speed Rail Authority (Authority) has completed its review of the draft agreement and cost proposal for Right-of-Way Engineering and Survey Support (ROWE) Services (Merced to Bakersfield ROWE I), RFQ No.: HSR 24-60, between the Authority and Westwood Professional Services, Inc. (Consultant).

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 cost proposal dated August 22, 2025. 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.

The pre-award review is completed after the Notice of Proposed Award has been issued to the most qualified proposer. We reviewed the entire initial cost proposal submission from Westwood Professional Services, Inc. to ensure a complete submission.

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

- Bennett Engineering Services
- Diversified Project Services International, Inc.
- ESP Surveying, Inc.

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 Global Internal Audit Standards for advisory 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**

#### *Bennett Engineering Services*

##### **Issue 1: Miscalculated Loaded Hourly Billing Rates**

Condition: Cost proposal includes 44 straight time and 19 overtime loaded hourly billing rates that are unsupported due to a calculation error in the cost proposal.

Recommendation: The Contract Manager should have the Consultant work with the subconsultant to revise the cost proposal, correcting the formula error.

#### *Diversified Project Services International*

##### **Issue 2: Cost Proposal Formatting Errors**

Condition:

(1) Where there is an employee named, only the actual hourly rate should be included, no range of rates included;

- (2) Chief Land Surveyor classification listed as not being exempt from overtime, yet did not provide an overtime loaded billing rate; and
- (3) When a range of actual hourly rates are provided for a classification, the minimum and maximum loaded hourly billing rates should be calculated with that information and an average hourly rate should not be used.

Recommendation: The Contract Manager should have the Consultant work with the subconsultant to revise the cost proposal to address these format errors.

*ESP Surveying, Inc.*

### **Issue 3: Cost Proposal Formatting Errors**

Condition:

- (1) Where there is an employee named, only the actual hourly rate should be included, the range of actual hourly rates for class should be blank;
- (2) David Jordan, Project Manger, should be identified as Salaried/Exempt and the overtime rate should be reduced to straight time rate; and
- (3) Job classifications for eight of the ten named employees subject to prevailing wage were not denoted with an asterisk.

Recommendation: The Contract Manager should have the Consultant work with the subconsultant to revise the cost proposal to address these format errors.

### **Direct Labor**

*Diversified Project Services International*

### **Issue 4: Named Employee's Actual Hourly Rate Should Reflect Verified Hourly Rate**

Condition: Cost proposal states an actual hourly rate of \$87.03 for a named employee's Chief of Party classification. Payroll information provided verified the hourly rate of \$70.00.

Recommendation: The Contract Manager should have the Consultant work with the subconsultant to revise the cost proposal to reflect named employee's Chief of Party classification to the verified hourly rate of \$70.00. If the prevailing wage hourly rate will change dependent on the county and/or shift, each variation should be noted on a separate line.

## **Indirect Cost Rate**

*Diversified Project Services International*

### **Issue 5: Overstated Indirect Rate**

Condition: Cost proposal states an indirect cost rate of 156.08%. The subconsultant provided an independent auditor's report on the Statement of Direct Labor, Fringe Benefits and General Overhead for the year ended December 31, 2024, which stated an overhead rate of 153.66%.

Recommendation: The Contract Manager should have the Consultant work with the subconsultant to revise the cost proposal to reflect an indirect cost rate of 153.66%.

*ESP Surveying, Inc.*

### **Issue 6: Use of Prior Year Indirect Rate**

Condition: Financial support documents and an indirect rate for the year ended December 31, 2023, were provided. Since the subconsultants Fiscal Year End is December 31, the 2024 financial year should be used for the FY 25/26 billing year.

Recommendation: The Contract Manager should have the Consultant work with the subconsultant to provide their Overhead Schedule and other requested financial support documents for the year ended December 31, 2024, by the end of October 2025. The Contract Manager should provide a copy to the Audit Office once received.

## **Other Direct Costs**

*ESP Surveying, Inc.*

### **Issue 7: Proposed Travel Related Costs**

Condition: Cost proposal states per diem travel related Other Direct Costs (ODC) per GSA rates and are not stated per "Note 4" - referencing guidelines to CalHR reimbursement rates.

Recommendation: The Contract Manager should have the Consultant work with the subconsultant to revise the cost proposal to reference "Note 4" of the Other Direct Costs for per diem travel related cost reimbursement rates.