



DATE: November 17, 2025

TO: Kristina Hagerty, Contract Manager

FROM: Paula Rivera, Chief Auditor *PR*

CC: Finance and Audit Subcommittee of the Board
Ian Choudri, Chief Executive Officer
Mark Tollefson, Chief of Staff
Gordon Miyauchi, Capital Procurements

SUBJECT: Pre-award Review of HSR 24-61

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 Services for Merced to Bakersfield (ROWE II), RFQ No.: HSR 24-61, between the Authority and Psomas.

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 September 26, 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.

This pre-award is completed after Notice of Proposed Award has been issued to the most qualified proposer. We reviewed the entire initial cost proposal submission from Psomas 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:

- Psomas (Consultant)

- Benchmark Engineering, Inc.
- Bennett Engineering
- Cabrinha, Hearn & Associates
- CL Surveying & Mapping, Inc.
- Conaway Geomatics
- Moran Consulting Corporation

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 services.

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

Contract Review

Issue 1 – Cost Principle Language

The cost principle language in the draft agreement is incomplete. Currently it states, in part, "...applicable provisions of C.F.R. Part 200". The language does not specify Title 2 of the Code of Federal Regulations.

Recommendation: We recommend the language be revised to incorporate the reference as Title 2, Subtitle A, Chapter II.

Cost Proposal

Issue 2 – Miscalculated Loaded Hourly Billing Rates

The subconsultants miscalculated their loaded hourly billing rates:

- Psomas – Proposed 10% fee, however, calculated their proposed loaded hourly billing rates using a 12% fee.
- CL Surveying & Mapping, Inc. – a calculation error on their spreadsheet.

Recommendation: The Contract Manager should have the subconsultant noted above revise the cost proposal to include the correct Loaded Hourly Billing Rates for each proposed employee.

Direct Labor

Issue 3 – Misstated Proposed Rate

- CL Surveying & Mapping, Inc.:
 - Eddie Sedano – Proposed rate \$26.55, supported rate \$25.55
 - Cory Farley – Proposed rate \$56.78, supported rate \$64.01
- Conaway Geomatics:
 - Christopher Cervantes – Proposed rate \$45, supported rate \$42
 - Shannon Conaway – Proposed rate \$95, supported rate \$98
- Moran Consulting Corporation:
 - Doug Baruch – Proposed rate \$68.06, supported rate \$65.51
- Psomas:
 - Daniel Baldwin – Proposed rate \$65.01, supported rate \$66.01

- Benchmark Engineering, Inc.:
 - Michael Halterman – Proposed rate \$85.47, supported rate \$96.15
 - Elias Fierro – Proposed rate \$40.86, supported rate \$38.69

Recommendation: The Contract Manager should have the consultants revise the proposed rates to reflect what is supported by the payroll register.

Issue 4 – Misstated Overtime

- Conaway Geomatics misstated overtime for an employee at straight time when it should have been time-and-a-half.
 - Christopher Cervantes – Proposed overtime rate \$45, supported overtime rate \$67.50.
- Benchmark Engineering, Inc. misstated their overtime for 2 employees at time-and-a-half when it should have been straight time.
 - Michael Halterman – Proposed overtime rate \$128.21, supported overtime rate \$96.15.
 - Elias Fierro – Proposed overtime rate \$61.29, supported rate \$38.69.

Recommendation: The Contract Manager should have the subconsultant revise the proposed overtime rate to reflect what is supported by the payroll register.

Issue 5 – Unsupported Classification

Moran Consulting Corporation proposed an Instrumentman classification but could not provide a payroll register to support it.

Recommendation: The Contract Manager should have the subconsultant revise the cost proposal to remove the unsupported classification and add to the Agreement when a resource is identified.

Indirect Cost Rate

Issue 6 – Misstated Indirect Rate

The following firms misstated their indirect rate on the cost proposal:

- Moran Consulting Corporation – proposed 171.21% but was able to support 189.87%.
- Benchmark Engineering, Inc. – proposed 81.85% but was able to support 104.22%
- Conway Geomatics – proposed 185.01% and supported 169.97%.

Recommendation: The contract manager should have the subconsultants revise the cost proposal to the supported rate.

Other Direct Costs

Issue 7 – Vehicle Mileage & Per Diem not at State Rate

The following consultants proposed vehicle mileage at IRS rate, and Per Diem was proposed at GSA Rate:

- Bennett Engineering
- Benchmark Engineering, Inc.
- CL Surveying & Mapping, Inc.
- Psomas

The following subconsultants proposed Per Diem not in accordance with Note 4 on the cost proposal:

- Cabrinha, Hearn & Associates – Travel was proposed at cost
- Conaway Geomatics – Travel proposed per state travel rates

Recommendation: Mileage and Per Diem should be revised to be in accordance with Note 4 (Cal HR Rates).

Fee

Issue 8 – Overstated Fee

Section 6.8.3 in the RFQ identifies that fee ... shall be in accordance with Exhibit B of Attachment E. Specifically, Exhibit B, Section 2.2.1 identifies the fee structure for the Consultant and subconsultants is nine-and one-half percent (9.5%) for the life of the Agreement.

- Bennett Engineering – proposed 10% fee
- Benchmark Engineering, Inc. – proposed 15% fee
- Cabrinha, Hearn & Associates – proposed 12% fee
- Conaway Geomatics – proposed 12% fee
- CL Surveying & Mapping, Inc. – proposed 10% fee
- Psomas – proposed 10% fee

Recommendation: The Consultant should ensure the costs proposed comply with the terms of the Agreement.