

Independent Office of Audits And Investigations

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December 18, 2020

DENNIS T. AGAR
DISTRICT DIRECTOR
District 10
California Department of Transportation

Dear Mr. Agar:

The Department of Finance, Office of State Audits and Evaluations (Finance) performed a Proposition 1B audit of the County of Merced (County) of one project with costs totaling \$41,200,624 reimbursed by the California Department of Transportation (Caltrans). The audit was performed to determine whether project expenditures were incurred and reimbursed in compliance with the executed agreements, Caltrans/CTC's program guidelines, and applicable state and federal regulations. In addition, the audit included determining whether deliverables/outputs were consistent with the project scope and schedules, and whether benefits/outcomes were achieved and adequately reported in the Final Delivery Report. The final audit report, including the County's response, is enclosed.

The audit determined that labor costs totaling \$140,672 were billed at higher hourly rates than approved in contracts and that the County billed for classification not included in executed contracts. In addition, the audit identified final delivery reports were not submitted timely.

Please provide our office with a corrective action plan addressing the recommendations in the enclosed report, including timelines, by February 26, 2021.

Mr. Dennis T. Agar
December 18, 2020
Page 2

If you have any questions contact MarSue Morrill, Audit Chief, at
marsue.morrill@dot.ca.gov.

Sincerely,

RHONDA L. CRAFT
INSPECTOR GENERAL

Enclosures

Final Audit Report

c: Dana S. Hertfelder, P.E., Director of Public Works, County of Merced
Joe Giulian, Deputy Director of Public Works, Roads Division, County of Merced
Matt Hespeneide, Supervising Engineer, Department of Public Works, Road
Division, County of Merced
Zilan Chen, Deputy Director, Administration and Financial Management, California
Transportation Commission
Mimi Huie, Program and Project Management, District 10, California Department of
Transportation
Parminder Singh, District Local Assistance Engineer, District 10, California
Department of Transportation
Gilbert Petrisans, Chief, Division of Accounting, California Department of
Transportation
Nancy Shaul, Audit Manager, Independent Office of Audits and Investigations
MarSue Morrill, Audit Chief, Independent Office of Audits and Investigations

P2500-0012



County of Merced

Proposition 1B Bond Program
Project Number 100000045

Report No. 20-2660-039
December 2020

Team Members

Cheryl L. McCormick, CPA, Chief
Rebecca G. McAllister, CPA, Assistant Chief
Sherry Ma, CRP, Manager
Robert L. Scott, MSA, CPA, GCMA, Supervisor
Veronica Zalvidea, Lead
Jeffrey Neller

Final reports are available on our website at www.dof.ca.gov.

You can contact our office at:

California Department of Finance
Office of State Audits and Evaluations
915 L Street, 6th Floor
Sacramento, CA 95814
(916) 322-2985



December 3, 2020

MarSue Morrill, Chief, Planning and Modal Office
Independent Office of Audits and Investigations
1304 O Street, Suite 200
Sacramento, CA 95814

Final Report—County of Merced, Proposition 1B Audit

The California Department of Finance, Office of State Audits and Evaluations, has completed its audit of the County of Merced's (County) Proposition 1B funded project listed below:

<u>Project Number</u>	<u>P Number</u>	<u>Project Name</u>
1000000045	P2510-0014	Atwater-Merced Expressway Phase 1A

The enclosed report is for your information and use. The County's response to the report findings and our evaluation of the response are incorporated into this final report. This report will be placed on our website.

If you have any questions regarding this report, please contact Sherry Ma, Manager, or Robert Scott, Supervisor, at (916) 322-2985.

Sincerely,

Original signed by:

Cheryl L. McCormick, CPA
Chief, Office of State Audits and Evaluations

cc: Nancy Shaul, Audit Manager, Planning and Modal Office, Independent Office of Audits and Investigations, California Department of Transportation
Monte Laskosky, Auditor, Planning and Modal Office, Independent Office of Audits and Investigations, California Department of Transportation

BACKGROUND, SCOPE, AND METHODOLOGY

BACKGROUND

California voters approved the Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006 (Proposition 1B) for \$19.925 billion. These bond proceeds finance a variety of transportation programs. Although the bond funds are made available to the California Transportation Commission (CTC) upon appropriation by the Legislature, CTC allocates these funds to the California Department of Transportation (Caltrans) to implement various programs.¹

PROGRAM DESCRIPTION¹

SR 99: \$1 billion of bond proceeds made available to the SR 99 to finance safety, operational enhancements, rehabilitation, and capacity improvements necessary to improve SR 99 in the San Joaquin and Sacramento Valleys.

CTC awarded the County of Merced (County) \$52 million of Proposition 1B State Route 99 Corridor Account (SR 99) funds for the Atwater-Merced Expressway Phase 1A Project (1000000045). The project demolished an old interchange, constructed the new Atwater-Merced Expressway interchange, and widened State Route 99 from four lanes to six lanes leading to and after the interchange.

Construction for this project is complete and the project is operational.

SCOPE

As requested by Caltrans, the California Department of Finance, Office of State Audits and Evaluations, audited the project described in the Background section of this report. The *Summary of Projects Reviewed*, including the audit period and the reimbursed expenditures, is presented in Appendix A.

The audit objectives were to determine whether:

1. Proposition 1B expenditures were incurred and reimbursed in compliance with the executed project agreements, Caltrans/CTC's program guidelines, and applicable state and federal regulations cited in the executed project agreements.
2. Deliverables/outputs were consistent with the project scope and schedule.
3. Benefits/outcomes, as described in the executed project agreements or approved amendments, were achieved and adequately reported in the Final Delivery Report (FDR).

¹ Excerpts obtained from the bond accountability website <https://bondaccountability.dot.ca.gov/>.

In performing our audit, we considered internal controls significant to the audit objectives. See Appendix B for a list of significant internal control components and underlying principles.

The County's management is responsible for ensuring accurate financial reporting; compliance with executed project agreements, state and federal regulations, and applicable program guidelines; and the adequacy of its job cost system to accumulate and segregate reasonable, allocable, and allowable expenditures. Caltrans and CTC are responsible for the state-level administration of the program.

METHODOLOGY

In planning the audit, we gained an understanding of the project and respective program, and identified relevant criteria, by interviewing Caltrans and County personnel, and reviewing the executed project agreements and amendments, Caltrans/CTC's bond program guidelines, and applicable state and federal regulations.

We conducted a risk assessment, including evaluating whether the County's key internal controls significant to our audit objectives were properly designed, implemented, and operating effectively. Key Internal controls evaluated focused on procurement, progress payment preparation, reimbursement request preparation, review and approval process for expenditures, project deliverables/outputs completion and project benefits/outcomes reporting. Our assessment included conducting interviews with County personnel, observing processes, and testing transactions related to construction phase expenditures, contract procurement, project deliverables/outputs, and project benefits/outcomes. Deficiencies in internal control that were identified during our audit, and determined to be significant within the context of our audit objectives, are included in this report.

We determined verification of the reliability of data from the County's financial system, One Solution, was not necessary because other sufficient evidence was available to address the audit objectives.

Based on the results of our planning, we developed specific methods for gathering evidence to obtain reasonable assurance to address the audit objectives. Our methods are detailed in the Table of Methodologies.

Table of Methodologies

Audit Objective	Methods
<p>Objective 1: To determine whether the County’s Proposition 1B expenditures were incurred and reimbursed in compliance with the executed project agreements, Caltrans/CTC’s program guidelines, and applicable state and federal regulations cited in the executed project agreements.</p>	<ul style="list-style-type: none"> • Determined whether the project was appropriately advertised, evaluated, and awarded to the lowest, responsible bidder by reviewing construction contractor procurement records, such as project advertisements, bidding documents, contract agreements, and comparing against Caltrans Local Assistance Procedures Manual (LAPM) requirements. • Determined whether the project was appropriately advertised, evaluated, and awarded to the most qualified consultants by reviewing construction engineering procurement records, such as project advertisements, consultant proposals, scoring sheets, and contract agreements, and comparing against LAPM requirements. • Selected two reimbursement claims based on quantitative and qualitative factors from the construction category. Further, for the construction engineering category, we selected 24 invoices based on vendor and quantitative significance. We performed the following: <ul style="list-style-type: none"> ○ Determined if selected reimbursed construction and construction engineering expenditures were allowable, authorized, paid, project-related, incurred within the allowable time frame, and supported, by reviewing accounting records, construction progress estimate invoices, consultant invoices, and copies of checks, and comparing to relevant criteria. • Selected three contract change orders (CCO) based on quantitative significance and task type. Determined CCOs were within the scope of work, not a contract duplication, completed, and supported, by reviewing the CCOs, CCO Memorandums, Cost Estimates, Daily Extra Work Reports, construction progress estimate invoices and progress payment vouchers, copies of checks, and accounting records.
<p>Objective 2: To determine whether deliverables/outputs were consistent with the project scope and schedule.</p>	<ul style="list-style-type: none"> • Determined whether the project’s deliverables/outputs were consistent with the project scope by reviewing the Project Programming Request, project agreement, Contract Acceptance, project drawings, and project aerial photos to verify project existence. • Evaluated whether the project’s deliverables/outputs were completed on schedule as described in the Project Programming Request by reviewing the Contract Acceptance Report and the FDR.

Audit Objective	Methods
<p>Objective 3: To determine whether benefits/outcomes, as described in the executed project agreements or approved amendments, were achieved and adequately reported in the FDR.</p>	<ul style="list-style-type: none"> • Determined whether project benefits/outcomes were achieved by comparing actual project benefits/outcomes in the FDR with the expected project benefits/outcomes in the CTC Vote List. • Evaluated whether the project's benefits/outcomes were adequately supported and reported in the FDR by interviewing Caltrans and County personnel and reviewing email correspondence between Caltrans and County staff along with Caltrans-provided metrics.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

CONCLUSION

Based on the procedures performed and evidence gathered, we obtained reasonable assurance the Proposition 1B expenditures, except as noted in Finding 1, were incurred and reimbursed in compliance with the executed project agreements, Caltrans/CTC’s program guidelines, and applicable state and federal regulations cited in the executed project agreements.

We also obtained reasonable assurance the project deliverables/outputs were consistent with the project scope and schedule. Although the project was behind schedule, the County appropriately informed Caltrans and CTC of the delay. Additionally, the FDR was submitted late, as noted in Finding 2.

Further, we obtained reasonable assurance the project benefits/outcomes, as described in the executed project agreements or approved amendments, were adequately reported in the FDR, and the County achieved the expected project benefits/outcomes as described in the executed project agreements.

FINDINGS AND RECOMMENDATIONS

Finding 1: Ineligible Construction Engineering Expenditures

The County claimed and was reimbursed approximately \$3.9 million for contracted construction engineering service expenditures from two engineering firms – NV5 and Mark Thomas & Company, Inc. The two engineering firms provided design and construction management services for the project in which their professional services costs included agreed upon direct labor employee pay rates and specific classification pay rates.

Of the \$3.9 million, we evaluated whether approximately \$1.7 million (44 percent) reimbursed costs agreed with contracted approved employee rates and classifications. We identified \$140,672 of expenditures that were billed at higher hourly rates than approved in the contracts. Additionally, there were several instances where professional classifications, such as survey manager, were billed but were not included in the executed contracts. The total ineligible costs per contract are as follows:

Consultant	Total Professional Services	Total Ineligible Costs
NV5	\$ 3,527,215	\$ 110,081
Mark Thomas & Company, Inc.	371,416	30,591
Total	\$ 3,898,631	\$ 140,672

The County states a review of engineering service firm invoices to ensure compliance with contract terms for employee billing rates and pay classification rates was not performed. Also, no contract amendments for adjusted hourly rates and classifications were executed by the County.

The County's Agreement for Special Services with NV5 and Mark Thomas & Company, Inc. (Consultant), section 3 states the Consultant will be reimbursed for actual costs not to exceed estimated wage rates set forth in the Consultant's Proposal. Additionally, section 4 and section 11 states no other expenses shall be paid to Consultant without formal approval of the County's Board of Supervisors or its authorized agent, and no alteration or variation of the terms of the agreements shall be valid unless made in writing and signed by the parties, respectively.

LAPM, Chapter 10, section 7 states the Consultant should not substitute key personnel (project manager and others listed by name in the cost proposal) without prior written approval from the local agency; to do so can result in costs being ineligible for state reimbursement. Section 7 also requires all contract amendments to be in writing and fully executed by the Consultant and local agency before reimbursable work begins on the amendment.

Unfamiliarity with Proposition 1B funding provisions and consulting contracts, and claiming ineligible costs places a greater financial burden on statewide taxpayers for transportation projects that primarily benefit local taxpayers, increases oversight monitoring and post audit resolution costs, and reduces the number of fundable Proposition 1B transportation projects.

Recommendations:

- A. Remit \$140,672 to Caltrans.
- B. Work with Caltrans to identify additional ineligible professional services costs from the NV5 and Mark Thomas & Company, Inc. consultant contracts and remit those ineligible reimbursed costs to Caltrans.
- C. Review the LAPM to ensure an understanding of all contracting oversight and review requirements.
- D. Develop, implement, and maintain an invoice review process to ensure claimed expenditures are Proposition 1B funding eligible based on agreement terms and program guidelines prior to submitting reimbursement claims to Caltrans.

Finding 2: Final Delivery Reports Not Submitted Timely

The FDR was not submitted to Caltrans within six months of the project becoming operable (the Construction Contract Notice of Acceptance date). The project's FDR was due May 2017 but was submitted September 2018, 15 months late, by the Merced County Association of Governments (MCAG). According to the County, they believed MCAG was responsible for timely submitting the FDR.

As specified in the *Corridor Mobility Improvement Account and State Route 99 Accountability Implementation Plan* section IV, and the Cooperative Agreement 10-413 – Scope Summary, the County is responsible for submitting the FDR within six months of the project becoming operable. Late submissions of the FDR decreases transparency of the project status and outcomes, and prevents Caltrans/CTC from determining whether project benefits and outcomes were met.

Recommendations:

- A. Review the project agreements and program guidelines to ensure a clear understanding of the reporting requirements.
- B. Submit FDRs for future completed projects to Caltrans within the specified time frames as required.

The following acronyms are used throughout Appendix A.

- California Department of Transportation: Caltrans
- California Transportation Commission: CTC
- County of Merced: County
- Final Delivery Report: FDR
- State Route 99 Corridor Account: SR 99

Summary of Projects Reviewed

Project Number	Expenditures Reimbursed	Project Status	Expenditures In Compliance	Deliverables/ Outputs Consistent	Benefits/ Outcomes Achieved	Benefits/ Outcomes Adequately Reported	Page
1000000045	\$41,200,624	C	P	Y	Y	Y	A-1

Legend

C = Construction is complete and the project is operational.

P = Partial

Y = Yes

Project Number: 1000000045

Project Name: Atwater-Merced Expressway Phase 1A

Program Name: SR 99

Project Description: Demolish an old interchange, construct the new Atwater-Merced Expressway interchange, and widen State Route 99 from four lanes to six lanes leading to and after the interchange

Audit Period: March 5, 2013 through December 31, 2018 for audit objective 1²
March 5, 2013 through September 12, 2018 for audit objectives 2 and 3³

Project Status: Construction is complete and the project is operational.

Schedule of Proposition 1B Expenditures

Category	Reimbursed	Ineligible Expenditures
Construction	\$34,710,249	\$ 0
Construction Engineering	6,490,375	140,672
Total Proposition 1B Expenditures	\$41,200,624	\$140,672

Results:

Compliance–Proposition 1B Expenditures

Proposition 1B expenditures were incurred and reimbursed in compliance with the executed project agreements, Caltrans/CTC program guidelines, and applicable state and federal regulations cited in the executed project agreements, except for \$140,672 in ineligible construction engineering expenditures, as noted in Finding 1.

Deliverables/Outputs

The construction phase of the project was completed in November 2016. At the time of our fieldwork in August 2020, project deliverables/outputs were consistent with the project scope and schedule. As noted in Finding 2, the FDR was due May 2017, and was submitted 15 months late in September 2018. Additionally, the project was behind schedule and completed nine months late; however, the County appropriately updated Caltrans and CTC of the delay.

Benefits/Outcomes

Actual project benefits/outcomes were adequately reported in the FDR. Additionally, the County achieved the expected project benefits/outcomes as described in the executed project agreement and CTC Vote List.

² The audit period end date reflects the billing period end date of the last reimbursement claim submitted to Caltrans.

³ The audit period end date reflects the FDR submission date.

Project Benefits/Outcomes Category	Expected Benefits/Outcomes Reported in the CTC Vote List ⁴	Actual Benefits/Outcomes Reported in the FDR	Benefits/Outcomes Achieved
Congestion Reduction	410 daily travel time savings (hours)	413 daily travel time savings (hours)	Yes
	32,661 peak period time savings (minutes)	32,857 peak period time savings (minutes)	Yes

⁴ The CTC Vote List reported the expected benefits of daily travel time savings as 5,022 hours and peak period time savings as 301,320 minutes. These expected benefits were based on county-wide baselines. However, with the assistance of Caltrans, the estimated benefits specific to this project was identified as noted in the table.

We considered the following internal control component and underlying principle significant to the audit objectives:

Internal Control Component	Internal Control Principle
Control Activities	<ul style="list-style-type: none">• Management designs control activities to achieve objectives and respond to risks.



**DEPARTMENT OF PUBLIC WORKS
Road Division**

Dana S. Hertfelder
Director
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Equal Opportunity Employer

November 20, 2020

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915 L Street, 6th Floor
Sacramento, CA 95814

Department of Local Assistance
Caltrans District 10
P.O. Box 2048
Stockton, CA 95201

To Whom It May Concern:

In response to the draft audit report received from the California Department of Finance, Office of State Audits and Evaluations on November 9, 2020, for the Atwater Merced Expressway (AME) Project, the Merced County Department of Public Works would like to present its initial following response.

NV5 was hired by the Merced County Department of Public Works to manage Project construction. Several prevailing wage class personnel from NV5 were identified in the audit as being overpaid when compared to the wage rates identified in NV5's proposal. NV5 prevailing wage staff was required to be paid according to the prevailing wage rates in effect at the time of payment.

Mark Thomas (MT) was hired by the Merced County Department of Public Works to perform construction engineering services during the Project. MT was identified in the audit as improperly substituting key personnel without County approval. The personnel substitution was properly identified by MT when they submitted their invoicing which identified the personnel substitution.

Please see attached letters from NV5 and MT justifying the rates they submitted on their Project invoicing.

Sincerely,

Original signed by:

Joe Giulian, P.E.
Deputy Director

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MARK THOMAS

November 17, 2020

Merced County
Mr. Joe Giulian
715 Martin Luther King Jr. Way
Merced, CA 95340

Project No.: SJ-13109

RE: DESIGN SUPPORT SERVICES DURING CONSTRUCTION OF THE ATWATER-MERCED EXPRESSWAY (AME) PROJECT – CONTRACT NO. 2013079

Dear Mr. Giulian:

As you requested, Mark Thomas has reviewed (58) Invoices submitted throughout the duration of the Atwater-Merced Expressway project.

Our review confirmed that the labor charges for these invoices were billed at actual direct rates, an indirect rate for Total Labor, Burden, Fringe & General Overhead Rate of 269.91% per our *Audited Statement of Direct Labor, Fringe Benefits and General Overhead Statement* (Year Ending December 31, 2011), and a 10% profit. The indirect rate was our most current federally audited overhead rate at the time of contract execution in April of 2013. As such, our invoices meet the requirements for federal contracting procedures. In addition, our review confirmed that labor charges for our survey field crews were billed per prevailing wage requirements.

Our review did identify some charges that exceeded the rate ranges for individual staff members who were either named as "key staff" or within a classification identified in the 10-H form included within the contract. Admasseged Zewdie (identified as a Senior Project Manager in the 10-H form) and Michael Fisher (billed as a Senior Project Manager) were invoiced at rates that fell out of the identified wage range on the following: Invoice # 22372, Invoice # 22565, Invoice # 22821, Invoice # 23036, Invoice # 23198, Invoice # 23297, Invoice # 23625, Invoice # 23782, Invoice # 23930, Invoice # 24207, Invoice # 24344, Invoice # 24499, Invoice # 24721, Invoice # 24917, Invoice # 25165, Invoice # 25392, Invoice # 25593, and Invoice # 25677. These individuals were billed at a direct labor rate of \$69.01 instead of the direct labor rate of \$67.00 that was included for this category on the 10-H form. The total sum for these overages is **\$1,587.61**.

All other staff involved with the project were billed in compliance with the approved contract with the County, FAR principles, and our 2011 Audited Overhead Statement.

Sincerely,

MARK THOMAS & COMPANY, INC.

Signature Redacted

Matt Brogan
Principal, Vice President



November 16, 2020

Mr. Joe Giulian, PE
 Deputy Director
 Merced County, DPW – Roads Division
 345 West 7th Street
 Merced, CA 95341

Mr. Giulian,

NV5 has reviewed the auditors Sample Spreadsheet with regard to unallowable costs for NV5's work on the Atwater Merced Expressway. We disagree with the auditors findings regarding un-allowable costs, specifically:

The Caltrans 10-H forms are used as estimations to determine a total not to exceed contract cost. NV5 performed our services for an amount that did not exceed the original contract amount and only directs, indirect costs, and fee were billed to Merced County.

Per Code of Federal Regulations: 31.201-1 Composition of total cost.(a) The total cost, including standard costs properly adjusted for applicable variances, of a contract is the sum of the direct and indirect costs allocable to the contract, incurred or to be incurred, plus any allocable cost of money pursuant to 31.205-10, less any allocable credits. In ascertaining what constitutes a cost, any generally accepted method of determining or estimating costs that is equitable and is consistently applied may be used. (b) While the total cost of a contract includes all costs properly allocable to the contract, the allowable costs to the Government are limited to those allocable costs which are allowable pursuant to Part 31 and applicable agency supplements.

NV5 believes that our costs meet both the allowable and reasonable definitions per Federal Code of Regulations 31.201-2 and 31.201-3. Furthermore per Caltrans Local Assistance Website Blog regarding Cost Plus Fixed Fee Contracts: <http://www.localassistanceblog.com/2019/12/13/using-cost-plus-fixed-fee-on-your-ae-contract-and-escalation-rates/>:

'The cost-plus fixed fee is a payment method whereby the consultant is compensated for their services on actual cost plus a negotiated fixed fee amount. Contracting agencies can maintain eligibility for federal-aid reimbursement by ensuring costs incurred or cost estimates from contract negotiation are allowable per the cost principles in 48 CFR part 31. When an objective assessment of the reasonableness of proposed rates in accordance with the cost principles has not been performed, it is acceptable that the contracting agencies use the consultant's actual direct salary or wage rates in the negotiation, administration, and payment of the contract. In these circumstances, the consultants should be able to bill for their actual labor rates, including after the first year subject to reasonableness criteria of 48 CFR part 31.201-3. This meets 23 CFR 172 and is acceptable even when the rates are different from the approved cost proposal.'

The Local Assistance Procedures Manual (LAPM) Exhibit 10-H1 form provides a methodology to calculate the anticipated salary increases. The anticipated salary increases are estimates that factor into the specific total contract amount or the not-to-exceed amount. Exhibit 10-H1 is one acceptable method. Other methods could be used. The purpose of calculating/estimating the anticipated salary increase is to estimate the total direct labor cost that can be billed on the project.

The negotiated fixed fee amount determined at the inception of the contract is nonadjustable for the term of the contract agreement. The contract shall specify a maximum amount payable, which shall not be exceeded. Contracting agencies must maintain adequate financial records, supporting documents, and other pertinent records for a minimum of 3 years after the contracting agency makes the final payment. For further clarification, contact your A&E Oversight Engineer at: <http://www.localassistanceblog.com/wp-content/uploads/2019/10/AE-Coverage-1.pdf>

NV5's accounting and billing for the life of the project were in line with and complied with both federal regulations and supplementary guidance from the State of California so it is NV5's position that all costs billed should be allowable.

Per your request, we have completed the 'Sample Spreadsheet'. All of the NV5 billings for the entire project have now been entered.

Please feel free to reach out should you need clarification or any additional information in resolving this issue.

Sincerely,

Signature Redacted

Jeff Pallesen, PE
Vice President



The County's response to the draft report has been reviewed and incorporated into the final report. The County chose not to provide a written response for Finding 2 and its related recommendations. In evaluating the County's response to Finding 1, we provide the following comments:

Finding 1: Ineligible Construction Engineering Expenditures

The County states the construction engineering expenditures were eligible for reimbursement because the consultants were paid the required prevailing wages and the consultant's classification substitutions were deemed accepted when the County received and paid the consultant invoices. However, the County did not provide evidence that the consultant contracts were amended to reflect the higher employee rates and additional classifications as required by the consultant contracts and the LAPM. Therefore, the finding and recommendations remain unchanged.