



Construction Contract
Closeout Audit of
Gold Line Bus Rapid Transit
Project No. 61402



ISSUE DATE: SEPTEMBER 8, 2025 – FINAL

Table of Contents

EXECUTIVE SUMMARY	3
PROJECT BACKGROUND.....	4
AUDIT APPROACH	5
WORK PERFORMED.....	6
OBSERVATIONS AND RECOMMENDATIONS.....	8
APPENDIX A: OLA SLRT FINDINGS COMPARISON.....	16
APPENDIX B: DISADVANTAGE BUSINESS ENTERPRISE PARTICIPATION	17
APPENDIX C: DOCUMENTS REVIEWED / INTERVIEWS CONDUCTED	18

EXECUTIVE SUMMARY

Talson Solutions, LLC (Talson), an independent capital programs advisory firm, was engaged by the Metropolitan Council's Evaluation and Audit Department (Met Council) to conduct a Construction Contract Closeout Audit of the METRO Gold Line Bus Rapid Transit Project, No. 61402 (Gold Line). The Gold Line was delivered using the Design-Bid-Build method and funded in part by a \$239.3 million Full Funding Grant Agreement (FFGA) from the Federal Transit Administration (FTA) toward the projected total cost of \$505.3 million. Ames Construction, Inc. (Ames), the general contractor, worked under a unit price/lump sum hybrid agreement (Contract) initially valued at \$248 million, later increased to \$254 million through approved change orders.

Construction of the Gold Line began in the Fall of 2022 and substantial completion was achieved in November 2024, with a Revenue Service Date (RSD) of March 2025, ahead of the original RSD in the FFGA of November 2025. The audit focused on construction activities from commencement through March 2025.

Primary audit objectives were to: (1) Assess Ames' compliance with contractual provisions; and (2) Assess Met Council through Metro Transit's project management oversight leading to successful completion of the Gold Line. Project control areas assessed included, but were not limited to: cost and change management, project administration, cost reporting, construction management, and Disadvantaged Business Enterprises (DBE) monitoring practices.

As part of the audit, Talson also reviewed the Office of the Legislative Auditor's (OLA) April 2025 Performance Audit Report for the Southwest Light Rail Transit (SLRT) Construction project, with the goal of assessing whether management recommendations were implemented as part of project management oversight for the Gold Line.

The audit found that Metro Transit and Ames' oversight of the Gold Line was consistent with industry standards. Ames was generally compliant with contractual obligations and deliverables. Talson noted overall improved project management and oversight for the Gold Line in several of the areas identified as findings in the OLA SLRT Performance Audit. However, Talson identified several project control enhancement opportunities that should be considered by Met Council for future capital improvement projects. They include:

- 1) Enhance general contractor accuracy of change order reporting
- 2) Improving visibility of material quantity increases impacting final contract costs
- 3) Documenting contractual closeout procedure obligations for general contractors
- 4) Enhancing DBE monitoring and timely payment verifications

Evidence supporting the identified enhancement opportunities is detailed in six corresponding Observations in the *Observations and Recommendations* section of this report. Met Council, Met Transit and Ames representatives were accessible, cooperative, and responsive during the audit. The enhancement opportunities were shared with Met Council prior to this report's issuance for Metro Transit Project Management's concurrence and management responses.

PROJECT BACKGROUND

The Gold Line is a 10-mile bus line corridor in Ramsey and Washington counties, in the eastern part of the Twin Cities Metropolitan Area. The Gold Line is Minnesota's first bus rapid transit line, and runs along local roadways, north of and near Interstate 94. It serves 16 stations, including five which operate primarily one-way in downtown Saint Paul¹. The Gold Line runs primarily at-grade, with four new bus rapid transit-exclusive bridges, two bus rapid transit underpasses, and two bridges that include general purpose traffic lanes, pedestrian trails, and dedicated guideway lanes. The Gold Line also includes four Park and Rides at: Sun Ray Station (St. Paul), Helmo Station (Oakdale), Queen Station (Woodbury), and Woodlane Station (Woodbury). The Gold Line will be operated by 17 new buses (12 diesel and 5 electric).

Additional improvements include the construction of five electric bus charging stations, off-board fare collection stations, transit signal priority (including early and extended green signals), and bicycle and pedestrian access improvements. Metro Transit, a division of Met Council, will serve as the owner-operator for the completed Gold Line. HNTB provided project management services. Design services were provided by Kimley-Horn and Associates.

Funding and Federal Oversight

The Gold Line received a FFGA in the amount of \$239.3 million (47.4%) of the \$505.3 million total cost. The remaining \$266.0 million (52.6%) was funded through a combination of local and state sources: Federal Highway Administration (2.6%), Minnesota Department of Transportation (0.1%), Joint Powers Board – Ramsey and Washington Counties (48.4%), Counties Transit Improvement Board (1.1%), and State Bonds (0.4%)². LS Gallegos & Associates Inc. served as FTA's Project Management Oversight Consultant.

Construction and Delivery

The Gold Line was delivered using a traditional Design-Bid-Build approach. On July 18, 2022, Met Council entered into a \$248 million agreement with Ames for the civil construction services of the Gold Line, utilizing a unit price/lump sum hybrid as the cost basis for invoicing. The Limited Notice to Proceed was issued on August 11, 2022, and the full Notice to Proceed was issued on April 11, 2023.

Construction commenced in the Fall of 2022, and substantial completion was achieved in November 2024. Approved change orders amended the contract value, by \$6 million, to \$254 million. As of Payment Application No. 29, for the period ending January 31, 2025, Ames had invoiced 97.4% of the adjusted contract value, and 50% of the retainage (\$6.2 million) had been released by Met Council. Civil construction is complete with punch list items remaining that are estimated to be less than the held retainage.

Prior to final disbursement to Ames, pending change orders estimated at \$1 - 2 million are being negotiated for the following: Downtown system fiber rerouting, Johnson Parkway Alley reconstruction, and final plan quantity adjustments. Final disbursement is not planned until August / September 2025, pending reallocation of unfinished contract work activities for the Helmo Park & Ride Facility.

¹ <https://www.metrotransit.org/gold-line-project>

² Project Monitoring Report, as of February 18, 2025

Helmo Park & Ride Facility

A portion of the original scope at the Helmo Park & Ride Facility is in the process of being modified due to a sanitary sewer project (led by Met Council's Environmental Services), that is currently impacting the Gold Line and is expected to continue for at least another year. Met Council is actively discussing the removal of a portion of the scope at the Helmo Park & Ride Facility from Ames' contract to be able to proceed with advancing closeout and final payment. The remaining work, to install 44 parking spaces (valued at approximately \$250,000), is expected to be reassigned to an on-call contractor upon the completion of the sanitary sewer project.

Cost Management

The Gold Line included owner contingency of \$38.5 million, with \$24.8 million allocated for construction. As of April 24, 2025, \$7.2 million (29%) of the owner contingency for construction had been used. Metro Transit estimates final construction contingency usage will reach \$10.9 million (44%), inclusive of utilizing approximately \$1 - 2 million for pending change orders, and \$1.8 million in material overruns (subject to final reconciliation).

Through April 2025, \$1.57 million of the \$1.6 million in project allowances has been expended, representing 98% utilization. Most of these costs were associated with unforeseen conditions, asbestos removal, and power access. Several original bid allowances including the Rebuild Irrigation Allowance (\$25,000) and the Material Incentives Allowance (\$175,000) were reallocated to address increased costs in the Asbestos and Regulated Waste Allowance and the Source of Power Allowance. Any unused balances will be credited to Met Council as a change order prior to Ames request for final payment.

Revenue Service Date

The RSD in the FFGA was November 15, 2025. However, in February 2024, Met Council requested that the project be split into two phases, with two RSDs. The FTA did not object to this adjustment:

- Phase I: Diesel buses in service (nine buses and three spares), RSD: March 22, 2025.
- Phase II: Addition of the five electric buses into revenue service and completion of the charging stations, RSD: Anticipated for August 2025.

AUDIT APPROACH

Talson conducted the audit in accordance with the International Standards for the Professional Practice of Internal Auditing, as issued by the Institute of Internal Auditors. These standards emphasize a structured and disciplined audit process, requiring that audits be planned and executed to obtain sufficient, relevant, and reliable evidence, to support well-founded observations and conclusions. The audit was guided by a detailed audit plan aligned with clearly defined objectives. Talson affirms that the evidence obtained provides a reasonable basis for the findings and conclusions presented.

In alignment with the standards' enhanced focus on risk management and value delivery, Talson applied a comprehensive, risk-based approach to evaluate compliance with contract requirements and assess risk that could impact the Gold Line's completion. The audit also examined how project management – including representatives from Met Council, Metro Transit, Ames, and subcontractors – adhered to industry best practices. Throughout the engagement, Talson maintained audit independence while promoting transparency, fostering knowledge-sharing discussions, and collaborating with project teams to support continuous improvement.

WORK PERFORMED

Talson reviewed documents at its Philadelphia office, followed by onsite fieldwork at the Met Council's office in St. Paul, MN from May 19 to May 22, 2025. Fieldwork activities included a round-trip visitation of the Gold Line route (from 6th Street and Jackson in downtown St. Paul to Woodlane) accompanied by a Metro Transit representative. Talson was able to observe field conditions, assess the operational state of the corridor, and to review open punch list items ahead of project closeout.

Talson conducted interviews with representatives from (1) the Metro Transit's Gold Line Management Office, (2) Regional Administration, and (3) Ames, reviewed of various supporting documentation. A closeout meeting with Met Council was held at the conclusion of our onsite work to discuss preliminary observations and the status of audit work completed to date.

Specific audit activities are discussed under each focus area below. The resulting disposition of each Audit Area is described in the Observations and Recommendations section of this report. A complete list of documents reviewed and interviews conducted is provided in *Appendix C*.

1. Contract Administration

- Examination of the "*Conformed Documents Volume 1, Addendum, and Appendices*" (hereafter referred to as "Ames Contract") to assess the adequacy and enforceability of key contractual provisions governing project controls and documentation requirements. The focus was on identifying and abstracting clauses that related to the cost of work definition, equipment management, asset tracking, change management, cost management, and obligations for the completion of work.

2. Change Management

- Reviewed Ames contract clauses, change order approval workflows, and fee/markup schedules; interviewed key project staff to confirm how change orders are initiated, reviewed, approved and logged, and inspected the approved Change Order Log for completeness and accuracy.
- Assessed a sample of change orders (Nos. 99, 144, 170, 186, 196, 200 and 210) from the Approved Change Order Log (covering executed change orders through April 21, 2025). The sample ensured representation across: (1) Dollar value tiers (low, medium, high); (2) Types of work (scope additions, deductive changes, unforeseen conditions); and (3) Timing (early, mid and late-stage of construction).
- For each sampled change order, Ames' cost breakdown, which included: insurance, overhead and profit, and other markups (i.e., incidentals), was compared against the applicable contract-specific rates.
- Obtained and examined change order request forms, cost estimates, signed change directives, subcontractor quotes/invoices supporting materials, equipment rentals, and specialty of work, as well as correspondence evidencing scope and cost negotiations.

3. Cost Management

Talson assessed Ames January 2025 Payment Application No. 29 for the following:

- Verified the required signatures and approvals were obtained by the respective personnel from Ames and Metro Transit's Project Manager; confirmed the approval workflow as described in the Project manual; and checked approval dates to ensure proper sequence and timeliness of review.
- Confirmed cumulative amount billed on the Schedule of Values did not exceed contract line item limits, unless supported by approved change orders.
- Verified reconciliation of anticipated final contract value, including ongoing settlement of change orders, the determination any contract savings, and final Ames fees.
- Reviewed contingency and allowance usage to ensure appropriate drawdowns, adequate documentation, and alignment with contractual obligations.
- Evaluated the process for maintaining cost documentation, including invoices and supporting reports, to determine whether adequate controls were in place.

4. Construction Management

- Evaluated the adequacy of Ames' construction management practices from construction commencement through substantial completion and turnover including: Ames' implementation of contract provisions related to progress tracking, reporting, closeout procedures, final inspections and system testing.

5. Claims and Disputes

- Conducted interviews to assess the identification, handling, and resolution of potential or open claims and disputes relating to the Gold Line. The focus was to determine whether claims, if any, were properly reported and managed in accordance with contract provisions.

6. Project Administration

- Assessed Met Council's system of policies or procedures to ensure the Gold Line was effectively and efficiently managed, including oversight of Ames and overall compliance with the FFGA.

7. Implementation of OLA's Audit Recommendations

- Talson performed targeted testing to evaluate the Met Council's implementation of corrective actions stemming from the State of Minnesota OLA Performance Audit of the SLRT project.
- Testing was focused on areas previously identified as deficient, namely: change order management, monitoring of DBE performance on the project, and soil disposal controls. A detailed list of the OLA findings assessed is in *Appendix A*.

OBSERVATIONS AND RECOMMENDATIONS

The audit resulted in six Observations and associated Recommendations related to change management, cost management, construction management, and DBE monitoring practices. Talson defines the terms *Observation* and *Recommendation* as follows:

Observation does not mean there is an issue of non-compliance to an executed contract, agreement, policy, or procedure. However, the auditor has determined that the issue poses a potential risk to project or program success and a management response is suggested.

Recommendation is a suggestion for process enhancement that can be incorporated into a project going forward or on future capital projects.

Audit Area No. 1: Contract Administration

Result: No Observation identified

Talson noted that the Ames' contract was comprehensive and generally adequate in defining key contractual obligations for the delivery and completion of the Gold Line, inclusive of: audit provisions, retainage policies, prompt payment clauses, insurance coverages, change management, and cost-of-work definition. The contract also sets a clear goal for DBE participation requirements (17%), and includes detailed tracking and reporting requirements to ensure compliance. No exceptions were noted.

Audit Area No. 2: Change Management

Result: One Observation identified

As of Ames January 2025 Payment Application No. 29 the approved change orders value was \$6.1 million, or 2.4% of the original \$248 million contract value. As of April 25, 2025, Ames' Change Order and Contingency Logs showed 220 cost events totaling \$7.2 million. This amount was inclusive of the \$6.1 million in approved changes and represents 2.9% of the original contract value.

Talson selected \$2.8 million, or 46% of the \$6.1 million in approved changes for testing. A representative sample of both additive and deductive approved changes orders were reviewed, and are summarized below:

CO No.	Description	Amount
CO 099	Construction acceleration: Winter 2023-2024	\$ 2,220,265
CO 144	Heat Terrace at Stations	\$ 345,693
CO 170	Helical Pile supported Storm Sewer (Dellwood)	\$ 58,782
CO 186	Tanner's Lake Sidewalk Modification	\$ (18,628)
CO 196	2023 Cold Weather Construction Costs	\$ 87,777
CO 200	Buried Cable Signs	\$ 11,600
CO 210	Station Drainage Holes	\$ 22,833
Sample Total		\$ 2,728,322

Ames and Metro Transit adhered to the contractual change management provisions, including but not limited to the inclusion of backup documentation supporting the changes, the integration of Independent Cost Estimation, approvals for the changes, etc. Talson recalculated Ames' cost breakdowns and fee with no exceptions noted. One observation was noted:

Observation No. 1: Discrepancy within reporting regarding change orders to date.

Talson noted a discrepancy in the amount of \$24,634 within Ames's Payment Application No. 29 (January 2025) support documentation. The value of approved change orders on the Contract Summary's rolling balance between December 2024 and January 2025 was calculated as \$427,667, whereas the total value of approved change orders shown on *Form C21-A – Change Log Addendum* stated \$452,301. Talson was advised that Metro Transit Gold Line team had initiated discussions with Ames' project staff to resolve the variance.

Recommendation No. 1

Metro Transit should consider implementing a standard cross-check and reconciliation process to ensure consistency between summary-level and detailed change order reporting, and resolve any discrepancies promptly before certifying payment applications.

Management Response: Agree with the recommendation.

The Metro Transit Gold Line Construction Manager will identify additional cross-checking needed between summary level and detailed change order reporting on Gold Line construction contract invoice requests. Gold Line construction and project management consultant staff have discussed additional cross-checking measures and plan to implement them beginning with the September 2025 invoice request from Ames.

Audit Area No. 3: Cost Management

Result: One Observation identified

Talson performed a detailed review of Ames' Payment Application No. 29 totaling \$1,673,303. In accordance with contractual requirements, the package was: accompanied by detailed supporting documentation, approved and signed by the respective personnel, and transparent with the adequate audit trails. Talson noted one observation:

Observation No. 2: Material quantity increases are not reflected in the Revised Contract Amount within Ames' Payment Application.

Ames' Payment Application No. 29 reflects a revised Contract Amount of \$254 million. However, this amount does not align with the corresponding supplemental detail report, which itemizes cost events by Standard Cost Categories (SCC) and indicates a contract value of \$255.9 million. The estimated \$1.9 million discrepancy is attributed to material quantity increases within various SCCs. Talson was advised by Metro Transit that the project team intends to reconcile the final quantities at closeout, with agreed increases reflected in a forthcoming change order.

Recommendation No. 2

Metro Transit's Gold Line team should establish a formalized process to reconcile the contract value between Form C1-A and the supporting SCC documentation on a recurring basis, not just at project closeout. This reconciliation should identify and document all quantity overruns by SCC, along with corresponding justifications and field verification. Furthermore, to maintain contract integrity and payment accuracy, all material overruns should be captured through timely approved change orders. Additionally, interim variance reports should be reviewed to ensure consistency.

Management Response: Agree with the recommendation.

While the nature of bid item contracting assumes that final field measured quantities will vary from the estimated quantities used for bidding purposes, Gold Line construction staff should track overrunning line items and document significant overruns with change orders as the overruns occur. This has been done at time already on the Gold Line civil project based on the Council's Authorized Representative's assessment of the overrun magnitude (ex. Change Order 177 Modified Curb and Gutter Quantities).

The project team had adopted a \$50,000 overrun threshold and will review each invoice and initiate change orders to update contract quantities for line items overruns exceeding the threshold beginning with the September 2025 invoice from Ames.

Finalizing bid quantities changes from the bid estimated amounts is currently ongoing as the project is in the closeout phase. Change orders documenting final quantities will be written and executed by Quarter 3, 2026.

Audit Area No. 4: Construction Management

Result: One Observation identified

Ames' construction management practices, including contract implementation, progress tracking, final inspections, and system commissioning, were generally adequate. However, Talson identified one enhancement opportunity:

Observation No. 3: Limited closeout tracking documentation requirements presently exist.

Ames does not maintain a Subcontractor Closeout Matrix, a critical tracking tool to monitor the completion of required closeout activities, such as submission of warranties, as-built drawings, Operations & Maintenance (O&M) manuals, demobilization verification, and final payment requests. Through discussions, Talson learned that Ames' Project Managers rely on Metro Transit to request specific closeout documentation rather than proactively tracking the subcontractor submissions.

Recommendation No. 3

Metro Transit should contractually require contractors to maintain a Subcontractor Closeout Matrix to ensure that all required deliverables are tracked, reviewed, and completed prior to demobilization and final payment. The matrix should clearly list each subcontractor and include columns for tracking the status of key closeout items such as warranties, as-built drawings, O&M

manuals, etc. Furthermore, the matrix should be reviewed by the contractor, and made available to Metro Transit for oversight and verification.

Management Response: Agree with the recommendation.

The Metro Transit Gold Line Construction Manager will meet with the Metro Transit Capital Projects Team and the Office of General Counsel to review this recommendation by September 30, 2025, and pending that outcome, will work with Procurement, Office of General Counsel, and Capital Projects to develop a process for future Metro Transit projects.

Audit Area No. 5: Claims and Disputes

Result: No Observation identified

As of Talson's audit, the Gold Line had not encountered any claims requiring resolution under the contract's dispute resolution provision.

Audit Area No. 6: Project Administration

Result: No Observation identified

Talson found Metro Transit's system of policies and procedures to be adequately designed and implemented to support effective and efficient management of the Gold Line, inclusive of the appropriate oversight of Ames, and in compliance with applicable federal funding requirements.

Met Council implemented effective risk mitigation strategies, supported by consistent coordination with various stakeholders, including Ames and the various counties. Monthly risk workshops were conducted throughout the project lifecycle, contributing to proactive issue resolutions. Notably, construction contingency usage is projected to remain below 50% at completion, reflecting appropriate cost control by both Ames and Metro Transit.

Audit Area No. 7: OLA Audit Recommendations - DBE Testing

Result: Three Observation identified

Talson selected a representative sample of ten DBEs, representing \$23.1 million—or 9.4%—of the participation goal commitment reported to Met Council's Office of Diversity and Equal Opportunity (ODEO), and identified the following observations regarding DBE participation and monitoring efforts. A detailed listing of DBE activities is provided in *Appendix B³*.

³ DBE Evaluation of Bids – 21P320 Gold Line Civil Construction Contract Participation Goal Memo, June 13, 2022

Observation No. 4: Variance noted between Met Council’s and Ames’ DBE Payment Records.

Talson confirmed that Met Council’s Office of Diversity and Equal Opportunity (ODEO) tracked revised contract values within the Contractor Monitoring System (CMS). However, discrepancies in amounts paid to date between the CMS and Ames Contractor Payment forms for six of the ten selected DBE firms were noted and are shown in the table below. Talson noted that several of the discrepancies may be due to the inaccurate allocation of payments based on multiple contracts to the same DBE firms (e.g., Aura Fabricators has different contracts for varying scopes of work).

DBE Firm (1st Tier in Italics)	Description of Work	Revised Contract Value	Ames Disbursed Payments to Date	CMS Disbursed Payments to Date	Variance in Payments to Date
Aura Fabricators (27929)	Fabrication of Bearings, Diaphragms, Railings	\$2,523,885	\$1,835,994	\$1,655,533	(\$180,461)
Aura Fabricators (Global Spec)	Manufacture Structural Sign Steel	\$70,001	\$75,833	\$256,293	\$180,461
Aura Fabricators (Sheehy)	Fabricate Steel Bents for Shelters	\$2,522,637	\$2,245,216	\$2,245,216	-
Courtland (32287)	Supply Noise Wall Posts Supply Rebar	\$7,312,890	\$8,005,207	\$7,804,947	(\$200,260)
Courtland (Doyle Conner)	Supply Concrete Accessories	\$640,000	\$749,809	\$749,809	-
Courtland (Swanson & Youngdale)	Supply Paint	\$302,000	\$140,144	\$351,520	\$211,376
Crocus Hill (Egan)	Electrical Supply	\$7,465,390	\$5,179,626	\$5,179,626	-
E&J Rebar (16521)	Ironwork	\$2,438,700	\$2,190,505	\$2,151,230	(\$39,274)
Midwest Borings, Inc	Supply Pipe Materials	\$8,066,666	\$7,880,745	\$7,820,503	(\$60,242)
Povolny Specialists, Inc (Egan)	Manufacture Cabinets	\$1,286,717	\$499,358	\$499,358	-

Recommendation No. 4

ODEO should consider implementing a monthly reconciliation process between CMS and contractor-reported payments forms, focusing on “paid to date” amount for DBE contracts. A standardized reporting template, consistent back up documentation requirements, and training should be considered to reduce discrepancies and ensure accurate DBE payment tracking.

Management Response: Agree with the recommendation.

This was also an issue that was identified in the Audit of SWLRT by the OLA. In addition to the OLA report that was issued in April of 2025, the USDOT updated the DBE Regulation, 49 CFR 26 in April of 2024. To ensure the Council's compliance with federal regulation, Office of Equity and Equal Opportunity (OEEO) updated the contract language and added additional forms for tracking and documenting participation for DBE firms that are material suppliers, regular dealers and brokers. These changes were completed by OEEO last fall and implemented on the first contract - 25P094 Blue Line VMS Replacement on July 17, 2025. The updated contract language includes the requirement for the prime contractor to accurately report DBE payments into CMS prior to submittal and approval of the subsequent pay application. The updated forms help to capture appropriate information that assist in determining the function and performance of suppliers and facilitate monitoring efforts throughout the project.

These contract language changes also address the underlying issues outlined in the OLA report issued April 2025. For projects that were advertised and bid prior to the new contract language implementation like SWLRT, OEEO is reconciling DBE payments. Reporting of these payments should be complete as of pay application No. 81 and will be performed again in summer 2026 prior to final reconciliation and closeout.

Observation No. 5: Delayed DBE Payment Verification in CMS

Interviews with ODEO confirmed that contractors enter DBE payments into CMS, which DBE firms must then verify. Only after this verification are payments recorded as "Allowable Credits." However, due to the discrepancies in payments noted in Observation No. 4, several payments remained unverified by the DBE firms through March 2025.

DBE Firm	Ames Disbursed Payments to Date	Qualifying %	Qualifying Credit based on Ames' Payments	CMS Verified Achieved Credit	Variance in Verified Credit to Date
Aura Fabricators	\$1,835,994	100%	\$1,835,994	\$511,684	(\$1,324,311)
Aura Fabricators (Global Spec)	\$75,833	100%	\$75,833	\$256,293	\$180,461
Aura Fabricators (Sheehy)	\$2,245,216	100%	\$2,245,216	\$208,240	(\$2,036,976)
Courtland	\$8,005,207	60%	\$4,803,124	\$209,998	(\$4,593,126)
Courtland (Doyle Conner)	\$749,809	60%	\$449,885	\$0	(\$449,885)
Courtland (Swanson & Youngdale)	\$140,144	60%	\$84,086	\$0	(\$84,086)
Crocus Hill (Egan)	\$5,179,626	60%	\$3,107,775	\$5,179,626	\$2,071,850

E&J Rebar	\$2,190,505	100%	\$2,190,505	\$0	(\$2,190,505)
Midwest Borings, Inc	\$7,880,745	60%	\$4,728,447	\$1,490,901	(\$3,237,546)
Povolny Specialists, Inc (Egan)	\$499,358	100%	\$499,358	\$420,608	(\$78,750)

Recommendation No. 5

ODEO should consider requiring DBE firms to verify payments timely. This could be achieved by enhancing the contract between the contractor and Met Council by including a clause for this requirement. Additionally, Met Council should also consider enhancing internal procedures to monitor DBE payment verification. These measures will help ensure that the DBE payment verification data is current and reliable.

Management Response: Agree with the recommendation.

This was also an issue that was identified in the Audit of SWLRT by the OLA. In addition to the OLA report that was issued in April of 2025, the USDOT updated the DBE Regulation, 49 CFR 26 in April of 2024. To ensure the Council's compliance with federal regulation, OEE0 updated the contract language and added additional forms for tracking and documenting participation for DBE firms that are material suppliers, regular dealers and brokers. These changes were completed by OEE0 last fall and implemented on the first contract - 25P094 Blue Line VMS Replacement on July 17, 2025. The updated contract language includes the requirement for the prime contractor to accurately report DBE payments into CMS prior to submittal and approval of the subsequent pay application. The updated forms help to capture appropriate information that assist in determining the function and performance of suppliers and facilitate monitoring efforts throughout the project.

These contract language changes also address the underlying issues outlined in the OLA report issued April 2025. For projects that were advertised and bid prior to the new contract language implementation like SWLRT, OEE0 is reconciling DBE payments. Reporting of these payments should be complete as of pay application No. 81 and will be performed again summer 2026 prior to final reconciliation and closeout.

Observation No. 6: Incomplete Commercial Useful Function Verification

Talson found that Met Council's Contract Authorized Representatives conducted DBE visits using the *DBE/MCUB Field Observation Report*, intended to verify Commercially Useful Function (CUF) compliance. Of the ten DBE contracts selected for testing, only five had *Field Observation Reports* – all of which were incomplete, missing key fields such as Project name, Contractor Number and Prime Contractor's name. Only one report documented active DBE work with supporting photos. No site monitoring documentation was available for the other 5 DBE firms shown below, contrary to the federal requirements under 49 CFR §26.37 which states:

“The mechanism must include a written verification that you have reviewed contracting records and monitored the work site to ensure the counting of each DBE’s participation is consistent with its function on the contract.”

Contractor / Firm	Description of Work	Initial Contract Value	CUF Verification
Courtland LLC (Doyle Conner)	Supply Concrete Accessories	\$ 640,000	Not Verified
Courtland, LLC (Doyle Connor)	Supply Noise Wall Posts Supply Rebar	\$ 7,312,890	Not Verified
Courtland, LLC (Swanson & Youngdale)	Supply Paint	\$ 302,000	Not Verified
Crocus Hill Electric Co	Electrical Supply	\$ 7,465,390	Not Verified
Midwest Borings, Inc	Supply Pipe Materials	\$ 1,286,717	Not Verified

Recommendation No. 6

Met Council should consider strengthening DBE monitoring by formalizing and standardizing the *DBE/MCUB Field Observation Report*. Required fields should include: Project Name, Contract and Project Number, Prime Contractor, Revised Contract Value, Payments to Date, and laborer details (name, gender, trade, classification) to support CUF compliance.

Site visits should be required regularly and documented for DBE firms, including material suppliers. Supporting evidence should include proof of delivery such as drop-off photos or delivery confirmation with attached invoices. If materials have not yet been delivered during an ongoing site visit, this should be noted and follow-up visit scheduled. Additionally, Met Council should maintain a centralized tracking log to monitor the completion and status of each field observation, ensuring compliance with 49 CFR §26.37 and proper documentation of DBE participation.

Management Response: Agree with the recommendation.

OEE0 began by completing the missing CUF reviews for the DBE material suppliers that performed on the Gold Line BRT project prior to the end of the project in accordance with Council policy. These were completed on July 17 and July 18, 2025. Forms and work instructions are in the process of being updated. Corresponding policies and procedures have already been updated and are awaiting review from the Forum.

APPENDIX A: OLA SLRT FINDINGS COMPARISON

Notable findings from the OLA's April 2025 SLRT Construction Performance Audit, along with Talson's summary review and testing results, are detailed below:

No.	OLA Finding	OLA Recommendation	Talson's Observations
1	Change order – consistent variance threshold/ comparison guidance	Met Council should develop and use acceptable variance threshold or guidance for consideration when comparing change order cost estimates	IMPROVEMENT: Testing confirmed cost estimates were provided, reviewed, and negotiated for all change orders, demonstrating adequate change management.
2	Failure to comply with federal requirements or internal policy for monitoring DBEs	Met Council should document all DBE monitoring visits and update its DBE policy to clearly define the required frequency of monitoring reviews	ENHANCEMENT OPPORTUNITY NOTED: Review confirmed inadequate DBE monitoring. Talson supports conducting and centrally documenting monitoring visits for all DBEs.
3	Inadequate controls to detect inaccurately reported DBE participation amount	Contractors should verify DBE entries are accurate in the CMS, and Met Council should strengthen controls to validate reported data	ENHANCEMENT OPPORTUNITY NOTED: Talson's review confirmed inadequate controls over verifying DBE participation entries.
4	Inadequate monitoring of contaminated soil disposal resulted in contractor overpayment	Met Council should strengthen controls to verify and authorize contaminated soil disposal, and perform sample reconciliations to confirm accurate, project-related billing	IMPROVEMENT: Testing confirmed adequate monitoring and recordkeeping of soil removal hauled.
5	Contractor failed to implement required laydown area security, and Met Council did not adequately monitor compliance	Contractor should comply with contract security requirements, and Met Council should strengthen monitoring to ensure enforcement	<i>Testing was not performed for this observation.</i>

APPENDIX B: DISADVANTAGE BUSINESS ENTERPRISE PARTICIPATION

DBE Firm	Description of Work	Initial Contract Value	Qualifying %	Qualifying Allowable Credit	Participation Goal (%)
Aura Fabricators (27929)	Fabrication of Bearings, Diaphragms, Railings	\$2,523,885	100%	\$2,523,885	1.02%
Aura Fabricators (Global Spec)	Manufacture Structural Sign Steel	\$70,001	100%	\$70,001	0.03%
Aura Fabricators (Sheehy)	Fabricate Steel Bents for Shelters	\$2,522,637	100%	\$2,522,637	1.02%
Courtland (32287)	Supply Noise Wall Posts Supply Rebar	\$7,312,890	60%	\$4,387,734	1.78%
Courtland (Doyle Conner)	Supply Concrete Accessories	\$640,000	60%	\$384,000	0.16%
Courtland (Swanson & Youngdale)	Supply Paint	\$302,000	60%	\$181,200	0.07%
Crocus Hill (Egan)	Electrical Supply	\$7,465,390	60%	\$4,479,234	1.82%
E&J Rebar (16521)	Ironwork	\$2,438,700	100%	\$2,438,700	0.99%
Midwest Borings, Inc	Supply Pipe Materials	\$8,066,666	60%	\$4,840,000	1.96%
Povolny Specialists, Inc (Egan)	Manufacture Cabinets	\$1,286,717	100%	\$1,286,717	0.52%
Representative Sampling Values		\$32,628,886		\$23,114,108	9.38%

APPENDIX C: DOCUMENTS REVIEWED / INTERVIEWS CONDUCTED

Documents from Metropolitan Council:

1. Conformed Documents Volume 1, dated September 24, 2021
2. Conformed Documents Volume 2 Addenda, dated May 6, 2022
3. Conformed Documents Volume 4 Appendices, date not specified
4. Project Manual 1, February 25, 2022
5. Project Manual 3, May 25, 2022
6. Price Analysis Memorandum, dated June 24, 2022
7. Draft Project Management Oversight Contractor (PMOC) Project Monitoring Report No. 3, Revision 0, submitted March 5, 2025
8. Draft Project Management Oversight Contractor (PMOC) Meeting Notes Quarterly Review Meeting, Revision 0, submitted April 1, 2025
9. FTA Monthly Project Report, reporting period March 1, 2025 - dated March 31, 2025, issued April 2025
10. METRO Gold Line Executive Change Control Board (ECCB) Meeting Agenda, dated August 28, 2024
11. Full Funding Grant Agreement, certification date October 11, 2022
12. METRO Gold Line FTA Monitoring Meeting, dated May 19, 2025
13. Project Management Plan, revision 5, dated September 29, 2024
14. Payment Application No. 29, dated January 31, 2025
15. Payment Application No. 30, dated March 14, 2025
16. Budget Allocation by Standard Cost Category
17. Change Order No. 210 - Drill drain holes in station foundation walls, dated April 14, 2025
18. Change Order No. 99 02- Constructive Acceleration - Winter 2023-2024, dated March 8, 2024
19. Change Order No. 144 – Stations – Add heat terrace and supporting documentation, dated November 21, 2024
20. Change Order No. 170 – Helical Pile Supported Storm Sewer (Dellwood) and supporting documentation, dated January 19, 2025
21. Change Order No. 186 – Tanner’s Lake Sidewalk Modification and supporting documentation, dated January 10, 2025
22. Change Order No. 196 – 2023 Cold Weather Construction Costs - Downtown Stations (Sheehy) and supporting documentation, dated January 2, 2025
23. Change Order No. 200 – Buried Cable Signs and supporting documentation, dated February 11, 2025
24. Allowance Utilization Authorization (AUA) No. 49 - Hudson and Frank/Griffith Asbestos Haul, dated December 7, 2023
25. Allowance Utilization Authorization (AUA) No. 53 - Wacouta Station Foundation Change for District Energy dated, February 19, 2024
26. Allowance Utilization Authorization (AUA) No. 101 - NWC Utility Impact, dated October 18, 2024
27. Metro Gold Line BRT Lessons Learned Workshop Final Report, dated March 25, 2025
28. Incidentals Markup Contract Language, date not specified
29. Civil Contract Design Reviewed Submittals List, undated
30. Stations Punch List, dated April 18, 2025
31. Preliminary Construction Punch List - Civil, dated March 20, 2025
32. Independent Cost Estimate - 100% Design Bid Form, dated May 24, 2022
33. Safety and Security Certification Verification Report (SSCVR), revision 1, dated March 7, 2025
34. Quality Assurance Plan (QAP), revision 4, dated August 15, 2024
35. Disadvantaged Business Enterprises Evaluation of Bids Memorandum, dated June 13, 2022
36. Pre-Construction Conference Meeting Summary, dated August 18, 2022
37. Email Chain for DBE modifications, subject "RE: Gold Line Civil Contract Information", dated June 11, 2025
38. DBE Progress Report, dated May 1, 2023
39. Met Council’s CMS Full Contract Details, reporting period to March 31, 2025
40. Five (5) DBE/MCUB Field Observation – Reports, dated from September 28, 2023 through October 9, 2023

41. Construction Observation (COB) – 3266, dated January 11, 2024
42. Manifest tracking through December, date not specified
43. Soil Manifests, dated December 8, 2023
44. Soil Manifests, dated December 11, 2023
45. Gold Line Change Order Workflow, date not specified
46. Gold Line Change Orders Procedure 1100-01, Revision 2, dated November 6, 2023

Documents from Ames Construction

1. Subcontractor Subledger Report, undated
2. Allowance Log, dated April 30, 2025
3. Subcontractor Audit-250421 Excel spreadsheet, dated May 13, 2025
4. Subcontracting Contractor Payment Form Excel spreadsheet, dated May 20, 2025
5. Change Order and Contingency Log, dated May 1, 2025
6. Full Contract Baseline Schedule, Revision 2, dated December 11, 2022
7. Sixteen (16) Baseline Schedule Updates, dated from January 1, 2023 through May 1, 2025
8. Asset Log Letter, dated May 2, 2025
9. One-hundred (100) Weekly Progress Meeting Minutes held between September 6, 2022 through January 28, 2025
10. Three (3) Subcontractor Agreements, dated from January 1, 2021 through June 27, 2024
11. Subcontractor Agreement - Carl Bolander & Sons Company, effective September 15, 2022
12. Subcontractor Agreement - Doyle Connor Co., effective September 15, 2022
13. Subcontractor Agreement - Egan Company, effective November 1, 2022
14. Subcontractor Closeout Matrix Statement, dated May 2, 2025
15. Job Cost Summary with Field Quantities, dated May 2, 2022
16. Thirty (30) Subcontractor Invoice Disbursement Summaries, Paid to Date Period from August 30, 2024 to April 18, 2025

Interviews Conducted / Meeting Participants

From Met Council

1. Nick Thompson, Deputy General Manager, Capital Project Division
2. Alicia Vap, Project Director, Capital Project Division
3. Steve Barrett, Construction Manager, Capital Project Division
4. Kelly Jameson, Real Estate Director, Finance
5. Ned Smith, Chief Financial Officer, Finance
6. Kristin Prescott, Budget & Grants Manager, Finance
7. Marily Porter, Director of Engineering & Facilities, Asset Management
8. Claudia Tousaint, Program Manager of Real Estate, Asset Management
9. George Henry, Associate General Counsel, Asset Management
10. Ashanti Payne, Assistant Director of Office of Equity and Equity Opportunity, DBE

From Ames

1. Josh Brudelic, Project Manager, Ames Construction