

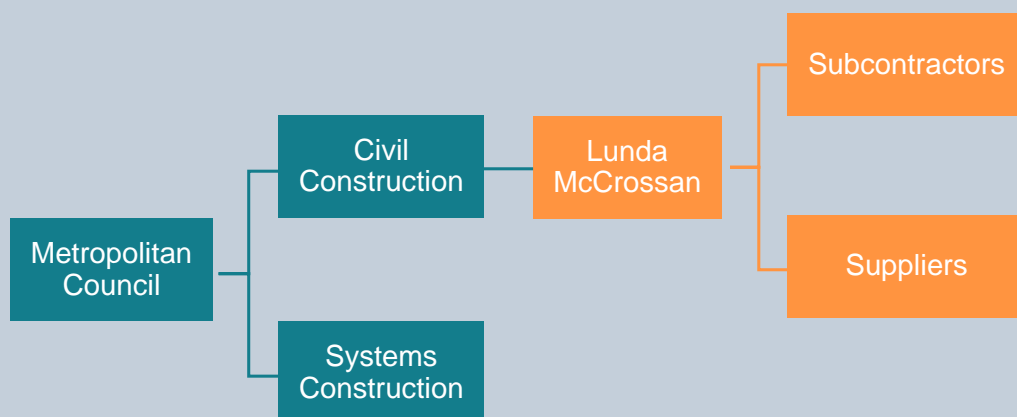
Metropolitan Council: Southwest Light Rail Transit Construction

Performance Audit
Released April 7, 2025

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Southwest LRT Project Overview



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State of Minnesota
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Civil Construction Amounts as of March 31, 2023

Original Contract:	\$799 million
Change Orders:	<u>228 million</u>
Contract Total:	1,027 million
Settlement (up to):	<u>285 million</u>
Total:	\$1,312 million

Audit Objectives

Objectives

For activities related to the Southwest LRT project:

- Did the Council comply with requirements tested and have adequate internal controls?
- Did Lunda-McCrossan comply with requirements tested?

Scope

January 2019 through March 2023

Audit Areas

- Subcontractor and supplier activity
 - Prompt payment
 - Materials
 - Unquantifiable or unforeseen items
 - Change orders
 - Disadvantaged business enterprises
- Contaminated soils
- Physical security

Audit Conclusion

- Metropolitan Council
 - Noncompliance with some requirements we tested
 - Weaknesses in internal controls in each area we reviewed
- Lunda-McCrossan
 - Noncompliance with some requirements we tested
- We identified 5 findings during this audit

Change Orders (p. 14)

The Council did not apply a consistent variance threshold, or establish guidance, when comparing change order cost estimates.

- A wide range of variances were accepted

Change Order	Council Estimate	Lunda-McCrossan Estimate	Initial Variance	Council's Revised Estimate
Conclude construction of the barrier protection wall	\$36,609,462	\$82,604,905	\$45,995,443	\$83,445,175
Begin construction of the barrier protection wall	\$1,908,997	\$10,045,134	\$8,136,137	\$9,834,942
Modify walls	\$3,108,456	\$9,310,000	\$6,201,544	\$6,600,000-\$8,400,000

Disadvantaged Business Enterprises (DBE) Monitoring (p. 20)

The Council's monitoring of DBE's performance on the project did not comply with federal requirements or internal policy.

- Missing supporting documentation
- Not all monitoring visits were initiated

DBE Reporting (p. 21)

Lunda-McCrossan did not accurately report its use of DBEs on the project.

- Report was not cumulative

The Council did not have adequate internal controls to detect the incorrect amounts.

- Reconciliation was not effective

Contaminated Soils (p. 25)

The Council did not adequately monitor the disposal of contaminated soils. In addition, the Council overpaid Lunda-McCrossan.

- Approval for excavation and disposal was inadequate
- Screening and monitoring of excavation did not always occur
- Payments were not accurate

Physical Security (p. 28)

Lunda-McCrossan did not always have physical security restrictions and safeguards in place at laydown areas.

- Deficiencies were found in all seven laydown areas tested

The Council did not adequately monitor compliance with required physical security restrictions and safeguards.

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