

**Minutes**  
**Legislative Audit Commission**  
**April 7, 2025**

**Members Present:**

Senator Calvin K. Bahr  
Senator D. Scott Dibble  
Senator Steve S. Drazkowski  
Senator Mark W. Koran  
Senator Ann H. Rest  
Representative Patti Anderson  
Representative Rick Hansen  
Representative Steven Jacob  
Representative Duane Quam

**Members Absent:**

Senator Tou Xiong  
Representative Emma Greenman  
Representative Fue Lee

Senator Ann H. Rest, Chair, called the Legislative Audit Commission (LAC) meeting to order at 9:00 a.m. The meeting's purpose was to hear the Office of the Legislative Auditor's (OLA's) presentation of the performance audit, *Metropolitan Council: Southwest Light Rail Transit Construction*.

Chair Rest introduced Lori Leysen, Deputy Legislative Auditor, and Kayla Borneman, Audit Director, for the Financial Audit Division. Ms. Leysen said that OLA had issued three reports prior to this audit: one special review and two program evaluations. The review and evaluations focused on Southwest Light Rail Transit's (Southwest LRT's) project budget and timeline, the Metropolitan Council's decision making, and the Council's oversight of contractors.

Ms. Leysen said this audit focused on specific Southwest LRT construction activities overseen by the Council and performed by the civil construction contractor, Lunda/C.S. McCrossan Joint Venture (Lunda-McCrossan), and their subcontractors and suppliers. Ms. Leysen reviewed the contract's history and explained that this audit was conducted to determine whether the Council and Lunda-McCrossan complied with certain requirements for activities related to the Southwest LRT project from January 1, 2019, through March 31, 2023. Ms. Leysen then presented the audit's findings:

1. The Council did not apply a consistent variance threshold, or establish guidance, when comparing change order cost estimates.
2. The Council's monitoring of Disadvantaged Business Enterprises' (DBEs') performance on the project did not comply with federal requirements or internal policy.
3. Lunda-McCrossan did not accurately report its use of DBEs on the project, and the Council did not have adequate internal controls to detect the incorrect amounts.
4. The Council did not adequately monitor the disposal of contaminated soils, and the Council overpaid Lunda-McCrossan for contaminated soils loads.
5. Lunda-McCrossan did not always have physical security restrictions and safeguards in place at project sites.

Chair Rest opened the meeting to member discussion. Seeing no questions for Ms. Leysen, Chair Rest invited Charles Zelle, Metropolitan Council Chair, and Ryan O'Connor, Regional Administrator, to address the commission. Mr. Zelle said the Council had learned much from OLA's reports and instituted a number of OLA's recommendations. He said the Council believes it has protected taxpayers' interests in its delivery of the project and that it has been a generational

investment—a megaproject involving 29 new bridges, two LRT tunnels, six pedestrian tunnels, and over 120 retaining walls—with \$3 billion in permitted projects along the 16 different stations, which reflects economic stimulus from the project.

Mr. Zelle then briefly responded to each finding, saying the Council has improved its cost estimating process, is pleased with its DBE record, will be improving its monitoring of DBE payments with new technology to verify the payments, is looking into the use of electronic manifests for the tracking of contaminated soils loads, and is working with its contractors to improve site security.

Chair Rest asked members for questions or comments. There was initial discussion as to concerns with the increasing costs of the as-yet unfinished project, with some costs increasing two to five times over their original amount; the lack of accountability of the Council to the public due to its structure as an unelected entity; that steps legislators have attempted to make for meaningful change to the Council's structure have not succeeded; and that the challenge is to the public to ask for something different for better outcomes from the Council. Members also discussed the impact that estimating issues and the increased use of change orders had contributed to rising costs, why more change order work was not part of the original bidding, and how change orders may have impacted competitive bidding. Final remarks included concerns with ongoing maintenance costs that are yet to be identified.

Chair Rest asked Mr. Zelle for closing comments, to which he responded that he believes in the Council's ability to bring a very difficult, complicated project to completion, said he appreciated OLA's review of the project, and thanked Chair Rest and the members.

Chair Rest reminded members to encourage their colleagues to respond to OLA's survey of legislators for topics they would like OLA to evaluate in 2025 and then adjourned the meeting at 10:13 a.m.

Senator Ann H. Rest, Chair

Jade Lange, Recording Secretary