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## ***Memorandum***

TO: BATA Oversight Committee

DATE: November 2, 2016

FR: Executive Director

W. I. 1254

RE: Contract Amendment – Internal Project Auditing and Reporting Services: KPMG LLP (\$300,000)

Staff requests Committee approval of a contract amendment with KPMG, LLP (“KPMG”) for an amount not to exceed \$300,000. This amendment will provide funding for KPMG to update the Government Accounting Standards Board (“GASB”) 34 analysis first conducted in 2010.

### **Background**

Under state law, BATA is responsible for the operations, maintenance and repair costs for the seven state-owned toll bridges in the Bay Area. However, Caltrans owns the bridges and maintains records regarding their fixed asset values and depreciation. In 2010 as part of our long range financial planning, BATA conducted a GASB 34 analysis of the repair and replacement value of the bridge system. This information was used to establish formal values for current maintenance costs, as well as to project future rehabilitation costs for all the bridges. The information has been of critical importance in the financial budget and planning for bridge maintenance as well as a key component to demonstrating BATA’s commitment to bridge maintenance to rating agencies and investors alike. The study is now five years old and needs to be updated.

After a competitive procurement process, in April 2015, this Committee approved a bench of four firms, including KPMG, to provide project auditing and consulting services for a five-year period through June 30, 2020. KPMG conducted the initial study as part of its work under its previous project auditing and consulting services contract and currently reviews Caltrans’ project records and invoices. Staff finds KPMG to be flexible, professional and a value added component to financial management.

KPMG’s current five year contract includes \$300,000 per year for project and invoice audit work. However, the budget does not include funding to update the GASB 34 study. KPMG is neither a small business nor a disadvantaged business enterprise and currently has no subcontractors.

In addition to the GASB study, BATA plans on additional technical studies of the bridge assets to help update the long range toll bridge rehabilitation program. These studies would be more detailed and technical than the GASB analysis. Staff expects to pilot these studies early next year and would coordinate closely with the GASB work.

**Recommendation**

Staff recommends that the Committee authorize the Executive Director or his designee, to negotiate and enter into a contract amendment with KPMG to conduct the GASB 34 analysis in an amount not to exceed \$300,000.



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Steve Heminger

SH:bm

## REQUEST FOR COMMITTEE APPROVAL

### Summary of KPMG, LLP Contract Amendment

Work Item No.:	1254
Contractor:	KPMG, LLP, San Francisco, CA
Work Project Title:	Government Accounting Standards Board (GASB) 34 Bridge Analysis.
Purpose of Project	Conduct a GASB 34 Cost and Maintenance Analysis
Project Cost Not to Exceed:	This amendment - \$300,000 Current contract amount before this amendment – \$1,500,000 Maximum contract amount after this amendment - \$1,800,000
Funding Source:	Toll Bridge Rehabilitation Program Funds
Fiscal Impact:	Funds are included in the FY 2016-17 Toll Bridge Rehabilitation Program Budget.
Motion by Committee:	That the Executive Director or his designee is authorized to negotiate and enter into a contract amendment with KPMG, LLP to conduct the GASB 34 analysis and develop the report as described above and in the Executive Director’s memorandum dated November 2, 2016 and the Chief Financial Officer is directed to set aside funds in the amount of \$300,000 for such contract amendment.
BATA Oversight Committee:	<hr/> Amy Worth, Chair
Approved:	November 9, 2016