

# Bay Area Toll Authority Oversight Committee

February 12, 2020

Agenda Item 5c

## Funding Agreement – Office of the BART Inspector General: Bay Area Rapid Transit District (\$5,000,000)

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**Subject:** A request for approval of a five-year funding agreement with the Bay Area Rapid Transit District (BART) for \$1 million annually for the Office of the BART Inspector General for a total not to exceed amount of \$5 million.

**Background:** On June 5, 2018, Regional Measure 3 (RM 3) was approved by voters. The legislation that established RM 3, Senate Bill 595 (2017) required formation of the Office of the BART Inspector General (“BART IG”) to “ensure that the district makes effective use of bridge toll revenue and other revenue and operates efficiently, effectively, and in compliance with applicable federal and state laws.” (Public Utilities Code Section 28840(a).) In 2019, BART established the Office of the BART IG and the Governor appointed the BART Inspector General.

Section 28842 of the Public Utilities Code requires BATA to allocate \$1 million in bridge toll revenue for the BART IG, and the FY 2019-20 BATA budget, approved in June 2019 and amended in January 2020, includes \$1 million for the BART IG. This statute also provides that in the second and subsequent years of operation of the office, BATA may increase the amount of funding allocated for the BART IG to the extent that funds are requested and justified by the BART IG and can be accommodated in BATA’s budget. Any such increase would be approved by BATA as part of the adoption of the annual budget.

The BART IG funding will be provided to BART through a new five-year Funding Agreement in the amount of \$1,000,000 annually, with the option to extend through mutual written agreement and the option to request an increase to the annual amount after the first year at BART’s request, with the decision on any increase at the sole discretion of BATA.

**Issues:** RM 3 is the subject of ongoing litigation. However, the Governor has appointed the BART IG and staff recommends funding the BART IG.

**Recommendation:** Staff recommends that the Committee authorize the Executive Director or designee to negotiate and enter into a five-year funding agreement with BART in an amount not to exceed \$1,000,000 annually, for a total not to exceed amount of \$5,000,000 for the 5-year agreement period, to fund the Office of the BART IG, subject to the approval of future BATA budgets. Any increase in the \$1,000,000 annual amount shall also be subject to BATA's annual budget approval process.

**Attachments:** Request for Committee Approval – Summary of Proposed Funding Agreement

  
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Therese W. McMillan

## REQUEST FOR COMMITTEE APPROVAL

### Summary of Proposed Funding Agreement

Work Item No.: 1255

Agency: Bay Area Rapid Transit District (BART)  
Oakland, CA

Work Project Title: Office of the BART Inspector General

Purpose of Project: To fund operations of the Office of the BART Inspector General

Brief Scope of Work: The BART Inspector General will monitor BART's operating practices and identify and recommend policies to ensure that the district makes effective use of bridge toll revenue and other revenue and operates efficiently, effectively, and in compliance with applicable federal and state laws.

Project Cost Not to Exceed: \$1,000,000 annually, for a total not to exceed amount of \$5,000,000 for the 5-year agreement period, except as increased by BATA through the BATA budget.

Funding Source: BATA Operating Budget

Fiscal Impact: \$1,000,000 is included in the FY2019-20 Toll Bridge Program Operating Budget. Funds for subsequent years are subject to the approval of future BATA budgets.

Motion by Committee: That the Executive Director or designee is authorized to negotiate and enter into a funding agreement with the BART for operations of the Office of the BART Inspector General as described above and in the BATA Oversight Committee Summary Sheet dated February 12, 2020 and the Chief Financial Officer is authorized to set aside \$1,000,000 annually for five years for such agreement, for a total not to exceed amount of \$5,000,000, subject to the approval of future BATA budgets.

BATA Oversight Committee:

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Amy R. Worth, Chair

Approved: February 12, 2020