

Bay Area Toll Authority
Oversight Committee

June 14, 2023

Agenda Item 4e - 23-0737

**Funding Agreement Amendment: Office of the BART Inspector General: Bay Area Rapid
Transit District (\$11,600,000)**

Subject:

A request for approval of an amendment to the funding agreement with the Bay Area Rapid Transit District (BART) to increase the funding amount to \$2,100,000 million annually and extend the agreement term five years through FY 2028-29, for a total not to exceed the amount of \$11,600,000, subject to the approval of future BATA budgets.

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. Annual BATA budgets starting with FY2019-20 have included \$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.

BART has requested an increase to the annual allocation for the BART IG to cover a staffing level and support budget it believes will allow the BART IG to carry out its mandate, estimated at \$2.7 million annually. The proposed contract amendment will commit BART to budget \$600,000 per year and BATA to budget \$2.1 million per year. For BATA, this is an annual increase of \$1.1 million over the current \$1 million per year allocation, starting in FY 2023-24. This amendment will also extend the funding agreement an additional five years beyond the original term, through the end of FY 2028-29. This amounts to a total increase of \$11.6 million

over the existing funding agreement (an additional \$1.1 million in FY 2023-24 and a five-year extension at \$2.1 million per year).

Future increases to the annual allocation will be considered at BART's request, with the decision on any increase at the sole discretion of BATA.

Issues:

None identified.

Recommendations:

Staff recommends that the Committee authorize the Executive Director or designee to negotiate and enter into an amendment to the funding agreement with BART to increase the annual allocation by \$1,100,000 and extend the agreement period for an additional 5 years, for a total amendment amount not to exceed \$11,600,000, and a new contract amount not to exceed \$16,600,000 to fund ongoing operations of the Office of the BART Inspector General, subject to the approval of future BATA budgets.

Attachments:

Request for Committee Approval – Summary of Proposed Funding Agreement Amendment



Andrew B. Fremier

Request for Committee Approval

Summary of Proposed Funding Agreement Amendment

Work Item No.:	1255
Consultant:	Bay Area Rapid Transit District (BART) Oakland, CA
Work Project Title:	Office of the BART Inspector General
Purpose of Project:	To continue funding operations of the Office of the BART Inspector General
Brief Scope of Work:	The BART Inspector General will monitor BART's operating practices 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:	<u>This amendment</u> : an additional \$1,100,000 in FY 2023-24, then \$2,100,000 annually for five-year extension. Total amendment not to exceed \$11,600,000. <u>Total contract</u> : \$1,000,000 annually for first four years and \$2,100,000 annually for the subsequent six years, for a total not to exceed amount of \$16,600,000 for the ten-year agreement period, except as increased by BATA through the BATA budget.
Funding Source:	BATA Operating Budget
Fiscal Impact:	\$1,100,000 planned to be included in the FY 2023-24 Toll Bridge Program Operating Budget, subject to approval. 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 amendment with BART for operations of the BART Inspector General as described above and in the BATA Oversight Committee Summary Sheet dated June 14, 2023 and that the Chief Financial Officer is authorized to set aside an additional \$1,100,000 in FY 2023-24 and \$2,100,000 annually for the subsequent

five years for such amendment, for a total not to exceed \$11,600,000,
subject to the approval of future BATA Budgets.

Bay Area Toll Authority:

Federal Glover, Chair

Approved:

June 14, 2023