



**San Francisco Bay Area Rapid Transit District (BART)
Earthquake Safety Program**

**Citizens' Oversight Committee Meeting
2013 – 2015 Term**

Tuesday, August 6, 2013 4:30 pm

**Conference Room 1700
Kaiser Center Tower, 17th Floor
300 Lakeside Drive, Oakland, CA 94612**

Meeting Number	Meeting Date	Meeting Time
Term 4, Meeting 4	August 6, 2013	4:30 pm
Attendees	<i>Members</i> Juliano Waldron Matt Wrona Robert Barksdale Ralph Mason Sayed Sultan <i>Alternates</i> Richard Pipkin Ching Wu Prabhat Goyal	<i>Staff</i> Thomas Horton Molly McArthur Bianca Mallory Ramiro Salazar Terry Green Darlene Cummins
Agenda Item	Action Taken	
<i>Welcome & Introductions</i>	M. McArthur called the meeting to order at approximately 4:35 pm. B. Mallory noted members' attendance.	
<i>Review of Administrative Matters</i>	M. McArthur reviewed the following administrative matter: <ul style="list-style-type: none"> May 7 meeting minutes were approved and posted on the BART website 	



*Guest Speaker
Terry Green*

- M. McArthur introduced Terry Green, BART Manager of Special Investigations and Audits. T. Green gave an overview of the role and procedures of the Auditing Department:
- Since January 2009 the Internal Audit Department has performed 66 audits of the Earthquake Safety Program contracts. All of the audits have been of contractors or subcontractors. The audits were as follows:
 - 34 Provisional (billing) rates
 - 31 Final rates
 - 1 Construction claim
 - Of the 66 audits:
 - 41 audits of Earthquake Safety Program contractors and subcontractors
 - 25 audits of consultants used by Earthquake Safety as well as other BART projects
 - Of the 25 shared consultants:
 - 17 On-Call Construction Management
 - 4 Environmental Services
 - 3 Owner Controlled Insurance Program Providers
 - 1 On-Call Community Relations
 - Numerous discussions are held with Earthquake Safety Program staff about contract matters that do not result in an audit report.
 - The audits are completed by a number of outside agencies. ESP receives funding from six different funding sources in addition to the General Obligation Bonds. The externally sourced funds are subject to audit oversight of the appropriate expenditures and controls and accounting of the funds. The following are the agencies that audit the expenditure of funds:
 - California State Auditor
 - California Department of Transportation (Caltrans)
 - Federal Emergency Management Agency (FEMA) Pre-Disaster Mitigation Program
 - Metropolitan Transportation Commission (MTC)
 - Federal Transit Administration (FTA)



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*Continued Guest
Speaker
Terry Green*

R. Barksdale asked how many audits had been performed, and over what period of time have the audits been performed.

T. Green stated that they have performed 66 audits since January 2009.

R. Barksdale asked about the number of people in the Auditing department and for information on their background.

T. Green stated that there are a total of nine people in the department; including six auditors and two contract specialist. The backgrounds vary with extensive accounting and contract auditing training. There are several certified CPA's.

R. Barksdale asked if procurement is audited as well.

T. Green stated that the department does perform audits of procurement activities.

R. Barksdale asked if there is an external auditor and if there is interface with them.

T. Green stated that there is an external auditor that works directly with the Controller Treasurer. BART performs audits that the external auditor has requested and those are included in the audit program.

R. Barksdale asked if BART has a manual or procedure that procurement, engineers, and contractors follow.

T. Green stated that there is a Resident Engineer's Manual that covers the technical side of the oversight of projects and a Procurement Manual that is very extensive that covers all of the procurement practices. BART audits against those manuals.

T. Horton stated that ESP is not a FTA project; however, FTA audits BART's procurement practices and ESP has adopted many of these practices.

T. Green stated that there is one standard procurement practice that follows the FTA guideline and is audited by the FTA. BART projects will follow the guideline whether they are receiving FTA funding or not.

T. Green stated that Caltrans audits the use of the LSRP funds that ESP receives. BART will check with Caltrans when a contractor says that they have been recently audited by Caltrans.





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<p><i>Continued Guest Speaker</i> <i>Terry Green</i></p>	<p>R. Mason asked if there were any patterns of concern found in the audits that have been performed of Earthquake Safety Programs contracts.</p> <p>T. Green stated that there were no patterns found. They are stand-alone audits between BART and the contractor and as work is being closed out we work out what is owed on either side.</p> <p>R. Mason asked if the audits establish or confirm overhead rates for all contracts.</p> <p>T. Horton stated that is just for professional service contracts and that construction contractor contracts are competitive lump sum bids. The one audit that was done for a construction contractor was for a claim there were some issues regarding the overhead and the proper allocation of people to the overhead.</p>
<p><i>Project Updates</i></p>	<p>T. Horton provided an overview of the program's progress since the last meeting, noting the following:</p> <ul style="list-style-type: none">• Completed activities: Twenty-three contracts are complete, including several stations, parking structures, storage and maintenance facilities, and aerial structures in all areas except northern R line and northern A line.• Current activities: Five contracts are currently under construction.• Upcoming activities: Possible increased operability – Fruitvale, Coliseum, Bay Fair Station, Fremont line between Lake Merritt and Coliseum Stations, Berkeley Hills Tunnel
<p><i>Financial Report</i></p>	<p>T. Horton gave an overview of the Financial Report and the program funding of the General Obligation Bond, stating the following:</p> <ul style="list-style-type: none">• Schedule: The program's projected completion date is late 2018. This can be affected by the next phase of retrofits on the Transbay Tube that are still being determined.• General Obligation Bond Total: \$ 980,000,000<ul style="list-style-type: none">○ Tranches Issued: \$100 million and \$400 million <p>There was a discussion between staff and COC members regarding the Berkeley Hills Study.</p>





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<i>Closed Session</i>	Threat to Public Services or Utilities Consultation with: Manager, Earthquake Safety Program Government Code Section: 54957(a)
<i>Other Business</i>	Members and staff agreed to the following follow-up items: <ul style="list-style-type: none">• Next meeting: Changed the next meeting from Tuesday, November 5, 2013 to Thursday, October 3, 2013• Agenda: The next meeting will be a presentation on the options for the Berkley Hills Tunnel• Materials requested: COC members requested a sample of an Auditing report
<i>Adjournment</i>	M. McArthur adjourned the meeting at approximately 6:30 pm.

