



Joseph P. Bort MetroCenter  
101 Eighth Street  
Oakland, CA 94607-4700  
TEL 510.817.5700  
TDD/TTY 510.817.5769  
FAX 510.817.7848  
E-MAIL [info@mtc.ca.gov](mailto:info@mtc.ca.gov)  
WEB [www.mtc.ca.gov](http://www.mtc.ca.gov)

## *Memorandum*

TO: BATA Oversight Committee

DATE: February 3, 2010

FR: Executive Director

W. I. 1251

RE: Government Accounting Standards Board (GASB) 34 Bridge Valuation

### **Recommendation:**

In 2005, the GASB adopted Statement 34 which, for the first time, placed fixed assets and depreciation expense into the financial statements of public agencies. Because the State of California owns the toll bridges, the State and not BATA has had to account for the fixed asset value and depreciation expense. As such, BATA has never undertaken a GASB 34 analysis nor attempted to formally establish the relative level of funded or unfunded depreciation and maintenance.

A disadvantage of not conducting a GASB 34 analysis is that BATA has no independent means to project even routine maintenance and repair costs. As the seismic projects are completed, BATA assumes full responsibility for operations and maintenance costs on the toll bridges pursuant to state law. Thus, we have concluded that BATA should develop its own model, to value the bridges, the level of funded and unfunded maintenance, as well as projections for future rehabilitation costs.

Staff recommends appointing KPMG to conduct the analysis and develop the report. BATA has two accounting firms under contract, KPMG and Deloitte & Touche, who were approved by the Committee in 2005 to audit Caltrans project costs and invoices as part of the seismic retrofit program. Staff solicited proposals from both firms to conduct the GASB 34 work. KPMG has responded with a comprehensive proposal. Deloitte & Touche has chosen not to propose due to concerns over the use of information as part of future financings.

KPMG has been selected through several competitive solicitations to work with BATA. KPMG was selected to be project manager of the accounting system conversion in 2001, to conduct payment and cost audits of Caltrans' work in 2005, and to coordinate financial issues relating to the replacement of the toll accounting system. Staff has always found KPMG to be flexible, professional and a value added component to financial management. We believe their proposed price to conduct this work is reasonable.

Page 2

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.

---

Steve Heminger

SH:BM/cj

J:\COMMITTE\BATA Oversight\2010\b\_February\_2010\4\_GASB 34 Bridge Valuation\_Mayhew.doc

REQUEST FOR COMMITTEE APPROVAL  
Summary of Proposed Contract

Work Item No.: 1251  
Vendor: KPMG, San Francisco, CA  
Work Project Title: GASB 34 Bridge Valuation.  
Purpose of Project: Conduct a GASB 34 Cost and Maintenance Evaluation.  
Project Cost Not to Exceed: \$300,000. (current contract = \$2,500,000)  
Funding Source: Toll Bridge Rehabilitation funds.  
Fiscal Impact: Project costs will be paid for with funds included in BATA Rehab budget.  
Motion by Committee: That the Executive Director or his designee is authorized to negotiate and enter into a contract amendment with KPMG to conduct the analysis and develop the report, and the Chief Financial Officer is directed to set aside funds in the amount of \$300,000 for such contract amendment, subject to budgeting approval.

BATA Oversight Chair:

---

Bill Dodd

Approved:

Date: February 10, 2010