



# Alameda Corridor-East Construction Authority

4900 Rivergrade Rd. Ste. A120 Irwindale, CA 91706 (626) 962-9292 fax (626) 962-3552 www.theaceproject.org

## Finance Committee Meeting January 15, 2009 Minutes

The meeting of the Finance Committee was held on January 15, 2009 at noon at the ACE Construction Authority office, 4900 Rivergrade Road, Irwindale, California.

### 1. **Roll Call & Introductions**

In attendance were:

Hon. Harry Baldwin, San Gabriel	<u>ACE Staff</u>
Hon. Tim Spohn, Industry	Rick Richmond, Chief Executive Officer
Kevin Radecki, Industry	Carlos Monroy, Director of Finance
Hon. Stephen Atchley, Pomona	Menchu Ituralde, Grants/Audits Manager
Linda Lowry, Pomona	Deanna Stanley, Office Manager
Hon. David Spence, La Canada Flintridge	
Nicholas Conway, SGVCOG	

2. **Public Comment** – There were no public comments.
3. **Committee Organization and Meeting Dates** – The committee agreed the Chairman would be the same as the Chairman of ACE. The committee agreed to meet quarterly.
4. **Review of ACE Financial Management System** – Rick Richmond reviewed the history of the financing of the ACE Project. He reviewed the comprehensive financial management system of the ACE Project. Elements included finance department organization, funding, budgeting, spending, billing, audits and treasury. He reviewed federal, state, local, city/county and railroad funding and how funds are allocated to each project. He reviewed the 28 active accounts and how each must be balanced for reimbursements. He reviewed project budgets and annual budgets. He reviewed annual indirect rate approvals which are done by Caltrans. Mr. Richmond reviewed invoice approvals, retention and invoice payment processes. He indicated invoices to funding agencies are prepared within five working days after payment of major contractor invoices. Mr. Richmond reviewed the various elements of audits at length. He reported on the Authority's treasure/banking investments.
5. **Current and Future Status Reporting** – The Committee agreed the current reporting was acceptable but would like to discuss ACE internal audits further at

the next Committee meeting.

6. **Review of Fiscal Year 2008 Audit Comments** – Carlos Monroy reviewed ACE responses to the comments of the Lopez & Company audit. He indicated new accounting standards require auditors to communicate control deficiencies that are significant deficiencies or material weaknesses in internal control. He explained a significant deficiency is a control, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected.

He explained material weakness is a significant deficiency, or combination of control deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected. He indicated the findings of the audit did not result in a significant deficiency. He reviewed each finding.

7. **Adjournment** – The meeting was adjourned and staff was asked to schedule the next meeting in three months.



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MEMO TO: ACE Construction Authority Board Members and Alternates

FROM: Rick Richmond  
Chief Executive Officer

DATE: February 23, 2009

SUBJECT: Approval of Contract for Financial Audit Services

**RECOMMENDATION:** Staff recommends that the Board:

1. Approve the selection of Vasquez & Company, LLP to provide financial audit services; and
2. Authorize the Chief Executive Officer to issue a task order to Vasquez & Company, LLP for audit services covering FY 2009 in an amount not-to-exceed \$48,000.

**BACKGROUND:** The ACE Construction Authority must conduct a financial and compliance audit for each completed fiscal year. In addition, the Authority must prepare a Single Audit Report on federal grant activities. On December 3, 2008, the San Gabriel Valley Council of Governments (SGVCOG) issued a Request for Qualifications (RFQ) for consultant services to provide both the SGVCOG and the ACE Construction Authority with independent audit capabilities for up to a five-year period starting with FY 2009. Proposals were due on January 7, 2009. The RFQ was sent to 50 audit firms and advertised on the SGVCOG website and the website of the California Society of Municipal Finance Officers. The SGVCOG received two proposals on January 7. The procurement was conducted by the SGVCOG in a manner consistent with our procurement policy. If the Boards of both organizations approve this selection, each organization will negotiate a contract with the selected consultant.

The consultant will provide ACE with the following types of services:

- Conduct a financial and compliance audit of the ACE Construction Authority for FY 2009;
- Assist in producing a Comprehensive Annual Financial Report (CAFR) for FY 2009;
- Prepare a Single Audit Report on Federal grant activities for FY 2009; and
- Prepare a Management Report for FY 2009.

The above services can be renewed at the discretion of SGVCOG and the Authority on an annual basis through FY 2013. A Technical Evaluation Committee (TEC) was

established to review the proposals and interview firms. The Committee consisted of one member from ACE and three members from other public agencies who oversee audit activities.

The TEC reviewed the written proposals and interviewed:

- Robert Eichel & Associates
- Vasquez & Company, LLP

Following the interviews held on February 12, 2009, the TEC unanimously recommended the selection of Vasquez & Company, a certified public accounting firm. Staff anticipates a multiyear contract with annual renewals approved as part of the annual budget.

**BUDGET IMPACT:** Funds for this contract are available from grant funds (Federal, State and local) and have been budgeted to pay for the anticipated costs for the above referenced scope of work.



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MEMO TO: ACE Construction Authority Board Members and Alternates

FROM: Rick Richmond  
Chief Executive Officer

DATE: February 23, 2009

SUBJECT: Approval of Contract Amendment for Design Services during  
Construction for Brea Canyon Road Grade Separation with DMJM+Harris

**RECOMMENDATION:** Staff recommends that the Board authorize the Chief Executive Officer to amend the contract with DMJM+Harris to add \$12,000 for design support services during construction of the Brea Canyon Road grade separation, for a new contract value of \$3,785,376.

**BACKGROUND:** In June, 2008, you approved what we expected to be the last amendment to the contract, primarily for design of irrigation, landscaping and fountain restoration at one of our adjacent property owners, the J.F. Shea Corporation, and an extended contract completion date.

We are recommending approval of an amendment for additional services to finalize "punch-list" items of work on the project and to compensate them for more participation than anticipated in resolving the Shea site restoration. Such additional services include site selection of plant materials with the landscape architect and minor design revisions to the irrigation and landscaping elements which were not included in the original scope of work.

The history of this contract is as follows:

Board Action	Authorization	Executed Amount
Contract Award	\$2,183,000	\$2,174,510
Amendment 1	\$64,949	\$64,949
Amendment 3	\$445,300	\$444,597
Amendment 4	\$347,500	\$347,500
Amendment 8	\$10,000	\$9,000
Amendment 9	\$465,500	\$465,460
Amendment 10	\$213,360	\$213,360
Amendment 12	\$54,000	\$54,000
Amendment 13	\$12,000	\$12,000
<b>Total</b>	<b>\$3,795,609</b>	<b>\$3,785,376</b>

**BUDGET IMPACT:** Funds for this contract are available from State TCRP, local MTA Proposition C Funds and City of Industry funds. Costs for this project have been included in the adopted budget.