



(For Board Meeting of December 16, 2005)

SUMMARY OF RECOMMENDATIONS
MEETING OF THE FINANCE-AUDITING COMMITTEE
THURSDAY, DECEMBER 8, 2005
(CHAIR J. DIETRICH STROEH)

Item No. 1

Authorize exercising the option for a one-year extension of the Professional Services Agreement with Redman Ventures, Inc., at the rate of \$15,000 per month, for a total cost of \$198,450, relative to Contract No. 98-B-7, *Toll Revenue System*, to provide software support services for the FasTrak™ plaza/host computer system, effective February 1, 2006 through January 31, 2007, as outlined in the Committee minutes.

Action by the Board – Resolution

Item No. 2

Authorize exercising the option for a one-year extension of the Maintenance Agreement with InTranS Group, Inc., at the rate of \$27,395.30 per month, for a total cost of \$328,743.60, relative to Contract No. 98-B-7, *Toll Revenue System*, to provide hardware and software support services for the FasTrak™ lane equipment, effective February 1, 2006 through January 31, 2007, as outlined in the Committee minutes.

Action by the Board – Resolution

Item No. 3

Authorize a one-year extension of the Professional Services Agreement with OSI Collection Services, Inc., at a commission rate of 29% on collections and 29% on judgments, relative to RFP No. 2005-D-4, *FasTrak™ Collection Services*, for the collection of outstanding toll revenue from unpaid FasTrak™ violation notices and delinquent FasTrak™ accounts, effective February 1, 2006 through January 31, 2007, as outlined in the Committee minutes.

Action by the Board – Resolution

Item No. 4

Approve actions relative to the asset transfer of twenty 1998 40-foot NOVA surplus buses, as outlined in the Committee minutes.

Action by the Board – Resolution



December 8, 2005
(For Board: December 16, 2005)

REPORT OF THE FINANCE-AUDITING COMMITTEE

Honorable Board of Directors
Golden Gate Bridge, Highway
and Transportation District

Honorable Members:

A meeting of the Finance-Auditing Committee was held in the Board Room, Administration Building, Toll Plaza, San Francisco, California, on Thursday, December 8, 2005, at 10:25 a.m., Chair Stroeh presiding.

Committee Members Present (8): Chair Stroeh; Vice Chair Pahre; Directors Boro, Eddie, Murray, Reilly and Shahum; President Middlebrook (Ex Officio)

Committee Members Absent (1): Director Cochran

Other Directors Present (1): Director Moylan

Staff Present: General Manager Celia G. Kupersmith; District Engineer Denis J. Mulligan; Auditor-Controller Joseph M. Wire; Secretary of the District Janet S. Tarantino; Attorney David J. Miller; Deputy General Manager/Bridge Division Kary H. Witt; Deputy General Manager/Bus Division Susan C. Chiaroni; Deputy General Manager/Ferry Division James P. Swindler; Planning Director Alan R. Zahradnik; Public Affairs Director Mary C. Currie; Executive Assistant to the General Manager Amorette Ko; Assistant Clerk of the Board Karen B. Engbretson

Visitors Present: None

1. Ratify Actions by the Auditor-Controller

In a memorandum to Committee, Auditor-Controller Joseph Wire and General Manager Celia Kupersmith outlined disbursements and investments. A copy of the report is available in the Office of the District Secretary and on the District's web site.

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Nancy Jones, Public Financial Management, was not present at the meeting to provide an oral report on the status of the District's investment portfolio. Ms. Jones' written report was included in the Committee packet.

Celia Kupersmith presented to the Committee members the *2004-2005 Annual Report*, a copy of which was provided to each member.

Discussion ensued, including the following:

- Director Boro commended Public Affairs Director Mary Currie for her excellent work in preparing the *2004-2005 Annual Report*. Celia Kupersmith acknowledged the contributions of Executive Assistant to the General Manager Amorette Ko, who assisted Ms. Currie with the production of the *Annual Report*.

Staff recommended and the Committee concurred by motion made and seconded by **Directors MURRAY/REILLY** to forward the following recommendation to the Board of Directors for its consideration:

RECOMMENDATION

The Finance-Auditing Committee recommends that the Board of Directors authorize the following actions by the Auditor-Controller:

- a. Ratify commitments and/or expenditures for the period November 1, 2005, through November 30, 2005, totaling \$156,917.03;
- b. Ratify investments made by the Auditor-Controller during the period November 8, 2005, through December 5, 2005, as follows:

SECURITY	PURCHASE DATE	MATURITY DATE	ORIGINAL COST	PERCENT YIELD
Rabobank USA Financial Corporation Commercial Paper	12/01/05	12/08/05	3,097,588.89	4.00
Yorktown Capital LLC Commercial Paper	11/15/05	12/12/05	5,226,116.74	4.04
Danske Corporation Commercial Paper	11/14/05	12/08/05	5,510,193.00	4.02

- c. Authorize the Auditor-Controller to re-invest, within the established policy of the Board, investments maturing between December 6, 2005, and January 16, 2006, as well as the investment of all other funds not required to cover expenditures that may become available.
- d. Accept the Investment Report for November 2005 prepared by Public Financial Management.

Action by the Board - Resolution
CONSENT CALENDAR

**FINANCE-AUDITING COMMITTEE
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AYES (8): Chair Stroeh; Vice Chair Pahre; Directors Boro, Eddie, Murray, Reilly and Shahum; President Middlebrook (Ex Officio)
NOES (0): None
ABSENT (1): Director Cochran

2. Authorize Budget Adjustments and/or Transfers

a. Budget Increase Relative to the Real Estate Specialist Limited Term Position

This item was referred to the Finance-Auditing Committee from the Rules, Policy and Industrial Relations Committee meeting of December 8, 2005, for concurrence with a budget adjustment.

Staff recommended and the Committee concurred by motion made and seconded by **Directors MURRAY/SHAHUM** to forward the following recommendation to the Board of Directors for its consideration:

RECOMMENDATION

The Finance-Auditing Committee recommends that the Board of Directors authorize a budget increase in the FY 05/06 District Division Operating Budget in the amount of \$22,000, to be funded from District reserves, relative to the extension of the Real Estate Specialist position through June 30, 2006.

**Action by the Board – Refer to the
Rules, Policy and Industrial Relations Committee
Meeting of December 8, 2005**

AYES (8): Chair Stroeh; Vice Chair Pahre; Directors Boro, Eddie, Murray, Reilly and Shahum; President Middlebrook (Ex Officio)
NOES (0): None
ABSENT (1): Director Cochran

3. **Approve Actions Relative to the FasTrak™ System**
 - a. **Authorize Exercising the Option for a One-Year Extension of the Professional Services Agreement with Redman Ventures, Inc., for Software Support for the Plaza/Host Computer System;**
 - b. **Authorize Exercising the Option for a One-Year Extension of the Maintenance Agreement with InTranS Group, Inc., Relative to Contract No. 98-B-7, Toll Revenue System, for Lane Hardware and Software Support Services; and,**
 - c. **Authorize a One-Year Extension of the Professional Services Agreement with OSI Collection Services, Inc., Relative to RFP No. 2005-D-4, FasTrak™ Collection Services**

In a memorandum to Committee, Auditor-Controller Joseph Wire and General Manager Celia Kupersmith provided a report on three staff recommendations relative to the FasTrak™ System, which propose one-year extensions of the following FasTrak™ agreements:

1. Professional Services Agreement with Redman Ventures, Inc., for software support services for the FasTrak™ Plaza/Host computer system;
2. Maintenance Agreement with InTranS Group, Inc., for hardware and software support services for the FasTrak™ lane equipment; and,
3. Professional Services Agreement with OSI Collection Services, Inc., relative to RFP No. 2005-D-4, *FasTrak™ Collection Services*.

The report stated that the FasTrak™ System is comprised of three components: (1) the Customer Service Center (CSC); (2) the plaza/host computer system; and, (3) the toll lanes. The Board of Directors, by Resolution No. 2002-100 at its July 26, 2002 meeting, approved implementation of a Regional FasTrak™ CSC project in order to enhance customer service by providing a single point of customer contact for all FasTrak™ issues in the Bay Area, and to achieve potential cost savings through operating efficiencies and shared development efforts. The report outlined the costs associated with the Regional FasTrak™ CSC. The report noted that over the past two years, the project has resulted in an annual savings of \$776,448 to the District, savings which significantly exceed staff's estimated annual savings of \$240,000 that was presented to the Board in July 2002.

The report provided a technical description of the toll lanes and plaza/host computer system originally installed in 1999 as part of Contract No. 98-B-7, *Toll Revenue System*, noting that many components of the lane equipment at the Golden Gate Bridge Toll Plaza are reaching the end of their estimated seven-year life cycle. In November 2005, the District entered into a Professional Services Agreement with Traffic Technologies, Inc., to assist staff in moving forward with a strategy for the future of the lanes and the plaza/host systems, as well as to assist staff in the Request for Proposals (RFP) process for FasTrak™ system upgrades and equipment replacement. The report stated that staff expects that an RFP will be issued in the spring of 2006, a contract awarded in late spring and equipment upgrades installed, tested and operational by the end of January 2007. This effort to replace and refine the lanes and plaza/host systems was foreseen since project inception, and is included in the District's five- and ten-year financial forecasts.

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The report summarized the recommended actions regarding the following FasTrak™ agreements:

1. Professional Services Agreement with Redman Ventures, Inc., for software support services for the FasTrak™ Plaza/Host computer system

The Board of Directors, by Resolution No. 2003-079 at its July 11, 2003 meeting, authorized a sole source Professional Services Agreement with Redman Ventures, Inc., to provide software support for the FasTrak™ CSC and plaza/host computer systems. Redman Ventures, Inc., designed all of the original FasTrak™ databases and software programming, and has provided software support to the District since project inception. It is now recommended that a one-year extension to this agreement be authorized, in order for Redman Ventures, Inc., to continue to provide plaza/host software support until the lanes and plaza/host upgrades described above are operational. Redman Ventures, Inc., has agreed to a monthly rate of \$15,000 for this work, and has also agreed to a month-by-month extension beyond one year in case of delays in installing the upgrades.

2. Maintenance Agreement with InTranS Group, Inc., for hardware and software support services for the FasTrak™ lane equipment

The Board of Directors, by Resolution No. 98-245 at its October 9, 1998 meeting, authorized award of Contract No. 98-B-7, *Toll Revenue System*, to the InTranS Group, Inc. The original design, build and operating contract included two years of maintenance support services and was extended in November 2003 and again in December 2004. The December 2004 extension included an option to renew for an additional year, with a 7.5% increase to reflect the escalating level of support required to maintain the aging system. InTranS Group, Inc. has agreed to a monthly rate of \$27,395.30 for this work, and has also agreed to a three-month contract extension beyond one year in case of delays in installing the upgrades.

3. Professional Services Agreement with OSI Collection Services, Inc., Relative to RFP No. 2005-D-4, FasTrak™ Collection Services

The Board of Directors, by Resolution No. 2005-005 at its January 14, 2005 meeting, authorized execution of a Professional Services Agreement with OSI Collection Services, Inc., (OSI) relative to RFP No. 2005-D-4, *FasTrak™ Collection Services*, for collection of unpaid toll violations, delinquent FasTrak™ accounts and miscellaneous bad checks. Staff has been very pleased with the professionalism, flexibility and cooperative relationship that has developed with OSI and is requesting a one-year extension of the agreement under the same terms and conditions. The report noted that a total of 68,000 violations were sent to OSI for collections representing \$300,000 in unpaid tolls and that to date, OSI has collected \$246,000 of which roughly \$174,691 was retained by the District.

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The report noted that staff recommends that the three above-listed Professional Services Agreements be extended for one year each, in order to maintain current operation of the FasTrak™ systems. A copy of the staff report is available in the Office of the District Secretary and on the District web site.

At the meeting, Joseph Wire summarized the staff report, and provided additional background on the components of the FasTrak™ system. He remarked that the consolidated Regional FasTrak™ CSC exceeded savings expectations for the District, and that the current CSC operating costs are 25% less than they would be if the District operated a stand-alone FasTrak™ CSC. In addition, he noted that the total amount of FasTrak™ accounts has increased by 15% since the July 2005 opening of the Regional FasTrak™ CSC.

Discussion ensued, including the following:

- Director Boro inquired as to whether the District could modernize the laborious counting of cash from the Toll Plaza lanes. In response, Mr. Wire stated that staff is currently investigating ways to further streamline the collecting and counting of cash at the District.
- President Middlebrook made the following inquiries and comments:
 - She inquired as to whether it would be possible to have a single company perform the work associated with both the toll lanes and the plaza/host computer system. In response, Celia Kupersmith stated that staff is considering the possibility of consolidating the two systems into a single consultant contract, and will report back to the Committee with a formal analysis.
 - She inquired as to whether staff could analyze the total costs of the entire FasTrak™ system from project inception to the present, and determine if the District has realized any savings over the course of the FasTrak™ project. In response, Mr. Wire stated that staff has considered embarking on such an analysis, using a baseline of having all toll collected in cash and calculating the savings associated with the implementation of the FasTrak™ system.
 - She inquired as to whether FasTrak™ customers would eventually be charged a fee for transponders. In response, Ms. Kupersmith stated that staff has been working with the Bay Area Toll Authority toward the goal of having FasTrak™ customers pay for their transponders.

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Staff recommended and the Committee concurred by motion made and seconded by **Directors PAHRE/SHAHUM** to forward the following recommendations to the Board of Directors for its consideration:

- a. **Authorize Exercising the Option for a One-Year Extension of the Professional Services Agreement with Redman Ventures, Inc., for Software Support for the Plaza/Host Computer System**

RECOMMENDATION

The Finance-Auditing Committee recommends that the Board of Directors authorize exercising the option for a one-year extension of the Professional Services Agreement with Redman Ventures, Inc., at the rate of \$15,000 per month, for a total cost of \$198,450, relative to Contract No. 98-B-7, *Toll Revenue System*, to provide software support services for the FasTrak™ plaza/host computer system, effective February 1, 2006 through January 31, 2007; with the understanding that requisite funds are available in the FY 05/06 Bridge Division Operating Budget and that the remaining funds will be budgeted in the FY 06/07 Bridge Division Operating Budget.

**Action by the Board - Resolution
NON-CONSENT CALENDAR**

AYES (8): Chair Stroeh; Vice Chair Pahre; Directors Boro, Eddie, Murray, Reilly and Shahum; President Middlebrook (Ex Officio)
NOES (0): None
ABSENT (1): Director Cochran

- b. **Authorize Exercising the Option for a One-Year Extension of the Maintenance Agreement with InTranS Group, Inc., Relative to Contract No. 98-B-7, Toll Revenue System, for Lane Hardware and Software Support Services**

RECOMMENDATION

The Finance-Auditing Committee recommends that the Board of Directors authorize exercising the option for a one-year extension of the Maintenance Agreement with InTranS Group, Inc., at the rate of \$27,395.30 per month, for a total cost of \$328,743.60, relative to Contract No. 98-B-7, *Toll Revenue System*, to provide hardware and software support services for the FasTrak™ lane equipment, effective February 1, 2006 through January 31, 2007; with the understanding that requisite funds are available in the FY 05/06 Bridge Division Operating Budget and that the remaining funds will be budgeted in the FY 06/07 Bridge Division Operating Budget.

**Action by the Board - Resolution
NON-CONSENT CALENDAR**

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AYES (8): Chair Stroeh; Vice Chair Pahre; Directors Boro, Eddie, Murray, Reilly and Shahum; President Middlebrook (Ex Officio)
NOES (0): None
ABSENT (1): Director Cochran

- c. **Authorize a One-Year Extension of the Professional Services Agreement with OSI Collection Services, Inc., Relative to RFP No. 2005-D-4, FasTrak™ Collection Services**

RECOMMENDATION

The Finance-Auditing Committee recommends that the Board of Directors authorize a one-year extension of the Professional Services Agreement with OSI Collection Services, Inc., at a commission rate of 29% on collections and 29% on judgments, relative to RFP No. 2005-D-4, *FasTrak™ Collection Services*, for the collection of outstanding toll revenue from unpaid FasTrak™ violation notices and delinquent FasTrak™ accounts, effective February 1, 2006 through January 31, 2007.

**Action by the Board - Resolution
NON-CONSENT CALENDAR**

AYES (8): Chair Stroeh; Vice Chair Pahre; Directors Boro, Eddie, Murray, Reilly and Shahum; President Middlebrook (Ex Officio)
NOES (0): None
ABSENT (1): Director Cochran

[Note: The above three recommendations were forwarded to the Board of Directors meeting of December 16, 2005, for action.]

4. **Approve Actions Relative to the Disposition of Twenty 1998 40-Foot NOVA Coaches**

In a memorandum to Committee, Auditor-Controller Joseph Wire and General Manager Celia Kupersmith provided a report on staff's recommendation regarding the disposition of twenty 1998 40-Foot NOVA Coaches. The report stated that as a result of the November 2003 service reductions, the size and configuration of the District's active fleet were significantly reduced. Currently, 20 of 30 District-owned, 1998 40-foot NOVA coaches have been removed from revenue service and placed in the contingency fleet. The District has been approached by the Regional Public Transportation Authority (RPTA) of Arizona to purchase these 20 coaches by way of federal asset transfer. The report explained the guidelines set by the Federal Transit Administration (FTA) regarding the sale of federally funded assets, noting that, if the sale of an asset is completed through an FTA-approved federal asset transfer to another eligible grant recipient, the remaining federal interest (unamortized value) is transferred to the recipient agency and no federal reimbursement is required from the original owner.

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The report further stated that the 20 NOVA coaches are currently seven years into their 12-year useful life with average life miles of 200,000. Based upon FTA guidelines, if they are sold today, the remaining unamortized federal (80%) share of these assets is approximately \$92,000 per coach. In the event that a federal asset transfer is completed with RPTA, this federal share and the federal obligations that go with ownership of these assets will be transferred to RPTA.

Staff recommends authorization of this asset transfer of the 20 1998 40-foot NOVA coaches to the RPTA, contingent upon FTA approval. The report noted that the transfer of these 20 coaches will not adversely affect the District's contingency fleet. Further, it will eliminate staff time required for maintenance to prevent degradation and free up much needed space on the bus lot. The report further noted that if the asset transfer is consummated, the RPTA will reimburse the District its 20% local share, approximately \$23,000 per bus, and retain FTA responsibility for the 80% funded portion, approximately \$92,000. A copy of the staff report is available in the Office of the District Secretary and on the District web site.

Staff recommended and the Committee concurred by motion made and seconded by **Directors EDDIE/PAHRE** to forward the following recommendation to the Board of Directors for its consideration:

RECOMMENDATION

The Finance-Auditing Committee recommends that the Board of Directors approve the following actions relative to the disposition of twenty 1998 40-foot NOVA coaches:

- a. Declare twenty 1998 40-foot NOVA coaches as surplus; and,
- b. Authorize an asset transfer for twenty 1998 40-foot NOVA coaches to the Regional Public Transportation Authority of Arizona, subject to approval by the Federal Transportation Administration.

**Action by the Board - Resolution
NON-CONSENT CALENDAR**

AYES (8): Chair Stroeh; Vice Chair Pahre; Directors Boro, Eddie, Murray, Reilly and Shahum; President Middlebrook (Ex Officio)
NOES (0): None
ABSENT (1): Director Cochran

[Note: The above recommendation was forwarded to the Board of Directors meeting of December 16, 2005, for action.]

5. Review of Golden Gate Bridge Traffic/Tolls and Bus and Ferry Transit Patronage/Fares for Five Months Ending November 2005

In a memorandum to Committee, Auditor-Controller Joseph Wire and General Manager Celia Kupersmith provided a schedule comparing categories of Bridge traffic for five months ending November 30, 2005. A copy of the report is available in the Office of the District Secretary and on the District's web site.

Action by the Board – None Required

6. Review of Financial Statements for Five Months Ending November 30, 2005

a. Statement of Revenue and Expenses

In a memorandum to Committee, Auditor-Controller Joseph Wire and General Manager Celia Kupersmith provided a financial statement entitled, *Statement of Revenues and Expenses for Five Months Ending November 30, 2005*. A copy of the report is available in the Office of the District Secretary and on the District's web site.

Action by the Board – None Required

b. Statement of Capital Programs and Expenditures

In a memorandum to Committee, Capital and Grants Manager Nina Rannels, Auditor-Controller Joseph Wire and General Manager Celia Kupersmith provided a financial statement entitled, *Statement of Capital Programs and Expenditures for Five Months Ending November 30, 2005*. A copy of the report is available in the Office of the District Secretary and on the District's web site.

Action by the Board – None Required

7. Public Comment

There was no public comment.

8. Adjournment

All business having been concluded, the meeting was adjourned at 10:45 a.m.

Respectfully submitted,

J. Dietrich Stroeh, Chair
Finance-Auditing Committee