



Agenda Item No. 4

To: Finance-Auditing Committee/Committee of the Whole  
Meeting of January 10, 2008

From: Joseph M. Wire, Auditor-Controller  
Celia G. Kupersmith, General Manager

Subject: **AUTHORIZE A MODIFICATION TO THE FASTRAK<sup>®</sup> CUSTOMER SERVICE CENTER COST ALLOCATION FORMULAS SET FORTH IN THE COOPERATIVE AGREEMENT WITH THE BAY AREA TOLL AUTHORITY**

### **Recommendation**

The Finance-Auditing Committee recommends that the Board of Directors authorize the General Manager to amend the Cooperative Agreement with the Bay Area Toll Authority for the operation of the FasTrak<sup>®</sup> Regional Customer Service Center to reflect the revised cost allocation formulas for FY 07/08.

### **Summary**

The Bay Area Toll Authority (BATA) and the District entered into a cooperative agreement in August 2003 for the joint operation and management of the FasTrak<sup>®</sup> Regional Customer Service Center (CSC). The agreement includes provisions for sharing the costs of the CSC operations. The agreement also provides for revising the cost allocation formulas from time to time if necessary.

Under the current agreement, costs for CSC operations are shared proportionally according to the volume of FasTrak<sup>®</sup> transactions on each agency's facility. However, BATA has embarked on aggressive marketing campaigns that have resulted in large increases in the number of FasTrak<sup>®</sup> accounts and additional CSC operating costs. These additional accounts have not translated into significant increases in FasTrak<sup>®</sup> transactions on the Golden Gate Bridge.

Staff is proposing to revise the cost allocation formula. The District's cost share would be based on GGB's average payments from July 2005 to July 2007 and adjusted by the percentage increase of FasTrak<sup>®</sup> accounts that primarily use the Golden Gate Bridge. The result of this formula is that a larger share of increased CSC operating cost due to the marketing effort would be borne by BATA. Staff believes this is an equitable cost allocation formula. The District's total annual cost for CSC operations will decrease by approximately \$200,000 due to this revised

formula. The BATA Board will be taking action to approve this modification on Wednesday, January 9, 2008.

**Fiscal Impact**

There will be an approximate annual expense savings of \$200,000 for a twelve month period beginning in December 2007. The expense savings for FY 07/08 will be approximately \$116,000 depending on actual operations costs.