



Agenda Item No. 4

To: Finance-Auditing Committee/Committee of the Whole  
Meeting of April 9, 2010

From: David Dick, Electronic Revenue Collection Program Manager  
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Subject: **APPROVE ACTIONS RELATIVE TO A STRATEGIC DEVELOPMENT  
PLAN FOR ALL ELECTRONIC TOLL COLLECTION ON THE  
GOLDEN GATE BRIDGE**

### **Recommendation**

The Finance-Auditing Committee recommends that the Board of Directors approve actions relative to a strategic development plan for all electronic toll collection conversion on the Golden Gate Bridge, as follows:

1. Authorize execution of a sole source professional services agreement with Traffic Technologies, Inc., for a Strategic Development Plan for all electronic tolling conversion on the Golden Gate Bridge in the amount of \$292,500;
2. Authorize execution of Amendment No. 1 to Contract No. 2009-D-7, *Technical Support – FasTrak® System Enhancement and Special Analyses*, with Traffic Technologies, Inc., in an amount not to exceed \$39,000, to provide temporary operational support for the existing toll collection system during the strategic development planning process, with the understanding that sufficient funds are available in the District Division Operating Budget; and,
3. Create a new Capital Project for the strategic development planning phase of all electronic toll collection conversion, in an amount not to exceed \$337,000, to fund development of a Strategic Development Plan, and salary and benefits for a half-time project manager to be funded from District reserves.

### **Summary**

The purpose of this report is to authorize strategic development planning actions for initiative #4, All Electronic Tolling (AET) Conversion, in the *Financial Plan for Achieving Long-Term Financial Stability* (Plan). The District is facing a \$132 million five-year projected deficit. In May 2009 the Board created the Financial Planning Advisory Committee, tasked with creating a plan to address the projected financial deficit. On October 30, 2009, the Board approved the Plan drafted by the Advisory Committee.

All electronic tolling involves the use of transponders (FasTrak) to collect tolls for pre-paid customers and the use of license plate images to facilitate payment for the remaining vehicles. The creation of a Strategic Development Plan will provide the District with a road map for AET conversion on the Golden Gate Bridge, establishing a solid foundation for realizing the operational changes that will be required.

Planning for and operating in an all-electronic environment is becoming standard practice in the toll collection industry. North American toll facilities currently operating with AET include E-470 outside of Denver, facilities operated by the North Texas Tollway Authority in the Dallas/Ft. Worth area and the 407 Express Toll Road near Toronto. Other facilities such as the Port Authority of New York and New Jersey are planning ahead to give themselves the option of converting their bridges and tunnels to AET.

In addition to improved operational efficiency the benefits that may be realized through AET conversion include the following:

- Safety – reduction or elimination in abrupt vehicle speed and lane changes;
- Environment – emissions reductions through the elimination of unnecessary vehicle decelerations and accelerations at the toll plaza;
- Travel Time – customers can proceed to their destination with fewer obstacles;
- Service – non-FasTrak customers are not required to have cash on hand; and,
- Efficiency – operation of a single toll collection system

#### ***AET Strategic Development Plan - Introduction***

Realizing the potential benefits of AET while transitioning the means of toll collection for the 34% of Golden Gate Bridge customers that pay their toll in cash will be a significant challenge. In order to thoroughly investigate the potential ramifications and best meet the demands presented by AET, staff proposes the creation of a Strategic Development Plan for AET conversion.

The Strategic Development Plan will provide a road map for AET implementation on the Golden Gate Bridge. Several of the key topics it will address include the projected cost, schedule, toll collection hardware changes, signage, back office processing upgrades, and proposed toll policy changes. It will include an analysis of the costs and benefits of AET and it will identify cash payment alternatives for those that cannot sign up for FasTrak; it will identify the constraints and, where appropriate, the pros and cons of the proposed approach.

The strategic planning process will begin in April and is anticipated to take approximately six months; staff will report the resulting proposed Strategic Development Plan to the Board upon completion. Subsequent Board approval of the final Strategic Development Plan will be required before AET conversion begins.

#### ***AET Strategic Development Plan – District Support and Process***

The creation of an effective Strategic Development Plan will require significant District involvement. To meet this need the Electronic Revenue Collection Program Manager (ERC Manager) will work half-time with the consultant team and serve as the project manager, guiding consultant efforts and coordinating District involvement.

District staff will work directly with the consultant team throughout the project. At a minimum this will involve bi-weekly meetings with the District project manager and regular meetings with the Project Team and Steering Committee. This approach will help ensure that the resulting Strategic Development Plan meets the District's needs.

***Recommendation #1 Sole Source Professional Services Agreement with TTI for creation of the Strategic Development Plan***

District staff is seeking authorization to execute a sole source professional services agreement with Traffic Technologies, Inc. (TTI) for creation of the Strategic Development Plan, in a not to exceed amount of \$292,500. TTI has detailed knowledge of the Golden Gate Bridge lane and plaza hardware and software systems that makes it uniquely qualified to provide the necessary services. Since 1997, TTI has provided oversight of the design, development, testing, and installation of the District's toll revenue systems. Through its work with the Bay Area Toll Authority (BATA), TTI also has a detailed understanding of the FasTrak Regional Customer Service Center (RCSC) system and its interface with the District's toll collection system. While other firms exist that may have expertise in all electronic tolling, none possess both the breadth of TTI's knowledge, and the depth specifically of the District's system. Any other firm would need to spend unnecessary time and expense learning about the District's tolling systems, as well as its operating methodologies. TTI has always provided the District with excellent services, and charged very competitive rates. TTI has submitted a proposal for its services in developing the Strategic Development Plan. Staff finds that its proposed rates are fair and reasonable--they are both consistent with what it has always charged the District, and less than the District could expect to receive through a competitive process. For these reasons, procuring these services from TTI meets the requirement for a sole source procurement under the District's Procurement Policy.

The Strategic Development Plan project will involve five major tasks broken out into three phases. The TTI consultant team leading the effort will work directly with District staff to ensure that the resulting Plan will provide the basis for an AET system should the Board choose to proceed with implementation.

The three phases of the Strategic Development Plan project are summarized as follows:

1. **Appraisal of Existing Conditions** - The first phase will be comprised of two primary tasks: a comprehensive internal assessment of the environment, objectives and constraints in which AET will operate at the District and an external review of existing AET facilities and the state of the industry. The external review will focus in particular on the transition period for AET conversion as we will look to learn from the experiences of other AET facilities. This will provide the foundation for the Strategic Development Plan and will take place in the first two to three months.
2. **Alternatives Analysis** - As the first phase nears completion the consultant will begin the third and fourth tasks, assembling AET options and assessing their viability for the Golden Gate Bridge. This will involve the creation of implementation scenarios for various AET alternatives and an evaluation of the corresponding strengths and weaknesses. The anticipated impact on public adoption, cost and benefits, schedule, revenue generation and the regulatory environment are several of the factors that will be

considered. This is the longest phase in the project; work will begin in the second month and will be completed in the fifth month.

3. **The Strategic Development Plan** - The final phase of the project will build on the assessment of the first phase and the alternative analysis and review in the second phase to create a recommended Strategic Development Plan for AET. The Plan will be based on the ongoing interaction with District stakeholders at all steps of the process and it will be reviewed by all levels of District staff prior to completion.

The draft Strategic Development Plan will be brought to the Board for approval. After feedback from the Board, the consultant will work with District staff to create a final AET Strategic Development Plan that will serve as the starting point for AET conversion.

***Recommendation #2 Authorize Amendment #1 to Contract No. 2009-D-7 for Temporary Operational Support***

To enable the ERC Manager to work half-time managing the Strategic Development Plan project, District staff requests authorization to execute Amendment No. 1 to Contract No. 2009-D-7, *Technical Support – FasTrak® System Enhancement and Special Analyses* with Traffic Technologies, Inc. (TTI), in an amount not to exceed \$39,000. Under Amendment No. 1, TTI will assign a Junior Consultant to provide temporary operations support for the existing toll collection system for the six months that the ERC Manager will be devoting half his time to the Strategic Development Plan project. This expense will be funded from the operating budget.

***Recommendation #3 Create a Capital Project to Fund Strategic Development Planning for All Electronic Tolling Conversion***

District staff proposes creation of a new Capital Project for the strategic development planning phase of All Electronic Toll Collection conversion to fund development of a Strategic Development Plan and associated operations support, in an amount not to exceed \$337,000. This project will be 100% District funded.

***AET Development Next Steps***

If approved, work on the project will begin in April with a proposed Strategic Development Plan to be completed in the fall. Staff will bring the proposed Plan to the Board for review, anticipated to take place in October or November. The document will then be updated incorporating Board feedback and will become the final Strategic Development Plan. Board action approving the final Strategic Development Plan and corresponding Capital Project will be required to commence AET conversion.

**Fiscal Impact**

The strategic planning phase of this project is recommended to be included in the FY 09/10 Bridge Division Capital Budget at a total cost of \$337,000. A capital budget increase in the amount of \$337,000 from District reserves is required to fully fund this phase of the project.

Sufficient funds are available in the District Division operating budget to fund Amendment No. 1 to Contract 2009-D-7 in the amount of \$39,000.