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Memorandum

TO: BATA Oversight Committee

DATE: May 7, 2008

FR: Executive Director

W. I. 1254

RE: Contract Amendment – Credit Card Processing Fees for the FasTrak® Electronic Toll Collection (ETC) Program: Bank of America.

In September 2007, this Committee authorized payments to Visa/Mastercard, American Express and Discover as part of the \$5.3 million Bank of America contract to operate credit card processing for the FasTrak® program. Staff requests that this Committee increase the payments to \$8.0 million for the current fiscal year 2007-08 and for each year remaining under the Bank of America contract (to fiscal year 2011-12).

Background

In 2005, Bank of America was awarded a two-year master contract with a five year extension option by BATA to process credit card payments and provide banking services for the FasTrak® program. The Authority approved the five-year extension in February 2005. The contract allowed payments to participating credit card companies, including American Express, Visa/Mastercard and Discover, in addition to Bank of America.

Merchant and interchange fees increased significantly due to the increase in the number of transactions processed including the SFO Parking program. Total credit card costs for 2007 were \$4.3 million. Given the volume of the current transactions, costs are projected to exceed \$6.3 million for the 2008 fiscal year. Given the growth in ETC accounts and transactions, staff anticipates the 2009 level to be approximately \$8.0 million. The actual costs will be itemized among Bank of America, and the participating credit card companies.

Recommendation

Staff recommends that the Committee authorize a contract amendment with Bank of America to provide credit card processing services for the FasTrak program through FY 2011-12 in an annual amount not to exceed \$8.0 million.

Steve Heminger

REQUEST FOR COMMITTEE APPROVAL

Summary of Proposed Consultant Contract Amendment

Work Item No.: 1254

Consultant: Bank of America

Work Project Title: Credit card processing and banking services

Purpose of Project: Increase contract for credit card processing fees

Brief Scope of Work: To provide credit card processing and banking services for ETC program

Project Cost Not to Exceed: \$8,000,000 per year through FY 2011-12

Funding Source: BATA Toll Revenue

Fiscal Impact: Project costs are consistent with funds budgeted for the program

Motion by Committee: That the Committee authorizes a budget of \$8,000,000 with Bank of America for credit card services for the FasTrak® ETC program, which includes participation by American Express, Visa/Mastercard and Discover as part of the program, for FY 2007-2008, and the Chief Financial Officer is authorized to set aside funds up to \$8,000,000 for such program. That the Committee further authorizes an annual budget of \$8.0 million through FY 2011-12 for the program, subject to the approval of future BATA budgets.

BATA Oversight Chair: _____
Steve Kinsey

Approved: Date: May 14, 2008