



Violations Framework Analysis

January 24, 2013

Violations Framework Analysis

- **Customer Service Committee has been working on analysis to determine potential improvements**

- **Analysis sought to balance two key goals:**
 - Protect current and anticipated revenue
 - Enhance customer service, especially for well-meaning drivers who violate without intent

- **Analysis reveals options for extending payment timeframes are possible**



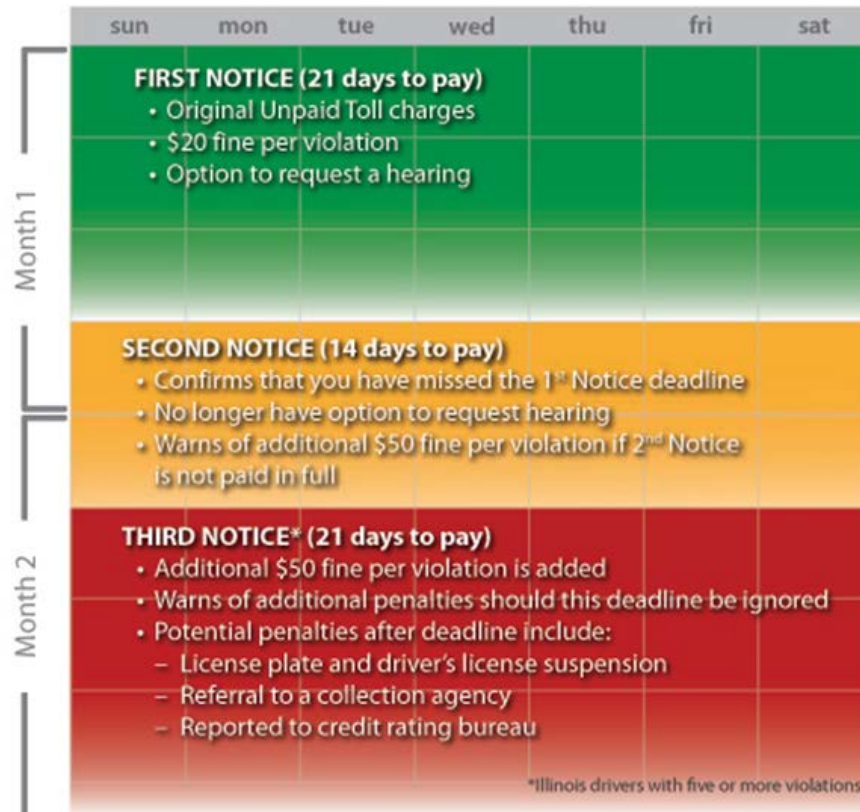
Benchmarking: Current Days to Pay

Toll Agency	First Communication	Second Communication	Third Communication
Illinois Tollway	21 days to pay	14 days to pay	N/A
E-470 Public Highway Authority (Denver)	30 days to pay (appx)	30 days to pay (appx)	N/A
Georgia State Road and Tollway Authority (Atlanta)	30 days to pay	90 days to pay	N/A
Miami-Dade Expressway Authority	30 days to pay (appx)	30 days to pay (appx)	N/A
North Texas Tollway Authority (Dallas)	30 days to pay	30 days to pay	N/A



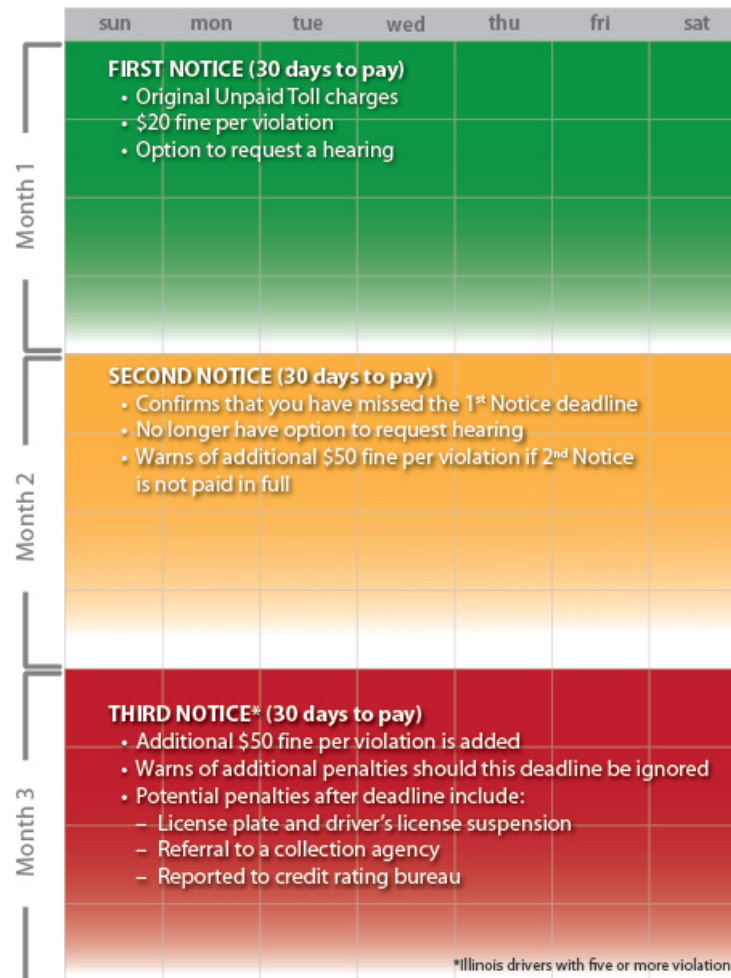
Current Framework: Overview

Toll Violation Notice Payment Timeline



Proposed Framework: Overview

Toll Violation Notice Payment Timeline



Possible Benefits

■ Enhance customer service

- Extends the payment timeline by one full month
- Brings violations framework in line with other toll agencies
- Adds consistency throughout the timeline
- Enhances communication to customers and makes it easier for them to understand

■ Decrease revenue leakage



Next Steps

- Explore any required changes to JCAR rules
- Develop and implement changes to hard copy violation notices
- Create customer communication plan





THANK YOU



APPENDIX

Current Fines: 2012 Revenue Recovery Overview

■ Current revenue recovery cost structure

□ Overall revenue leakage: \$55.6 million

□ Revenue recovered: \$44.8 million *

□ Recovery expenses: \$14.5 million

□ Net revenue recovered: \$30.3 million

□ **Percent revenue leakage recovered net of expenses: 54 percent**

* Violation transactions paid with \$20 fines comprise 67 percent of this revenue recovered. Violation transactions paid with \$50 fines comprise an additional 15 percent of revenue recovered.



Current Fines: Revenue Recovery Challenge*

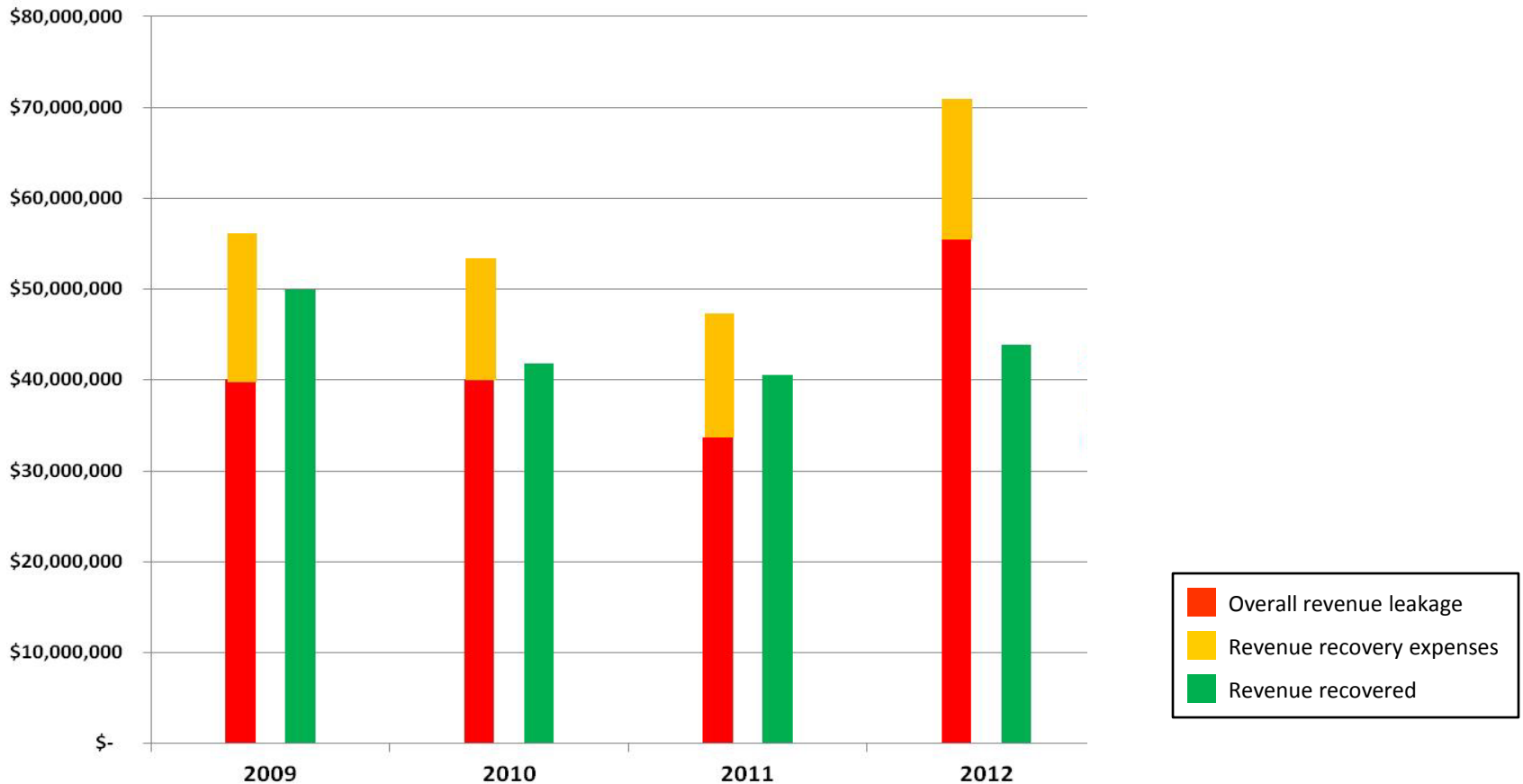
- In 2011, net revenue recovery after expenses was \$27.5 million, representing 82 percent of overall leakage
- In 2012, net revenue recovery after expenses (\$30.3 million) declined to 54 percent of overall leakage, despite violation transaction volumes similar to those in 2011

* The percent of revenue recovered has decreased in 2012 because each violation transaction is now of higher value. The overall volume of violation transactions remains similar to the overall volume in 2011.



Current Fines: Historic Revenue Recovery*

Leakage v. Violations Recovery



* The percent of revenue recovered has decreased in 2012 because each violation transaction is now of higher value. The overall volume of violation transactions remains similar to the overall volume in 2011.



Future Fines: Could we allow new violators to become I-PASS customers to avoid fines?

Almost half of the \$44.8 million recovered in 2012 came from new violators who paid their notices in full

Revenue recovery from new violators, payment source	Annual contribution to revenue
Notices paid in full	\$ 20,670,000
Tolls and some \$20 fines paid (I-PASS/E-ZPass)	\$ 1,810,000
Tolls only paid (I-PASS/E-ZPass)	\$ 1,250,000
Total	\$ 23,730,000

Note: Revenue break-down noted above is related only to first-time violators. Analysis based on a sample of violations payments in 2012.



Future Fines: Could we allow new violators to become I-PASS customers to avoid fines?

Revenue recovery from new violators, payment source	Annual contribution to revenue
Notices paid in full	\$ 20,670,000
Tolls and some \$20 fines paid (I-PASS/E-ZPass)	\$ 1,810,000
Tolls only paid (I-PASS/E-ZPass)	\$ 1,250,000

Revenue recovery from new violators, payment source	Current Revenue	Estimated Revenue
Notices paid in full	\$ 20,670,000	\$5,740,000
Tolls and some \$20 fines paid (I-PASS/E-ZPass)	\$ 1,810,000	\$1,810,000
Tolls only paid (I-PASS/E-ZPass)	\$ 1,250,000	\$1,250,000
Total	\$ 23,730,000	\$8,800,000

Note: Assumes 50 percent% eligible opt into I-PASS settlement. Also assumes those opting into I-PASS settlement pay some of the \$20 fines owed.



Future Fines: Scenarios

■ **2011 Baseline:**

- First level fine = \$20; Second level fine = \$50
- Net revenue recovery = \$27.5 million (82 percent of 2011 revenue leakage)

■ **Scenario 1: 2012 Status quo**

- First level fine = \$20; Second level fine = \$50
- Net revenue recovery = \$30.3 million (54 percent of 2012 revenue leakage)

■ **Scenario 2: 2012 Status quo, but lengthen “days to pay”**

- First level fine = \$20; Second level fine = \$50
- Increase notices to 30-day cycles to improve customer experience*
- Net revenue recovery = \$30.3 million (54 percent of 2012 revenue leakage)

* Might slightly reduce cost of printing and mailing.

