

**THE ILLINOIS STATE TOLL HIGHWAY AUTHORITY
MINUTES OF THE
CUSTOMER SERVICE COMMITTEE MEETING
January 17, 2013**

The Illinois State Toll Highway Authority held a Customer Service Committee Meeting on Thursday January 17, 2013 at approximately 12:00 p.m. at the Central Administration Building in Downers Grove, Illinois.

Committee members present:
Committee Chair Jeff Redick
Director Carl Towns

Committee Members not present:
Director Jim Banks

Also in attendance:
Chair Paula Wolff

Committee Chair Redick called the meeting to order. Approval of the minutes from the Customer Service Committee held on November 8, 2012 was deferred to the next Committee meeting.

Executive Director Lafleur introduced Shana Whitehead, Chief of Business Systems, to review the committee work plan re-cap and discuss violations fines as seen in the [attached presentation](#).

Ms. Whitehead then discussed potentially extending the time for customers to pay violations. She added that this might slightly reduce the cost of printing and mailing notices as more customers may pay the first violation rather than pay the second notice. Executive Director Lafleur noted that the Tollway might see a net revenue recovery or at least a positive trend in cost with extending the time to pay. Committee Chair Redick noted that overhead accounts for nearly one-third of the cost so any type of improvement would be significant.

Committee Chair Redick noted the ability to have some flexibility in dealing with situations with customers is driving this discussion. He asked what will be the impact of increasing the amount of time in a notice and whether it, alternatively, resolves or provides enough of a benefit to allow the Tollway to do this or does the Tollway need to reevaluate the fine structure issue and whether it coordinates with these costs. **He noted that this is a new issue that needs to be looked at and evaluated.**

Committee Chair Redick asked if the authority on the fine structure had been identified. Executive Director Lafleur responded that it is under the purview of the Joint Committee on Administrative Rules (JCAR), no new legislation or amendment to the Toll Highway Act (THA) is needed but JCAR is a legislative process and it would need to be adjusted through JCAR.

Committee Chair Redick asked if there is a general timeline for changing things through JCAR. Chair Wolff responded that changes can be made through two ways, an emergency regulation or a normal regulation. She added that once a change is submitted it sits on the books for a specific number of days, then there is additional time for public comment and then when the committee meets action may be taken. Discussion ensued on the JCAR process.

Committee Chair Redick noted that under the JCAR timeline, once the Tollway knows the changes it wants, it will take about six months.

Chair Wolff noted that there must be a balance between getting the revenue needed and the customer perspective. She added that the fines should be set at a level high enough that they are serious to customers so that they pay them but not so high that they seem unreasonable. She noted that the Tollway should consider the amount of fine compared to the amount of the toll.

Committee Chair Redick stated that if the Tollway had flexibility it could have the ability to deal with the well-meaning, accidental violators. He added that the financial side to this must be dealt with somehow and that the Tollway should evaluate its options on the customer service side as well.

Executive Director Lafleur noted that many people have heard of the individual, one, off issues, but in reality many thousands of customers on an annual basis pay and move on recognizing that they made a mistake. **She added that staff will take back the direction to look for this flexibility for dealing with these highly unusually situations as well as look at the Tollway's own policies. She added that at this point it is recommended to make the timing change.** She noted that a few years ago there was some experimentation with extending the deadlines on the notice cycles and there were good results. She also noted that these changes will not happen right away due to programming issues and that it should be a minor JCAR adjustment and should be less controversial than changing the actual fine amounts. She added that **there should be additional thinking about the**

directive to transform violators into customers and if there are any other things the Tollway should be doing or can be doing on violations.

Chair Wolff asked if there is a sense about people, quantitative or anecdotal, who received a violation and then get a transponder. Ms. Whitehead responded that, anecdotally, she has seen customers move to the area and get a violation notice for the first time and then get an I-PASS. She further explained that she has also seen out-of-state customers come to the region for the first time, get a violation, pay it and not plan to come back. Executive Director Lafleur added that this level of data analysis is something the Tollway hopes will be able to be performed on the new back office system but that right now the only way to get this analysis is by trying to compare manual reports to I-PASS records. She noted that currently there is not an efficient way to look at violators that eventually got an I-PASS but that the Tollway did try to get this analysis. Ms. Whitehead noted that out of 650 million electronic transactions every year only about 1 percent have problems.

Chair Wolff asked if the effectiveness of signage or notifying out-of-state travelers at other jurisdictions has been looked at. Ms. Whitehead responded that Tollway signage follows federal standards and that the current signs are a result of focus groups that were held before Open Road Tolling went into place. **She noted that there are plans to refresh the focus groups this year to see if signage can be improved. She further noted that is recommended to continue making improvements to the Tollway website.**

Chair Wolff asked if there are particular places on the system where more people receive violations, possibly suggesting that the signage there is a little bit less clear than others. Michael Catolico, General Manager of Performance Measurement, responded that there are slightly higher violation rates at the gateways to the Open Road Tolling system. Executive Director Lafleur added that these are the first points of Open Road Tolling on the system.

Executive Director Lafleur stated that as part of the signage focus groups the Tollway will look at other systems with dual collection opportunities to see if any of their signage resonates with people, getting them to go in the right direction.

Committee Chair Redick recognized the business desire to move to two 30 day notices and asked if the Tollway wants to wait to further delve into looking at

adjusting the fine structure and if JCAR changes have to be made. Additionally, he asked if board action is required if the Tollway does want to pursue changes.

Executive Director Lafleur responded that she does not believe the change requires board action but that the board will be briefed to make sure that they are comfortable. She then asked what is the Committee's appetite towards making it a priority to continue analyzing increasing fines or if the Tollway should wait to see how the trends continue in 2013, closely watching the revenue being collected. Director Towns responded that the Tollway should see how the trend goes in 2013. Committee Chair Redick responded that the mindset regarding this has changed and more evidence is needed before engaging in it. He added that extending the notice due dates to two 30 day notices is easier from a staffing situation and might provide a benefit as well. Committee Chair Redick concurred with the staff recommendation to move forward with two 30 day notices.

Executive Director Lafleur noted that the Tollway will monitor the percentage of the revenue lost compared to recovered to see if there are opportunities to make adjustments to collect more or if the fine structure needs to be revisited. She added if or when the fine structure is revisited that enough room should be given for transition time or an encouragement program for customers to get an I-PASS as well as to consider flexibility in the fine structure.

Executive Director Lafleur clarified that flexibility in administration review would have to come to the Committee for a resolution or change at the committee level. **She added that this is something to be added to a future agenda and possibly even at the next meeting. Executive Director Lafleur noted that the Committee wants to do something and that this would ease some of the burden on our customers and allow the Tollway to deal with unusual cases.**

Committee Chair Redick stated that the Committee is supports the staff taking action to move to the 30 day, 30 day split. He asked that for the next meeting that staff put together materials so that the Committee can start taking a look at the Tollway's administrative review policy.

Committee Chair Redick asked about adjusting the Customer Service Committee work plan given the timeframes discussed. Executive Director Lafleur responded that a new work plan will be created breaking up topics better.

Executive Director Lafleur mentioned looking at fleet policies at the next meeting if the timing will be right. She then asked if the Committee has heard complaints in regards to fleet policies. Committee Chair Redick responded that the biggest issue he has heard about is dealing with a point of contact and that this is primarily a registration issue. Executive Director Lafleur noted that this issue is both the Tollway's point of contact within a company as well as the company having an account representative at the Tollway.

Committee Chair Redick asked if it benefits the Tollway to change the two year look back while considering other timing adjustments, but without making any change to the fine structure.

Executive Director Lafleur noted that the two year look back is hard coded in the current system and that the Tollway would have to wait for the new electronic toll system to consider making a change. She then proposed that the Committee should decide what it wants to change and then make all the JCAR changes at the same time.

Ms. Whitehead added that part of the reason the two year look back was established was the need to wait to bundle violations together so that an individual letter with a stamp was not sent for each violation. She added that different tollways have tried different ways to bundle violations together while keeping in mind the costs of printing and mailing as well as the customer's experience. Committee Chair Redick noted that he has heard that two years is a long look back period.

Executive Director Lafleur stated that the cost benefit can be looked at when data is available in the future. She added that this could play into adjusting the fine structure and might be the next logical item to deal with.

Executive Director Lafleur discussed customers' interest in feedback transponders in relation to the federal transportation bill (MAP-21) that included language on national interoperability and tolling. She explained that there is a capacity to the number of types of transponders that the readers in the lane can read and that feedback transponders are a different type of transponder taking up part of the capacity. She further explained that the Tollway wants to participate in national interoperability and has heard that customers like interoperability with other

tollways, but that additional technical analysis is needed to determine if feedback transponders can be reasonably implemented.

Chair Wolff asked if the Tollway could find out from peer systems about their level of fines, the time period between collection notices, and their net revenue versus gross revenue. **Executive Director Lafleur responded that the performance of the different systems is the question, fine structures and timing structures are known. She noted that the Tollway can send out a survey through one of the tolling organizations or talk to a couple of other organizations to ask.**

Executive Director Lafleur asked how the request for proposals (RFP) evaluations are going for the back office procurement. Ms. Whitehead responded that the Tollway received five responsive submissions from the vendor community and that they are being evaluated, comparing content and quality. She explained that the vendors will be reduced to a short list in a few weeks and those companies will come in to give a presentation.

Chair Wolff asked what the time frame is for the procurement. Executive Director Lafleur noted that the companies on the short list will be called back to give an oral presentation and demonstrate their products and then the selection will be made in March.

Ms. Whitehead stated that Business Systems will try to bring the contract to the March Board Meeting and then have a contract in place by the end of April.

Executive Director Lafleur added that the Chief Procurement Officer for the Tollway has been alerted of the importance of keeping this timeline. She also added the importance of working with the vendors to make sure they are lining up their paperwork and disclosures earlier in the process.

Executive Director Lafleur stated that there will be a separate solicitation for an integrator. Ms. Whitehead added that once the software is determined there will be a RFP for an integrator that will have a quick turnaround. She added that it is not as complex, not as hard to respond to and not as time consuming as the back office RFP. She added that the integrator will be the third party that will be the Tollway coordinator for how the back office is implemented due to the complexity.

Chair Wolff asked why an integrator is needed. Ms. Whitehead explained that integrators are used in most large system implementations. She added that integrators are similar to a project manager that oversee the implementation and assist in the decision making around the implementation. She added that integrators schedule meetings for the implementation, document the options and organize trainings and testing. Discussion of integrators ensued.

Director Redick called for public comment. No public comment was offered.

There being no further business, Committee Chair Redick requested a motion to adjourn. Director Towns moved to adjourn; seconded by Committee Chair Redick. The motion was approved unanimously.

Meeting adjourned at approximately 12:58 p.m.



Minutes taken by: _____

Marlene Vick
Assistant Board Secretary
Illinois State Toll Highway Authority



Customer Service Committee

January 17, 2013

Customer Service Workplan: Overview

Key Decisions	Decision-Making Timeframe		
	4-6 months	6-12 months	12+ months
Violations Framework <ul style="list-style-type: none"> • Fines vs. fees / notices vs. invoices • Two-year “look-back” • Collections • All-Electronic Tolling (AET) considerations 	<i>Fines analysis complete</i>	X	X
Fleet Policies			X
Feedback Transponders (“beeping transponders”)		X	
American Express Fees	<i>Complete</i> X		



Violations Framework: Fines Analysis

- **Analysis of fines structure sought to balance two key goals:**
 - Protect current and anticipated revenue
 - Enhance customer service, especially for well-meaning drivers who violate without intent
- **Analysis of the existing fines structure reveals that options for reducing fines are limited**



Current Fines: Overview

Toll Violation Notice Payment Timeline



Previous Benchmarking: Current Days to Pay

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 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*

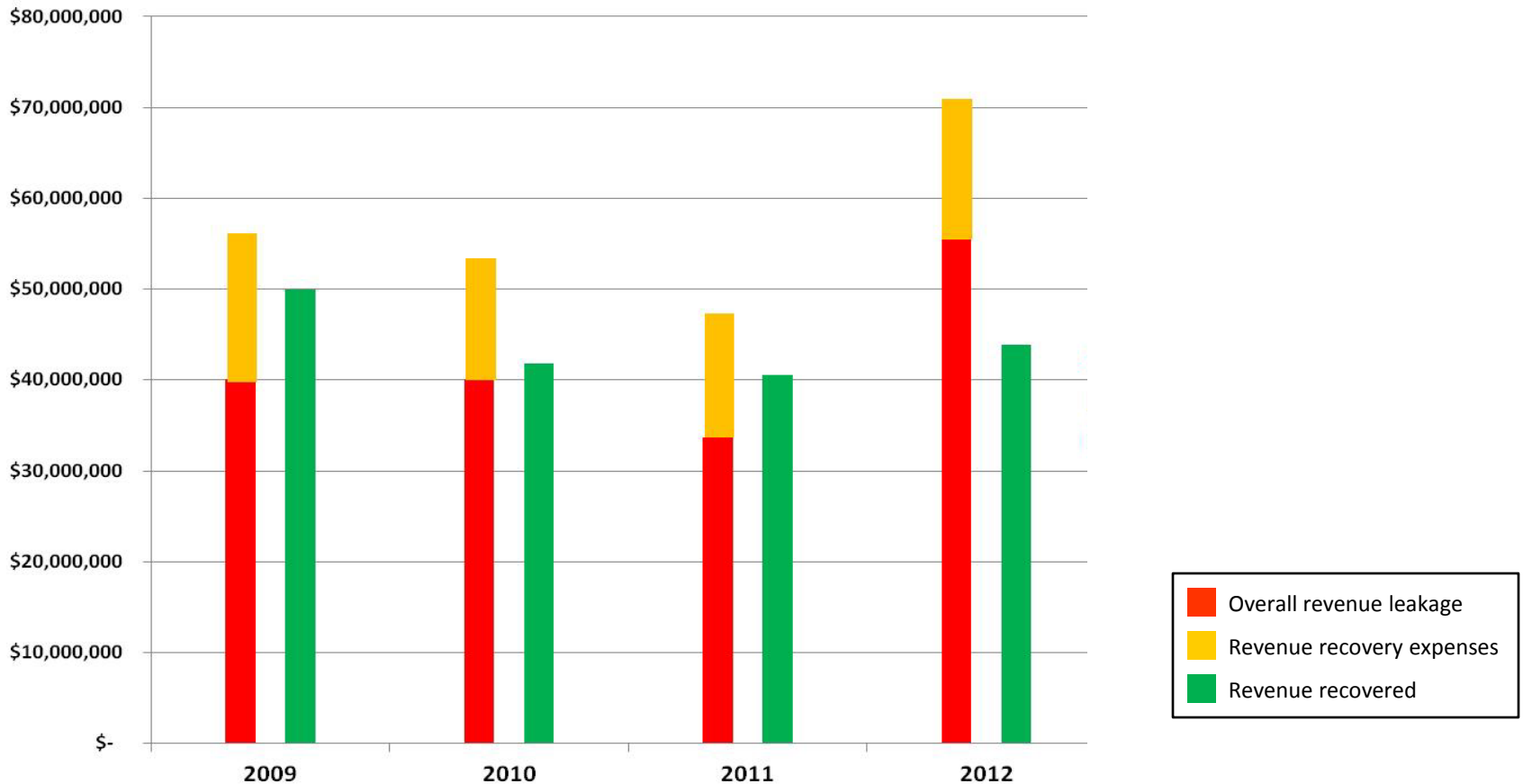
- In 2011, net revenue recovery after expenses was \$27.5 million, representing 82 percent of overall leakage
- In 2012, net revenue recovery after expenses (\$30.3 million) declined to 54 percent of overall leakage, despite violation transaction volumes similar to those in 2011

* 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.



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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.





THANK YOU