

IBTTA
74th ANNUAL MEETING & EXHIBITION
September 16-20, 2006 • Hyatt Regency Dallas • Dallas Texas USA

IBTTA
International Bridge, Tunnel and Turnpike Association

COFIROUTE

Law Enforcement Systems
Revenue Recovery Experts

Driving Change - All The Way To The Bank

Revenue and Collection Issues Facing Today's Tolling Industry

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91 Express Lanes Violation Resolution Results

- ❖ Resolve 87% of all violations issued –
 - 73% by initial noticing
 - 14% by collection agency
- ❖ From 2003 – 2006, increased total violation revenue from \$2.34M to \$4.0M
- ❖ From 2003 – 2006, decreased violation rate from 3.63% to 2.75%
- ❖ 10% of new customer accounts are converted violators

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Keys to Success

- ❖ Define Customers vs. Violators
- ❖ Accurately Identify and Notice Violators
- ❖ Establish Efficient and Equitable Resolution Procedures
- ❖ Implement Collection Program

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Customers Vs. Violators

- ❖ Things to consider when establishing business rules:
 - Pricing Model
 - Road Capacity – Level of Service Requirements
 - Customer Expectations
 - Financial Bond Covenants
 - Franchise Agreements
 - Governing Legislation

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Accurately Identify Violators

- ❖ Capture License Plate Image
 - Optical Character Recognition System
- ❖ Validate License Plate Read
 - Image Review Process
- ❖ Interface with State Department of Motor Vehicles
 - Obtain Registered Owner Information

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Noticing Violators

- ❖ Information to Include
 - Vehicle Code Requirements
 - Marketing Considerations
 - Resolution Procedures
- ❖ Timeliness
 - Vehicle Code Requirements
 - Managing Returned Mail
- ❖ Delinquent Notices

Resolution Procedures

- ❖ **Delinquent Customers**
 - **First Incident**
 - **Continued Non-Compliance**
- ❖ **Non-customers**
 - **Vehicle Code Requirements**
 - Affidavit of Non-Liability
 - Administrative Investigation
 - Administrative Hearing
 - Municipal Courts

Implementing a Collection Program

- ❖ **Establish Business Rules**
 - Goal: Change violator behavior, convert to customers
 - Collection agency = extension of Toll Agency, its policies and procedures
 - Passive noticing vs. active collections
- ❖ **91 Express Lanes:**
 - Give benefit of the doubt to 1st time offenders
 - Convert violators to Customers
 - Accept Affidavit of Non-Liability at all steps
 - Provide ample warning of consequences
 - Escalate penalties to maximum
 - Pursue egregious toll violators to fullest extent of law
 - Use all approved collection methods
 - Offer Payment Plans at all phases

Collection Methods

1. **Escalate Penalties to State Maximum**
 - \$100, \$250, \$500
2. **State Tax Offset Program**
 - File at maximum penalty
 - >2 violation and < \$5,000 owed
3. **Judgment processing and enforcement**
 - >\$5,000 owed
 - Enforce civil judgments via all legal remedies

Violator Categories & Strategies

- I. **Infrequent Offender –**
 - 1 and 2 violations
 - High opportunity to convert to Customers
 - Reduce penalty with valid account
 - Place on 30 day hold and refer to OCTA
 - 25% of all violations are paid at the original toll fee

Violator Categories & Strategies

- II. **Return to Sender –**
 - Approximately 20% of all violators
 - Failure to notify DMV of address change
 - High collection rate if found
 - Use a variety of skip trace databases
 - Letters identifying them as having failed to comply
 - **Results: 80% of all skips located**
 - 55% paid & disposed - \$3.15 collected per \$1 in RTS toll fee assigned

Violator Categories & Strategies

- III. **Out-of-State Violators**
 - Identify registrant through DMV
 - Skip trace to local address
 - Cross-reference to in-state registration
 - Assignment letter combining all plates
 - Send letters to all addresses
 - Pursue using all collection methods

Violator Categories & Strategies

- IV. High-Balance Due >\$5000 owed
- 1st letter at toll fee + \$80 each
 - Show balance due at State maximum
 - 2nd letter at fine + \$100 each
 - Pending Assignment to Attorney – State Max. with a 60% discount
 - Offer Time Payment Plans
 - Assign to Attorney

Violator Categories & Strategies

- V. >\$5000 owed - Judgments
- 30 day “Notice of Intent to Enter Judgment” at full penalty escalation
 - Negotiations, TPPs for those who call
 - “Request for Entry of Judgment” at 30 days
 - Enforcement of Civil Judgment:
 - File liens against real and personal property
 - Levy and garnishments of wages, bank accounts, vehicles and other assets
 - Results: Over \$ 1 million in TPPs and \$1.5 million collected over last two years.

Violator Categories & Strategies

- VI. >\$350 - < \$5,000 Owed
State Tax Offset Program
- Withhold tax refund and lottery winning
 - Send Impending Intercept letter
 - SS# is required, not supplied by DMV
 - 20% collection rate
 - Refunds: Non- Liability

Violator Categories & Strategies

- VII. Patrons with unreported plates
- Many do not respond to Agency letters
 - Respond to collection agency letter
 - Add plate to account, charge toll fee
 - 25% of all collections are toll fee only
 - Consider assessment of an administration fee

Summary

- ❖ Well-defined business rules for differentiating customers from violators
- ❖ Accurately identify and notice violators
- ❖ Establish equitable resolution process
- ❖ Implement collection program

Summary

- ❖ In-house collections or outsource?
- ❖ Agency procedures and written documents must be consistent with established policy
- ❖ Uniform enforcement – Agency hands-off in collection of valid accounts once assigned
- ❖ Once implemented, frequent evaluation – are goals being met?