

All Electronic Tolling Update

March, 2019

All Electronic Tolling Update

- MassDOT began its All Electronic Tolling (AET) program October 28, 2016
 - As of 1/31/19: More than 1.14 billion gantry transactions have been processed
- Customers have either an E-ZPass transponder linked to a prepaid account or an image is taken of the license plate and the registered owner is billed.
- AET is a new business model from the former toll collection system. Though inherent in every AET system, leakage - or lost revenue - needs to be minimized and constantly monitored.

All Electronic Tolling Leakage Discussion

Leakage: toll revenue that remains uncollected due to technology limitations, registered vehicle owner data limitations, and patron behavior - which includes non-payment of invoices.

- Illegible or missing license plate with no valid transponder
- *no customer to identify*
- No RMV information
- *no name and address to invoice*
- Bad addresses/returned mail
- *responsible party does not receive invoice*
- Non-payment of tolls owed
- *responsible party does not pay invoice*

Accounts Receivable should not be considered leakage

All Electronic Tolling Leakage Discussion

- Prior to implementation, MassDOT hired Jacobs Engineering to assist with developing AET toll rates and to conduct traffic and revenue (T&R) projections.
- The T&R revenue projections assume that in a given year approximately 30% of revenue from image based transactions will be not be collected.
- According to MassDOT's traffic and revenue consultant, in its peer group, MassDOT is performing at or near the best with respect to invoiced revenue collections.
- The toll rates established for AET reflect the anticipated leakage.
- MassDOT has met or exceeded its goal to maintain pre-AET revenue levels.
- MassDOT is committed to driving down leakage.
- Though this revenue may not be collected in a given fiscal year there are a number of tools utilized to recapture this revenue.

All Electronic Tolling Background Statistics

- \$853M has been collected (tolls and fees) since the start of AET to 12/31/18.
- \$43.1M in toll revenue was in accounts receivable as of January 31, 2019, ranging in age from 0 days to 3+ years.
 - Due to past performance, the fact that 76% of receivable toll revenue is owed by Massachusetts registered vehicle owners, execution of 6 reciprocity agreements (highest number of agreements of any toll agency) and a pending debt collection contract, MassDOT and its consultants estimate that 20% to 40% (or \$8.6 to \$17.2M) of the \$43.1M in tolls will not be collected.
- 86.5% of all transactions are paid through E-ZPass accounts.
- 2.2 million E-ZPassMA accounts.
- 5.8 million Pay-by-PlateMA accounts.
- 3.7 million E-ZPassMA transponders in circulation (250,833 issued in 2018).
- Less than 1% of images are rejected / not useable.

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Current Methods Employed To Reduce Leakage

- Metrics
- Maintenance
- In-state marking
- Reciprocity agreements (ME, NH, RI and three NY agencies)
- Audit Team
- DMV Outreach
- Initial Skip Tracing

All Electronic Tolling Methods To Be Employed This Year

- Additional Skip Tracing Sources and Methodology
- Debt Collection – State Comptroller’s Office reviewing RFP
- Revoke the right to operate in Massachusetts for out-of-state debtors
- Name and Address acquisition using State Police
- Targeted enforcement using State Police

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Toll Revenue Accounts Receivable – 1/31/19

		MASSACHUSETTS	OUT-OF-STATE	TOTAL	
		Pay-By-Plate	Pay-By-Plate	Pay-By-Plate	
	Pay-By-Plate	Toll Only	Toll Only	Toll Only	
	0-30 Days	\$ (3,612,017.50)	\$ (1,144,940.14)	\$ (4,756,957.64)	
	31-60 Days	\$ (2,788,836.11)	\$ (775,894.91)	\$ (3,564,731.02)	
	61-90 Days	\$ (2,225,696.09)	\$ (613,509.57)	\$ (2,839,205.66)	
	91-180 Days	\$ (6,164,506.72)	\$ (1,802,936.60)	\$ (7,967,443.32)	
	181-365 Days	\$ (8,194,102.51)	\$ (2,536,670.96)	\$ (10,730,773.47)	
	Over 1 Year	\$ (8,337,119.52)	\$ (2,938,576.08)	\$ (11,275,695.60)	
	Over 2 Years	\$ (1,131,474.31)	\$ (542,812.97)	\$ (1,674,287.28)	
	Over 3 Years	\$ (213,815.83)	\$ (125,858.22)	\$ (339,674.05)	
	Total	\$ (32,667,568.59)	\$ (10,481,199.45)	\$ (43,148,768.04)	

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Toll Revenue Accounts Receivable: By State - 1/31/19

Massachusetts	\$32,667,568.59	76%
Connecticut	\$2,129,229.27	5%
New Hampshire	\$1,305,933.53	3%
New York	\$1,320,945.30	3%
Rhode Island	\$1,266,887.95	3%
Florida	\$587,617.57	1%
Maine	\$405,689.18	1%
New Jersey	\$441,496.87	1%
Pennsylvania	\$324,162.86	1%
Texas	\$340,782.40	1%
California	\$260,339.13	1%
All Others	\$2,098,115.39	5%
Total	\$43,148,768.04	100%

- As of March 12, 2019 over 80% of the invoices issued between November 1, 2016 and June 30, 2017 (the first 8 months of AET) have been paid.

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Image Void / Reject Rates: 11/1/16 – 12/31/18

AIR (automated)	MIR (manual)	TOTAL
171,994,487	47,423,940	219,418,427
78.4%	21.6%	
Images Rejected:	2,143,481	Void rate is 0.98% of images

85% - 90% of voids are mainly due to issues outside of MassDOT control such as obstructed, obscured, missing, and temporary plates

All Electronic Tolling Departments of Motor Vehicles

- MassDOT either has direct agreements for direct DMV access or utilizes a third party to obtain registered owner information.
- No access to Canadian DMV – MassDOT utilizes the State Police to obtain name and address for habitual offenders.

Bad Addresses

- First Line Skip Tracing performed by CSC, mail suppression is subject to periodic/scheduled DMV retries.