Keeping employees and customers safe while keeping revenues flowing

Answers to key questions toll agencies are asking

Toll agencies face an unprecedented challenge to keep their employees and customers safe while continuing to collect toll revenues that sustain the transportation network.

Agencies are reporting a 40%-60% drop in traffic volumes — and, consequently, a loss of millions of dollars in toll revenue. The revenue loss threatens the livelihoods of valued employees, has further strained operating budgets and is forcing toll agencies to evaluate future capital investments.

To compound the situation, many toll agencies, large and small, either were collecting cash via toll collectors or were in the process of converting to all-electronic tolling when the COVID-19 pandemic occurred. In the last few months, we’ve seen many toll agencies respond by accelerating their transitions to AET or do the extraordinary and execute unplanned conversions nearly overnight by re-engineering their business to collect tolls without accepting cash on the roadway.

These agencies, whether in the midst of conversion or making the difficult decision to convert unplanned and on the fly, now must implement and operate a new business model with limited revenues while trying to keep their customers and reduced, remaining back-office and customer service center employees safe from the spread of the disease.

For numerous reasons other agencies are faced with the challenge of continuing to collect cash with toll collectors while keeping their employees and customers safe and healthy.

As toll agencies adjust to a new normal, many have questions. The following are answers to some of those key questions:

1. Compared with cash collection, how much will our revenue decrease with video tolling, and how much longer will it take to collect?

For planning purposes under AET, revenues collected at the time of travel equates to that day’s transponder percentage. The rest of the money, collected via video tolling (license plate imaging), will lag and likely be paid by invoicing over a 45-120 day period. After 120 days, 93%-95% of transactions typically will be paid.

Unfortunately, collecting the remaining 5%-7% is challenging and unlikely. There will be customers who cannot be identified, and people who simply won’t pay their invoices. The elimination of the cost of cash collection will offset some of this lost revenue.

Most of the agencies that converted to AET pre-pandemic increased their toll rates or fees to cover this loss. For agencies that performed “emergency” conversion during the pandemic and kept the same cash rate, this loss is an added impact to traffic/revenue declines. Given the current economic situation, toll rate increases and additional fees may not be possible.

This is difficult to hear on top of the revenue losses, but forecasting the lower collection efficiency of AET will help toll agencies create more accurate revenue projections for overall financial response planning. Ultimately, agencies must understand their net revenue position in a full AET environment and the potential cost of converting. ☞

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2. How can we mitigate the risk of having to move or shut down operations if one of our back-office/customer service center employees contracts the virus?

While AET conversion moved toll collectors out of the toll plazas, agencies remain concerned about the safety of staff who are working in groups, answering phones, processing license plate images and supporting invoicing processes. If one of those employees contracts the virus, working on-site will no longer be an option. That could happen tomorrow, or it could happen next month.

Unfortunately, there is no straightforward solution for operating customer service remotely if contingency plans do not already exist. But here are a few things to consider:

- What internal and external resources can be engaged now to assess, plan and implement the necessary changes to support working from home?
- Can the number of on-site employees — and the risk of viral spread — be reduced by allowing those employees who can work from home to do so?
- Image review may be a good candidate for remote work. Remaining on-site employees would follow social-distancing and Centers for Disease Control and Prevention guidelines.
- Under a worst-case scenario, is data storage adequate to hold license plate images until they can be processed in the future?
- Can credit cards and other personal information security concerns be mitigated in a remote work environment?

Answering these questions requires a review of each agency’s specific situation and available options, given the state of current systems, operations, policies and legalities.

3. What will tolling in a post-pandemic world look like, and what can we do now to prepare for it?

Pre-COVID-19 conventional wisdom suggested AET was the endgame for many agencies — the final stage of toll collection evolution until the next generation of technology replaces the transponder/video paradigm. The benefits of transponder-based tolling are clear:

- It’s the least expensive collection option for toll agencies.
- It’s the least expensive payment option for customers.
- Transponders improve the safety of employees and customers by reducing accidents and eliminating human interaction.
- Higher transponder use requires smaller back-office operations.
- They are more than 99% effective in revenue collection.

So, during this pause, before the industry emerges from the pandemic, many agencies could be in position to evaluate maintaining their AET operations through an interim period and even into a final configuration. Why not ramp up transponder accessibility and consider requiring a transponder in every vehicle? Cash-based accounts, where necessary, can be facilitated off the roadway with no toll collector. The pandemic already has given many agencies a glimpse of an AET future. Maybe it’s time to consider that AET future now.

On the other hand, for a variety of reasons (e.g., financial, operational, traffic-related or geometric) some agencies will need to return to cash collection and toll collectors. These agencies will face new challenges and measures to consider:

- Providing the necessary and proper amount of personal protection equipment — masks, gloves, face shields, hand sanitizer, disinfectant wipes, etc.
- Following CDC guidelines.
- Evaluating options for contact-less payment processing, such as QR code scanners and credit card tap-and-go pods, where physically and financially practical.
- Potentially reducing the hours of toll collector cash collection.
- Dealing with new requirements for cash handling by staff and third-party contractors to safely handle deposits from the lane to the bank.

One thing is for certain, there will be a new normal. Post-pandemic tolling will evolve with employee and customer safety of the utmost importance, regardless of the collection method.

ABOUT THE AUTHORS:

Kevin has 30 years of diverse transportation and program management/general engineering consultant experience, more than 20 of which have been dedicated to the toll industry. Before HNTB, he served as a program director for Florida’s Turnpike Enterprise for more than 16 years. Today, Kevin provides counsel and services to HNTB projects nationwide, including program management and priced managed lanes. He also develops and executes strategy and partners with the firm’s national transportation practice to develop toll opportunities for state departments of transportation.

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