

THOMAS P. DINAPOLI
STATE COMPTROLLER



110 STATE STREET
ALBANY, NEW YORK 12236

STATE OF NEW YORK
OFFICE OF THE STATE COMPTROLLER

October 7, 2021

Janno Lieber
Acting Chairman and Chief Executive Officer
Metropolitan Transportation Authority
2 Broadway
New York, NY 10004

Re: Efforts to Collect Tolls and Fees Using
License Plate Images and Law Firms
Report 2021-F-15

Dear Mr. Lieber:

Pursuant to the State Comptroller's authority as set forth in Article X, Section 5 of the State Constitution and Section 2803 of the Public Authorities Law, we have followed up on the actions taken by the officials of the Metropolitan Transportation Authority (MTA) – Triborough Bridge and Tunnel Authority (TBTA) to implement the recommendations contained in our audit report, *Efforts to Collect Tolls and Fees Using License Plate Images and Law Firms* (Report [2017-S-70](#)).

Background, Scope, and Objective

The MTA is a public benefit corporation chartered by the New York State Legislature. TBTA, also known as MTA Bridges and Tunnels, is an MTA agency that operates seven toll bridges and two tunnels that interconnect parts of New York City. TBTA serves more than 329 million vehicles per year and carries more traffic than any other bridge or tunnel authority in the nation. Toll revenues from TBTA help subsidize MTA's public transit services. TBTA's total operating revenue for 2020 was approximately \$1.669 billion. According to New York Codes, Rules and Regulations, Title 21, Section 1023.7, "No vehicle shall cross the bridges and tunnels without payment of the toll prescribed by the Triborough Bridge and Tunnel Authority at the regularly established places for collection of such tolls."

Cashless tolling is used at all MTA tunnels and bridges. With cashless tolling, no one has to stop to pay tolls. Instead, all motorists simply drive through any lane they choose. There are three ways to pay with cashless tolling: 1) E-ZPass; 2) Short Term Account (use your license plate and credit card to set up a short-term account – ideal if you are renting or borrowing a car); and 3) Tolls by Mail.

All vehicles traveling through a crossing without an E-ZPass transponder will be sent a toll bill for facility usage. To do this, TBTA contracts with two vendors for the Open Road Tolling (ORT) processes. Vendor A is responsible for capturing all transactions (E-ZPass and license plate images). Vendor B operates the E-ZPass New York Customer Service Center (NYCSC) and performs tag distribution, account maintenance, payment processing, call and walk-in center operations, and violations processing. For Tolls by Mail, the license plate images are used to retrieve the motorist's registration information in order to mail the bill.

The ORT in-lane toll collection system captures up to six images per vehicle (two front and four rear); however, the NYCSC accepts only two (one front and one rear). Vendor A's system selects the "best" front and rear images and the Region of Interest using an image algorithm and sends them to the NYCSC system electronically, where they are reviewed to identify the license plate and state associated with the vehicle. If either of these cannot be identified, the image is "rejected."

TBTA defines "leakage" or "rejected images" as unbillable transactions. These transactions are categorized according to technical reasons (image rejects – 14 different codes) and business reasons (no Department of Motor Vehicles [DMV] "hits" and no DMV "agreement").

E-ZPass violations that have unpaid tolls after the due date on the second violation notice are sent to the collection agency. Tolls by Mail violations that have unpaid tolls after the due date on the violation notice are sent to a collection agency. The Top 200 list of violators from the Tolling Operations are assigned to the outside counsel.

The objective of our initial audit report, issued on July 11, 2018, was to determine whether TBTA had taken action to collect unpaid tolls and fees using outside law firms and to minimize unbillable toll transactions. Our prior audit of the open toll pilot found that TBTA did not maximize toll collection because license plate images could not always be processed, resulting in potential lost revenue of \$2.4 million. Additionally, TBTA's contracted law firms were not effective in collecting outstanding receivables from persistent toll violators. The report contained eight recommendations. The objective of our follow-up review was to assess the extent of implementation, as of September 24, 2021, of those recommendations.

Summary Conclusions and Status of Audit Recommendations

We found that TBTA officials have made progress in addressing the issues identified in our initial report. Of the eight prior audit recommendations, two were implemented, four were partially implemented, and two were not implemented.

Follow-Up Observations

Recommendation 1

Improve NYCSC access to the complete image files to decrease leakage.

Status – Not Implemented

Agency Action – From September 2019 to June 2021, TBTA had 6,272,080 unbilled transactions with a total estimated loss of \$55.7 million (excluding 156,510 emergency vehicle unbilled transactions).¹ Based on the data provided, TBTA categorized almost 60% (3,721,675) of the unbilled transactions as "no agreement with DMV," "No Hit DMV," and "Temporary License Plate," with an estimated potential loss of \$33.9 million. TBTA categorized 2,393,895 of the unbilled transactions as Image Rejects for reasons such as too bright, too dark, no state, or no plate, with a total estimated potential loss of \$21.8 million.

TBTA officials indicated that 312,725 of the unbilled transactions were due to poor images, which represents potential loss revenues of \$2.9 million. In August 2019,

¹ Our calculations represent a conservative estimate of leakage as it assumes all unbilled transactions were cars.

TBTA implemented a new image selection algorithm. TBTA believes that the Optical Character Recognition software and algorithm selects the best images for transmission to the NYCSC. We obtained and used the Image Rejects and Leakage data from September 2019 to June 2021 and total traffic on all TBTA facilities for the same period to calculate the Image Rejects/Leakage percentage for September 2019 – June 2021. For September – December 2019, the percentage was 0.57%; for January – December 2020, the percentage was 1.19%; and for January – June 2021, the percentage was 1.82%. Over time, both the dollars lost through leakage increased as did the percentage of unbilled transactions.

While a certain amount of leakage is expected in an ORT environment, the number of unbilled transactions has increased significantly. Under TBTA's previous toll booth system, these vehicles would have been stopped at the gate. Regardless of the reason for the unbilled transaction, the potential revenue loss needs to be addressed and these trends reversed.

Recommendation 2

Periodically review and monitor the rejected image review process to ensure staff is accurately categorizing the rejected images.

Status – Partially Implemented

Agency Action – A new Service Level Agreement (SLA) requires Vendor B, as part of Quality Assurance (QA), to review 500 randomly selected rejected images per month to ensure that the correct image reject code was used. The SLA requires 90% of the 500 images to be rejected with the correct code. The new SLA began in September 2020. We reviewed the monthly QA reports for September 2020 through April 2021, and found that they were all over 90% and met the threshold.

We selected five dates and examined the support for the QA reports to determine whether the images were rejected with the correct code. Our review showed that at least 95% of the images were rejected with the correct code. TBTA officials stated that TBTA does not separately review the image review reject or image review reject code process. They monitor the monthly results of the vendor's performance under the SLAs. They added that one of the reasons for an SLA for image reject code accuracy as part of the vendor's contract extension was the limited availability of TBTA staff to perform these review functions.

Recommendation 3

Require entities in TBTA's Fleet Program to register their trailers so that they can be charged if the registration information from the power unit cannot be identified.

Status – Implemented

Agency Action – TBTA provided a list of MTA Business accounts that have trailer plates listed on their accounts. There are 2,523 MTA Business accounts, which have a total of 9,871 trailer plates listed on their accounts. We selected a sample of five Business accounts and requested billing records for these accounts, and found that they were active accounts. These five accounts alone had a total of 60,512 transactions from June 2018 through August 2021, representing toll revenue of \$1.54 million.

Recommendation 4

Collect and analyze the information for any usage patterns of unbillable tractor trailers that are not part of a Fleet Program. Use these results to identify and contact the trailer owner and to request information about the owner of the tractor.

Status – Not Implemented

Agency Action – TBTA implemented a change order in March 2019. This change order allowed vehicles greater than four axles to be keyed or identified in image review. Per a TBTA official, if the plate was not listed on an E-ZPass account, TBTA did not proceed with sending the trailer plate to DMV due to two lawsuits brought by trailer leasing companies. The second lawsuit was not resolved until March 2021.

At this time, TBTA will instruct Vendor B to begin sending trailer plates to DMV to obtain the name/address of the trailer for the billing of the toll through the Tolls by Mail program.

Recommendation 5

Require that the vendor take action (and document such actions) to obtain temporary license plate registration information from out-of-state DMVs.

Status – Partially Implemented

Agency Action – TBTA can obtain registered vehicle owner information for temporary license plates from 10 states (excludes New York). TBTA provided emails documenting actions/efforts taken to obtain temporary license plate registration information from five other states, but either temporary plates databases are not available, no response was received, or the state employed a manual process that TBTA does not use. TBTA has no information on attempted access to other states.

Recommendation 6

Document the review of reports sent by NYCSC to show what, if anything, was done to correct identified maintenance issues.

Status – Implemented

Agency Action – TBTA believes that the use of the NYCSC Rejected Image Report is not the ideal way to identify maintenance-related issues in the toll lanes due to the inherent lag in the image review and reporting process. Real-time access to video and images from the lane integrator system provides more timely indication of lane maintenance issues, which need to be addressed. As a result, TBTA periodically includes the review of such reports in its sweep and audit processes.

We requested supporting documentation for issues identified, Work Order (WO) forms, and resolutions to the WOs for the period January to June 2021 for the Verrazzano-Narrows Bridge and the Hugh L. Carey Tunnel (formerly Brooklyn-Battery Tunnel). Upon review, we found that the 11 issues identified were resolved by Vendor A from 4 minutes to 49 hours and 3 minutes.

Recommendation 7

Document the business practice changes as a result of transitioning from outside to in-house counsel, prepare cost-benefit analysis, and establish a completion date for the transition. Perform periodic audits of the outside counsels' invoices as outlined in the retainer agreements.

Status – Partially Implemented

Agency Action – TBTA officials did not document the business practices changes, establish a completion date for the transition, or provide a cost-benefit analysis. In lieu of a cost-benefit analysis, the Law Department performed a qualitative assessment of the costs of continuing to perform virtually all of the legal work for the civil collection actions, while paying a 25% contingency fee to outside collection counsel, and concluded that it would benefit from not paying twice for this legal work.

We requested supporting documentation for 4 months (December 2018, October 2019, March 2020, and June 2021) to determine whether TBTA periodically audited outside counsels' invoices as outlined in the retainer agreements. We found the invoices were reviewed and reconciled to TBTA's information.

Recommendation 8

Follow up on additional efforts to ensure enforcement of judgment to enable the agency's plan of actions to collect judgments to be completed.

Status – Partially Implemented

Agency Action – TBTA received conditional approval for the Statewide Offset Program (SWOP) from the Division of Budget on January 3, 2019. Based on the exchange of emails regarding SWOP approval requests from November 2019 to July 2021, TBTA's enforcement of judgments through SWOP, administered by the New York State Department of Taxation and Finance, is still under consideration by the Division of Budget.

Contributors to this report were Robert C. Mehrhoff, Erica Zawrotniak, Katrina Lau, Aurora OV Caamano, and Jaspal Gill.

We would appreciate your response to this report within 30 days, indicating any actions planned to address any unresolved issues discussed in this report. We thank the management and staff of the MTA for the courtesies and cooperation extended to our auditors during this review.

Very truly yours,

Carmen Maldonado
Audit Director

cc: M. Woods, MTA, Auditor General
D. Jurgens, MTA, Assistant Auditor General
Division of Budget