

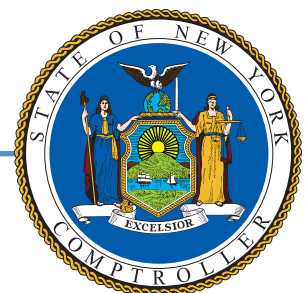
New York State Thruway Authority

Selected Aspects of Toll Collections

Report 2022-S-15 | May 2023

OFFICE OF THE NEW YORK STATE COMPTROLLER
Thomas P. DiNapoli, State Comptroller

Division of State Government Accountability



Audit Highlights

Objective

To determine whether the New York State Thruway Authority ensures that efforts are made to identify, bill, and collect tolls that are due. The audit covered the period from January 2019 to January 2023.

About the Program

The New York State Thruway Authority (Authority) – a New York State public benefit corporation – operates the New York State Thruway (Thruway), a 570-mile superhighway that connects the State’s principal cities, rural areas, and tourist destinations. The Thruway comprises 496 miles including the mainline from the New York City line at Yonkers to Buffalo and the Erie Section. There are also an additional five segments: Niagara Section, Berkshire Section, New England Section, Garden State Parkway Connector, and the Cross Westchester Expressway. It has 816 bridges, 134 interchanges, and 27 travel plazas. The Authority is vested by New York State laws and regulations to assess and collect toll revenues for use of the Thruway.

In November 2020, the Authority completed a system-wide conversion to cashless tolling, which was intended to reduce congestion, improve traffic flow, and allow for non-stop travel on the Thruway. The Authority contracts with third-party vendors for cashless tolling, invoicing, and receivables collection. Tolls account for more than 90% of the Authority’s revenues, including tolls for use of the Thruway and fees charged to customers who do not settle their accounts timely. E-ZPass accounts for approximately 90% of tolls, with Tolls by Mail accounting for approximately 10%. During the 3 years beginning January 2019, the Authority reported \$775 million, \$649 million, and \$804 million in tolls and related revenues, respectively. The Authority attributed the decrease in 2020 to reduced passenger traffic during the COVID-19 pandemic.

According to the Authority, accounts are referred to a collection agency when customers do not pay the amounts due within 120 days after being sent the last of three notices over a 90-day period. Prior to the completion of system-wide cashless tolling in November 2020, an E-ZPass customer with a negative balance for more than 60 days after being sent a revocation warning notice at 30 days may have also been referred to a collection agency.

Additionally, the Authority can request that the Department of Motor Vehicles (DMV) suspend the registrations of motor vehicles for non-payment of tolls, fees, or other charges with three or more violations within a 5-year period. Additionally, DMV has a reciprocity agreement with the Massachusetts Registry of Motor Vehicles for collecting outstanding tolls and fees or suspending vehicle registrations. The Authority advised us that there is a 6-year statute of limitations for the collection of tolls and fees.

Key Findings

The Authority needs to improve efforts to identify, bill, and collect tolls that are due. As of March 2023, there was a total of \$276.3 million in unpaid tolls and fees in collection status.

- Out-of-state drivers account for a significant amount of these outstanding tolls and fees, representing 46% of the transactions and 43%, or \$119.3 million, of the amounts due, of which \$50.9 million were from vehicles registered in two states – New Jersey (\$34.2 million) and Connecticut (\$16.7 million).
- There was a 9½-month gap during which no outside collection agency was actively pursuing

amounts that were due for collections, in part because of the awarding of a new contract. However, the Authority stated that, during this period, it continued to receive remittances from customers in a collection status.

- The Authority placed \$127.6 million of outstanding debt – unpaid tolls and violation fees – from 2020 with the new collection agency to implement a COVID-19 Settlement Relief Program (Program), whereby the \$127.6 million was used to dismiss a portion of the violation fees. Most of the vehicles for which fees were dismissed (55%) were registered outside of New York State, and the \$33 million dismissed for these vehicles represented 32% of the total \$103.4 million in outstanding violation fees in the Program.
- Using data provided by the Authority, we determined that, on January 9, 2023, there were 257,917 past-due accounts that met the criteria for registration suspension; 49,740 of these customers are persistent violators (current Thruway users with outstanding balances during each year since 2017). However, the Authority does not take such factors into consideration when determining which license plates to suspend. Since restarting the registration suspension program in July 2022, the Authority has referred 60 or fewer license plate numbers to DMV weekly.
- There were 25,617 outstanding accounts from Massachusetts, totaling \$6.5 million in tolls and fees, including 7,274 that met the suspension criteria. However, the Authority did not initiate the process for suspension of any Massachusetts plates despite having a reciprocity agreement.

We also determined that the Authority is not maximizing its use of images to identify vehicles more accurately for toll collection. We requested and were provided with the rejected transactions for 3 weeks – from April 25, 2022 through May 8, 2022 and May 16, 2022 through May 22, 2022 – for both mainline segments, where the toll amount is based on the distance between entry and exit points, and barrier, where the toll amount is based on fixed tolling systems. Of the 135,973 rejected transactions, we sampled 161 and determined that 11% of the transactions rejected by the automated and manual review of images could have been billed. Additionally, we separated the rejected images into controllable factors (e.g., image too dark, too bright) and uncontrollable factors (e.g., weather conditions) and estimated that the value of unpaid tolls for the rejected images with controllable factors is \$7.2 million a year.

Key Recommendations

- Ensure that when there is a change in collection vendors, there is a smooth transition with no gaps in services.
- Establish procedures for dismissing violation fees, including the selection criteria and the basis for the amounts dismissed.
- Analyze the information for the accounts eligible for registration suspension to determine where collection efforts will have the best results, and assess the feasibility and cost-benefit of entering into agreements with additional states (in addition to Massachusetts) for registration suspensions.
- Ensure that all images rejected by the automated process that are identifiable through a manual review are billed.
- Monitor trends in the incidences of rejected images and take appropriate corrective actions.



**Office of the New York State Comptroller
Division of State Government Accountability**

May 26, 2023

Joanne M. Mahoney
Chair, Board of Directors
New York State Thruway Authority
200 Southern Boulevard
Albany, NY 12209

Dear Chair Mahoney:

The Office of the State Comptroller is committed to helping State agencies, public authorities, and local government agencies manage their resources efficiently and effectively. By so doing, it provides accountability for the tax dollars spent to support government operations. The Comptroller oversees the fiscal affairs of State agencies, public authorities, and local government agencies, as well as their compliance with relevant statutes and their observance of good business practices. This fiscal oversight is accomplished, in part, through our audits, which identify opportunities for improving operations. Audits can also identify strategies for reducing costs and strengthening controls that are intended to safeguard assets.

Following is a report of our audit entitled *Selected Aspects of Toll Collections*. This audit was performed pursuant to the State Comptroller's authority under Article X, Section 5 of the State Constitution and Section 2803 of the Public Authorities Law.

This audit's results and recommendations are resources for you to use in effectively managing your operations and in meeting the expectations of taxpayers. If you have any questions about this report, please feel free to contact us.

Respectfully submitted,

Division of State Government Accountability

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Glossary of Terms

Term	Description	Identifier
Authority	New York State Thruway Authority	<i>Auditee</i>
Cashless tolling	System-wide conversion that eliminated manual collection of tolls	<i>Key Term</i>
CSC	Customer service center	<i>Key Term</i>
DMV	Department of Motor Vehicles	<i>Agency</i>
Program	COVID-19 Settlement Relief Program	<i>Key Term</i>
TBM	Tolls by Mail	<i>Key Term</i>
Thruway	New York State Thruway	<i>Key Term</i>

Background

The New York State Thruway Authority (Authority) – a New York State public benefit corporation – operates the New York State Thruway (Thruway), a 570-mile superhighway that connects the State’s principal cities, rural areas, and tourist destinations. The Thruway comprises 496 miles including the mainline from the New York City line at Yonkers to Buffalo and the Erie Section. There are also an additional five segments: Niagara Section, Berkshire Section, New England Section, Garden State Parkway Connector, and the Cross Westchester Expressway. It has 816 bridges, 134 interchanges, and 27 travel plazas. The Authority is governed by a Board of Directors, consisting of seven members who are appointed by the State’s Governor, with the advice and consent of the State Senate. The Authority is vested by State laws and regulations to assess and collect toll revenues for use of the Thruway. To meet this objective, the Authority established policies and procedures to guide its work.

In November 2020, the Authority completed a system-wide conversion to cashless tolling, which was intended to reduce congestion, improve traffic flow, and allow for non-stop travel on the Thruway. According to the Authority, this transformation required a fundamental review of its operations, business processes, and available technology resources. The Authority contracts with third-party vendors for cashless tolling, invoicing, and receivables collection.

Each toll point is equipped with sensors, laser scanners, E-ZPass readers, and monochrome white-light redundant automated license plate recognition cameras. The sensors are synchronized with the E-ZPass reader. In addition, fiber treadles are installed on the roadway to count vehicle axles. When a vehicle passes a toll point, the system collects key information such as the vehicle’s class, length, height, width, speed, and positioning. The E-ZPass reader collects information from the vehicle transponder. For each lane, the cameras capture five images of the vehicle: two front, two rear, and one overhead. The information generated by this system is stored in the Authority’s server and is used to invoice customers.

A third-party vendor accesses this information daily for processing. Transaction processing involves an automated review that determines the jurisdiction, registration, and plate type of the license plates. Transactions that are not resolved by the automated review are reviewed manually. Reviewers use a reject code matrix to guide their review of images and to assign reject codes to rejected transactions.

Thruway users are charged tolls based on various factors such as the distance traveled, vehicle height, number of axles, and whether the user has an E-ZPass account. The tolls are progressively higher for vehicles with a higher number of axles and for vehicles taller than 7 feet 6 inches. Users with New York State E-ZPass accounts pay lower tolls than out-of-state E-ZPass holders. Users without E-ZPass accounts are billed by mail (Tolls by Mail, or TBM) at a higher rate than E-ZPass account holders. For a vehicle with an E-ZPass transponder, the toll is charged to the owner’s E-ZPass account. If a vehicle does not have a transponder, the toll is charged to the vehicle’s registered owner using the license plate.

Toll revenues account for more than 90% of the Authority's revenues. They include tolls for use of the Thruway and fees charged to customers who do not settle their accounts timely. E-ZPass accounts for approximately 90% of tolls and TBM accounts for approximately 10%. During the 3 years beginning January 2019, the Authority reported \$775 million, \$649 million, and \$804 million, respectively, in tolls and related revenues. The Authority attributed the decrease in 2020 to reduced passenger traffic during the COVID-19 pandemic.

According to the Authority, accounts are referred to a collection agency when customers do not pay the amounts due within 120 days after being sent the last of three notices over a 90-day period. Prior to the completion of cashless tolling in November 2020, an E-ZPass customer with a negative balance for more than 60 days after being sent a revocation warning notice after 30 days may have been referred to a collection agency. The Authority advised us that there is a 6-year statute of limitations for collection of tolls and fees.

Additionally, the Authority can request that the Department of Motor Vehicles (DMV) suspend the registrations of motor vehicles for non-payment of tolls with three or more violations within a 5-year period. (Prior to January 18, 2017, registration suspension could occur after five or more unpaid toll violations on different days within an 18-month period.) For commercial vehicles, registrations can be suspended if the amount of the outstanding tolls and fees accumulated over a 5-year period is \$200 or more. The Authority paused the registration suspension program in January 2018 and resumed it in July 2022. Additionally, DMV has a reciprocity agreement with the Massachusetts Registry of Motor Vehicles to collect tolls and fees as well as to suspend registrations of vehicles registered in that state that do not pay the tolls and fees incurred in New York State.

Audit Findings and Recommendations

The Authority needs to improve efforts to identify, bill, and collect tolls and fees due. Additionally, the Authority did not adequately manage the collection of outstanding accounts, and there was a 9½-month gap during which no outside collection agency was actively pursuing amounts due. Further, the Authority did not place all outstanding accounts from the prior collection agency, totaling \$430 million, with the new collection agency once the new contract began. However, the Authority responded that, during this period, its customer service center (CSC) was collecting remittances from outstanding accounts.

We determined that, as of March 2023, tolls and fees totaling \$276.3 million of the \$430 million in debt collection status remained uncollected or was not forgiven through the COVID-19 Settlement Relief Program. Out-of-state drivers accounted for \$119.3 million (43%) of the amounts due, including \$34.2 million from New Jersey vehicles and \$16.7 million from Connecticut vehicles.

The Authority paused its registration suspension program for 4½ years from January 2018 to July 2022. Since restarting the program, the Authority has referred 60 or fewer plates to DMV weekly. The Authority also has not implemented suspension of Massachusetts registrations despite the existence of a toll violation enforcement reciprocity agreement between DMV and the Massachusetts Registry of Motor Vehicles. (See Exhibit for a timeline of actions involving cashless tolling.)

We also found that the Authority did not ensure that all eligible transactions were billed. The Authority contracts with third-party vendors for cashless tolling, invoicing, and collecting receivables. We determined that 18 of the 161 (11%) rejected transactions we sampled could have been billed, and the Authority did not analyze the rejected transactions to determine trends or gather key information that can be used to make improvements at toll plazas and lanes with the highest rejected transactions. Consequently, the Authority may be losing toll and fees revenues.

We made 11 recommendations to help the Authority improve its billing and collection procedures for toll revenues.

Collections

Customers' accounts may be sent to collections when they do not settle their accounts timely. The Authority sends biweekly or monthly statements to E-ZPass customers. When an E-ZPass customer fails to replenish their account, the balance becomes negative. If a customer account stays negative for more than 30 days, the Authority sends the customer an account revocation warning notice. If the customer still does not pay within 30 days, the account is revoked and a revocation fee of \$25 is charged. If the E-ZPass tag is not returned, another \$16 fee is charged. After the introduction of cashless tolling in November 2020, the customer account may now be sent to collections. Any additional trips with a tag associated with such an account are treated as violations.

For TBM customers, the Authority sends an invoice within 30 days of the toll being incurred. If the toll is not paid within 30 days, the Authority sends a second notice,

and a late fee of \$5 is added to the amount owed. If the invoice is still not paid within 30 days of the second notice, the Authority sends a notice of violation, and an administration fee of \$50 is added to the amount owed. If customers do not pay within 30 days of the notice of violation, the account may be sent for collection. The Authority advised us that there is a 6-year statute of limitations for collection of tolls and fees.

During the audit scope period, the Authority contracted with two collection agencies for collection of outstanding accounts. The contract with the first agency expired on September 15, 2020, at which time uncollected accounts were returned to the Authority for collection. The prior collection agency reported that, on June 30, 2020, there was approximately \$430 million in active uncollected amounts (\$14 million in negative balances and \$416 million in tolls and fines).

The Authority subsequently contracted with the second collection agency, but this new contract did not become effective until January 2021. The Authority did not provide the new collection agency any accounts for collection until 6 months later, in July 2021. Authority officials said that they revised the toll violation policy in November 2020 from \$50 per toll transaction to \$50 per invoice, and the third-party vendor needed time to reprogram the system. They added that invoices under the cashless tolling system were sent from January 2021 and toll transactions first billed in January 2021 would not typically be placed with collections as an unpaid violation until May 2021. Authority officials also stated that during the 9½ months between the end of the first collection agency's contract and accounts being sent to the new collection agency in July 2021, its CSC was collecting remittances from outstanding accounts.

According to Authority officials, they placed approximately \$127.6 million of debt from 2020 – \$12.6 million in unpaid tolls and \$115 million in violation fees – with the new collection agency in the form of the COVID-19 Settlement Relief Program (Program), leaving a balance of approximately \$302.4 million (\$430 million less \$127.6 million) in active uncollected amounts. The Program reduced the \$115.0 million in violation fees to \$23.0 million, dismissing \$92.0 million in violation fees. We requested Authority officials provide customer accounts with the amounts; however, the accounts provided only totaled \$103.4 million, a difference of more than \$11 million. The Authority responded that the \$11.4 million was an additional fee adjustment from \$50 per toll transaction to \$50 per invoice. In addition, the Authority did not state what happened to the unpaid tolls and violation fees that were outstanding prior to 2020, nor did it have formal procedures that included the selection criteria and basis for determining dollar amounts when dismissing amounts due.

Our review found that a high percentage of outstanding toll violations were due for vehicles registered outside of New York State. Most of the vehicles (55%) for which amounts due were dismissed under the Program were also registered outside of the State. The violation amounts dismissed for out-of-state vehicles totaled \$33 million, which represented 32% of the total \$103.4 million in outstanding toll violations. Approximately half of the total amounts dismissed for out-of-state vehicles were for vehicles from two states: New Jersey (\$9.3 million) and Connecticut (\$6.5 million).

Out-of-state drivers represent a significant amount of the outstanding debt. The Authority provided a breakdown, by state in which the vehicles were registered, of the \$276.3 million in tolls and violations fees that were in collection status as of March 2023. Out-of-state plates represented 46% of the transactions and 43%, or \$119.3 million, of the amounts due, of which \$50.9 million was from vehicles registered in two states – New Jersey (\$34.2 million) and Connecticut (\$16.7 million).

Our audit found that the Authority did not adequately manage the collection of outstanding accounts. There was a 9½-month gap during which no outside firm was actively pursuing amounts that were due. Further, the Authority did not place all outstanding accounts with the new collection agency.

Recommendations

1. Ensure that when there is a change in collection agencies, there is a smooth transition with no gaps in services.
2. Establish procedures for dismissing violation fees, including the selection criteria and the basis for the amounts dismissed.

Registration Suspension

DMV regulations permit the Authority to request the suspension of a motor vehicle registration for non-payment of tolls, fees, or other charges with three or more violations within a 5-year period or, for commercial vehicles, if the amount of the outstanding tolls and fees accumulated over a 5-year period is \$200 or more. The suspension remains in effect until the Authority advises that unpaid tolls, fees, or other charges have been paid to the Authority. DMV also has a reciprocity agreement with the Massachusetts Registry of Motor Vehicles allowing for the suspension of vehicle registrations for past toll amounts due. The Authority has a 6-year statute of limitations for collection of tolls and fees.

The Authority paused its registration suspension program in January 2018 when, after 199 registrations were submitted for suspension, a series of negative news stories and public outcry followed the introduction of cashless tolling at the Governor Mario M. Cuomo Bridge. In response to our preliminary findings, the Authority indicated it needed time to evaluate its internal processes and educate Thruway users about cashless tolling. It established the Office of the Toll Payer Advocate in December 2019 to assist users in resolving toll-related issues. Authority officials planned to resume registration suspensions in early 2020, but this was further delayed by the COVID-19 pandemic. Beginning in July 2022, the Authority resumed sending registration suspension requests to DMV for select vehicles having at least three open violations in the prior 5 years as of January 1, 2021.

The Authority provided outstanding accounts for vehicles with New York or Massachusetts plates as of December 21, 2022, December 31, 2022, and January 9, 2023, as follows:

Accounts and Revenue	New York	Massachusetts	Totals
December 21, 2022			
Accounts*	481,648	24,992	506,640
Tolls	\$41,521,531	\$1,330,370	\$42,851,901
Fees	271,628,944	4,979,931	276,608,875
Total Revenue	\$313,150,475	\$6,310,301	\$319,460,776
December 31, 2022			
Accounts*	484,228	25,319	509,547
Tolls	\$41,839,626	\$1,347,014	\$43,186,640
Fees	272,423,861	5,042,259	277,466,120
Total Revenue	\$314,263,487	\$6,389,273	\$320,652,760
January 9, 2023			
Accounts**	485,921	25,617	511,538
Tolls	\$42,110,801	\$1,360,188	\$43,470,989
Fees	273,131,794	5,097,741	278,229,535
Total Revenue	\$315,242,595	\$6,457,929	\$321,700,524

*Includes 51 accounts containing both New York and Massachusetts plates.

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On January 9, 2023, the Authority reported that it had approximately \$321.7 million in outstanding accounts for vehicles with New York or Massachusetts plates, comprised of \$43.5 million in tolls and \$278.2 million in fees. The \$321.7 million is the total for approximately 20.5 million transactions on the Thruway that were accumulated in 511,538 accounts. Our review showed that 257,917 of these past-due accounts, totaling \$288.4 million, owed at least \$200 and are eligible for registration suspension. However, we also determined that several customers had multiple accounts. Further, 49,740 of these customers are persistent violators – current Thruway users with outstanding balances during each year since 2017. Authority officials told us that they do not consider this as a risk factor when they select plates for suspension.

Since restarting its registration suspension activities in July 2022, the Authority has assigned two staff to work on the registration suspension process. The Authority provided us with the files of plates sent to DMV for registration suspension for three weekly periods in December 2022 and January 2023. These three requests to DMV contained 60, 54, and 60 plates, respectively, for a total of 174 plates. Authority officials said that staff start from the top of the data file and follow a review checklist to submit the files to the DMV portal. They select the accounts with the highest balances to review, using a minimum \$200 benchmark for all accounts. When we asked whether they considered assigning additional staff to this activity, Authority officials stated that they did not have the budget for additional staff.

From the January 9, 2023 data, we determined that there were 1,548 accounts above \$200 totaling \$3.7 million, consisting of \$293,303 in tolls and \$3.4 million in fees for the period January 1-8, 2017 that would exceed the 6-year statute of

limitations for collection of tolls and fees the following week. We also noted that 51 of these accounts had toll balances exceeding \$1,000.

On January 9, 2023, there were also 25,617 outstanding accounts from Massachusetts totaling \$6.5 million in tolls and fees. This included 7,274 accounts with an aggregate balance of \$4.2 million in tolls (\$1 million) and fees (\$3.2 million) that were over the \$200 threshold. Despite the existence of a toll violation enforcement reciprocity agreement between DMV and the Massachusetts Registry of Motor Vehicles, the Authority did not implement the registration suspension process for Massachusetts violators. Massachusetts is the only state with which New York has such a reciprocity agreement.

We found that the Authority, by pausing the registration suspension program for 4½ years, lost another opportunity to collect past amounts due, did not implement the process for suspension of Massachusetts plates, and has assigned limited staff to complete the registration suspension activity. Consequently, the Authority may be losing toll and fees revenues.

Recommendations

3. Develop procedures that establish the conditions that would determine when a pause in collections would be initiated, such as a pause in the registration suspension program.
4. Analyze the information for the accounts eligible for registration suspension to determine where collection efforts will have the best results, and assess the feasibility and cost-benefit of entering into agreements with additional states (in addition to Massachusetts) for registration suspensions.
5. Determine if additional resources are warranted for registration suspension activity.
6. Revise the methodology for selecting accounts to refer to DMV. Segment customers and target specific segments such as persistent violators and accounts nearing the 6-year statute of limitations.

Rejected Images

Cashless tolling on the Thruway is facilitated by two electronic toll collection systems. Each toll point is equipped with sensors which are mounted overhead, laser scanners, E-ZPass readers, and monochrome white-light redundant license plate recognition cameras and overhead cameras. The sensors are synchronized with the E-ZPass reader. In addition, fiber treadles are installed on the roadway to count vehicle axles. When a vehicle passes a toll point, the system collects key information such as the vehicle's class, length, height, width, speed, and positioning. The E-ZPass reader collects information from the vehicle transponder. All information collected is used to form individual toll transactions. For each lane, the cameras capture five images of the vehicle: two front, two rear, and one overhead. If the vehicle does not have a transponder, the vehicle's registered owner is charged the

toll rate based on the information gathered by the sensors, including the license plate images. The information generated by the system is stored on the Authority's server, which is accessed daily by a contracted third-party vendor for processing. Eligible transactions for image review are identified and marked for review prior to being matched to their respective images. Transaction processing involves an automated review that determines the jurisdiction, registration, and plate type of the license plates. Transactions that are not resolved by the automated review are reviewed manually.

Reviewers use a reject code matrix to guide their review of images and to assign reject codes to rejected transactions. The reject code matrix is comprised of a number of metrics, including brightness, alignment, and blurriness of the images, in addition to whether there is a vehicle in the image, the front and rear plates match, the state is identified, and the plates are obstructed and whether the vehicle is maintenance equipment. The matrix also identifies the plate type and whether the image is corrupt in addition to identifying a few exceptions applicable to trailers, motorcycles, maintenance equipment, and temporary plates. The Authority's image review operating procedures allow for billing personal vehicles with a trailer, stating that priority is to always key the front plate affixed to the vehicle itself and to only key the personal use trailers if the front image is not available. Transactions that cannot be resolved manually are assigned a reject code. A rejected transaction is assigned a toll based on the assumption that the vehicle entered the Thruway from the beginning to the point of exit.

We visited the CSC on June 9, 2022 as well as Authority offices on August 4, 2022 and observed the image review process. The Authority provided a list of 457 rejected transactions for June 5, 2022. The Authority also provided the rejected transactions for an additional 3 weeks from April 25, 2022 through May 8, 2022 and May 16, 2022 through May 22, 2022 for the mainline and barrier tolling systems. The barrier tolling system, where the toll amount is based on fixed tolling amounts, had 41,755 rejected transactions, and the mainline tolling system, where the toll amount is based on the distance between entry and exit points, had 94,218 rejected transactions – together totaling \$677,498 for 135,973 transactions – in 12 rejected categories. We determined that 87.5% of the population of rejected transactions were rejected in three categories: image rejected (38.7%), license plate obstructed (34.4%), and camera out of alignment (14.4%). For the obstructed plates, the total for the 3 weeks was \$244,088, which, if extrapolated for the year, amounts to \$4,230,859.

During our review, we observed that there were a number of instances in which the motor vehicle was too close or too far away from the camera, so the numbers on the plates were either not visible or unclear. In three instances, there was no vehicle in the picture. We noted rejected images where the vehicle straddled two lanes. We were advised that when this happens it would trigger the cameras in both lanes, and if the plates were captured by either camera, the transaction would be billed. We also noted that there were 8,183 (6%) rejected images with no vehicle in the pictures in the population of rejected images. Further, we reviewed the rejected mainline images data to identify exits with the highest incidences of rejections. For example, we found

exit plaza 31 lane 02X had 1,400 rejected transactions: 1,157 with the camera out of alignment, 242 vehicles not in picture, and one corrupt image. Similarly, exit 31 lane 03X had the highest incidence of rejected images for vehicles not in picture.

We selected three samples totaling 161 rejected transactions to review: 61 from June 5, 2022, 50 from the barrier tolling system, and 50 from the mainline tolling system. We visited the CSC and reviewed the images for the samples of rejected transactions with the Authority and third-party vendor officials. We also obtained and reviewed the third-party vendor's image review procedures and sought information and explanations related to the procedures used to review and classify rejected images. To determine whether the rejected images were due to the cameras, we requested reports for cameras not performing properly. The Authority provided preventive maintenance reports, which did not contain information about the frequency of camera breakdowns and repairs.

Our review of the 161 rejected transactions found 18 instances where the transactions should have been billed. Twelve of the 18 transactions were for personal SUVs with a trailer. For example, one image identified a pickup truck pulling a livestock trailer with a New York State plate. The Authority's toll processing procedures allow for billing personal vehicles with a trailer, stating that "priority is to always key the front plate affixed to the vehicle itself and to only key the personal use trailers if the front image is not available." The Authority's toll processing vendor officials confirmed this. Based on the number of images that we concluded should have been billed, the Authority should identify and document reasons why the camera images are not useful and take appropriate actions. We also found that three of the sampled rejected images were incorrectly classified because the transactions were billed, and the revenues were collected. We separated the 12 rejected categories for rejected images into controllable (e.g., too dark, too bright) and uncontrollable (e.g., weather conditions) and estimated that the value of the rejected images for controllable factors is \$7.2 million per year.

The image review operating procedures state that the video-based toll transaction processing systems are highly correlated with the quality of vehicle/license plate images, and identify poor images as one of the factors that would cause more transactions to have to be processed manually. The procedures also state that poor imagery can result in lost toll revenues as license plate reading becomes physically impossible.

The majority of the images that we reviewed were black and white. We note that even with enhancements it was quite difficult to read the license plates. During our review, we found that it was easier to read the vehicle plates on color images. We asked whether the Authority considered using cameras that produced color photos. The Authority stated that it has color cameras but indicated "there is no evidence to support that the resolution of a color image is superior to black and white image for automated license plate recognition" and that "the cameras are optimized for automated license plate recognitions, not manual image reviews."

Our review also found a few transactions that were rejected because the vehicles were either rescue vehicles or mail trucks. Rescue vehicles, Authority officials stated, are able to create their own license plates, which are not registered with the DMV. Further, Authority officials stated that USPS mail trucks are not required to have plates.

Our audit found that the Authority did not ensure that all eligible transactions were billed or provide support to show that it reviews rejected images to identify trends, such as toll plazas and lanes with highest rejected transactions.

Recommendations

7. Ensure that all images rejected by the automated process that are identifiable through a manual review are billed.
8. Monitor trends in the incidences of rejected images and take appropriate corrective actions.
9. Identify and document reasons why camera images are not useful and take appropriate corrective actions.
10. Install “Stay in Lane” signs at gantries.
11. Revisit the use of cameras that produce color images.

Audit Scope, Objective, and Methodology

The objective of our audit was to determine whether the Authority ensures that efforts are made to identify, bill, and collect tolls that are due. The audit covered the period from January 2019 to January 2023.

To accomplish our objective and assess the relevant internal controls related to the audit objective, we reviewed documentation such as system notes, flowcharts, receivables reports, and procedures manuals; analyzed customers' accounts and balances; and interviewed employees from the Authority and its third-party contractors to understand the processes related to invoicing, collections, and registration suspension activities. We visited the Authority's CSC and had a walk-through of the image review process.

To determine whether rejected images were properly rejected, we selected three samples of rejected images and reviewed them with officials from the Authority and its toll processing vendors. We randomly selected 50 each from the 94,218 mainline images and the 41,755 barrier images rejected on selected days in April and May 2022. We also randomly selected 50 of the 457 images rejected on June 5, 2022, and then added 11 additional rejected images to ensure the sample had at least one rejected image from each of the 10 categories of rejected images for a total of 61 of 457 rejected images. We also obtained information for certain license plates from the DMV database. These samples were not designed to be projected to the entire population. We tested the data used to select our samples and conduct our audit work, and determined it was sufficiently reliable for the purposes of our audit objective.

Statutory Requirements

Authority

This audit was performed 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 conducted our audit in accordance with generally accepted government auditing standards. These standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe that the evidence obtained during our audit provides a reasonable basis for our findings and conclusions based on our audit objective.

As is our practice, we notified officials from the Authority at the outset of the audit that we would be requesting a representation letter in which their management provides assurances, to the best of their knowledge, concerning the relevance, accuracy, and competence of the evidence provided to the auditors during the course of the audit. The representation letter is intended to confirm oral representations made to the auditors and to reduce the likelihood of misunderstandings. In this letter, agency officials assert that, to the best of their knowledge, all relevant financial and programmatic records and related data have been provided to the auditors. Officials further affirm either that the entities have complied with all laws, rules, and regulations applicable to their operations that would have a significant effect on the operating practices being audited, or that any exceptions have been disclosed to the auditors. The Authority provided a representation letter that did not address all requirements. Therefore, we lack assurance from Authority officials that all relevant information was provided to us during the audit.

In addition to being the State Auditor, the Comptroller performs certain other constitutionally and statutorily mandated duties as the chief fiscal officer of New York State, including some duties on behalf of public authorities. For the Authority, these include reporting the Authority as a discrete component unit in the State's financial statements and approving selected contracts. These duties could be considered management functions for purposes of evaluating organizational independence under generally accepted government auditing standards. In our professional judgment, these duties do not affect our ability to conduct this independent audit of the Authority's oversight and administration of toll collections.

Reporting Requirements

We provided a draft copy of the report to Authority officials for their review and formal comment. Their comments were considered in preparing this final report and are attached in their entirety at the end of it.

In their response, Authority officials stated that they agreed with three of the 11 recommendations and delineated the actions they will take to implement them. For eight recommendations, they stated, "The Authority understands this

recommendation in principle.” As the Authority has not taken a position on these findings, it is unclear what, if any, action officials will take to implement these recommendations. Our responses addressing certain Authority remarks are included in our State Comptroller’s Comments.

Within 180 days after the final release of this report, as required by section 170 of the Executive Law, the Chair of the New York State Thruway Authority shall report to the Governor, the State Comptroller, and the leaders of the Legislature and fiscal committees, advising what steps were taken to implement the recommendations contained herein, and where the recommendations were not implemented, the reasons why.

Exhibit



Agency Comments



KATHY HOCHUL
Governor

**Thruway
Authority**

JOANNE M. MAHONEY
Chair

FRANK G. HOARE
Interim Executive Director

May 5, 2023

Office of the New York State Comptroller
Attn: Carmen Maldonado, Audit Director
Division of State Government Accountability
59 Maiden Lane – 21st Floor
New York, NY 10038

Dear Ms. Maldonado,

On behalf of Chairperson Mahoney, thank you for the opportunity to comment on the Office of the State Comptroller's draft audit report, *"Selected Aspects of Toll Collections"* (2022-S-15).

Over the course of the audit period, from January 2019 to January 2023, the Thruway Authority collected approximately \$3.27 billion in total revenues. Toll revenues, which are derived from hundreds of millions of customers that use the Thruway system annually, comprise 90 percent of the Authority's annual revenues. As you know, the Thruway Authority does not receive any dedicated federal, state, or local funding to support its operations. It undertakes substantial efforts to collect all tolls owed, not only because toll revenues finance operations, maintenance, and capital projects, but also out of fairness to those customers that use the Thruway system and pay the tolls that they incur in a timely manner.

In summary, Authority Management has and will continue to utilize all available tools at our disposal to fairly and effectively collect tolls and violation fees from our customers. The Authority's response to each recommendation follows.

Recommendation:

- 1.) Ensure that when there is a change in collection vendors, there is a smooth transition with no gaps in services.**

The Authority agrees with this recommendation.

The previous gap between the Authority's collections contracts was the direct result of the impact of the COVID pandemic and the Authority's system wide transition to cashless tolling.

With the anticipated end of the current contract in January 2024, the Authority has already commenced developing a competitive solicitation for a new collections entity. A full review of the current contract scope and performance has prompted the Authority to enhance the collections service requirements for this new procurement. Should it be necessary, the Authority will exercise a contract extension with our current vendor to avoid any potential disruption in collections services while onboarding the new collections agent.

The Authority will work to ensure that the transition is seamless and will avoid any potential gaps in collections related to a transition.

Recommendation:

2.) Establish procedures for dismissing violation fees, including the selection criteria and the basis for the amounts dismissed.

The Authority agrees with this recommendation.

The Authority will document policies and procedures for dismissing violation fees including the criteria and a defined basis for the amounts dismissed. Pursuant to its COVID-19 relief settlement program, the Thruway Authority dismissed select 2020 violation fees in order to account for the severe economic hardships of COVID-19, which caused 1.9 million New Yorkers to lose their jobs.

The Authority's "Delegation for Cashless Tolling Settlements" policy outlines the various levels of settlement approval needed.

While the Authority also utilizes an internal document which outlines suggested guidelines for the reduction of violation fees, the Authority acknowledges the need for a more formal policy.

In the coming months, the Authority will undertake a review of the fees assessed and formally document the level(s) by which fees can be reduced. This will include clearly defining the criteria for reduction and authorization thresholds.

Recommendation:

3.) Develop procedures that establish the conditions that would determine when a pause in collections would be initiated, such as a pause in the registration suspension program.

The Authority understands this recommendation in principle. In the event that a pause is contemplated in the future, clear guidelines and conditions would be established.

[Comment 1](#)

In January 2018, Thruway Authority leadership paused registration suspension to evaluate internal processes and examine how to improve awareness about cashless tolling. The Thruway Authority planned to relaunch the registration suspension program in early 2020. However, that plan coincided with the onset of the COVID-19 pandemic, which caused 1.9 million New Yorkers to lose their jobs. With the economic hardships that families were facing, the Thruway Authority decided not to resume registration suspensions at that time. Registration suspensions resumed in August 2022, after the worst effects of the pandemic had subsided, and with improvements and enhanced customer services in place. Registration suspensions are currently processed for toll scofflaws.

The Thruway Authority has always maintained a customer-centric approach to collecting tolls. It is critical for New Yorkers that everyone pay their fair share.

Recommendation:

4.) Analyze the information for the accounts eligible for registration suspension to determine where collection efforts will have the best results and assess the feasibility and cost-benefit of entering into agreements with additional states (in addition to Massachusetts) for registration suspensions.

The Authority agrees with this recommendation.

The Authority has a policy that outlines the criteria for when to refer a debtor to DMV for registration suspension. This policy makes clear that the Authority pursues all eligible debtors, but places priority on those who owe the most debt. To prioritize the collection of debt, the Authority has also sent targeted letters to the customers who owe more than \$100,000. The Authority is presently in conversations with Pennsylvania and will be re-engaging New Jersey to determine if they have the legal authority to execute an agreement related to reciprocity. In addition, the Authority will analyze lost revenue by state and determine if reciprocity with other states is feasible. While Connecticut was a state cited in the OSC report, it does not currently have toll roads and therefore will not consider a reciprocal agreement.

[Comment 2](#)

Recommendation:

5.) Determine if additional resources are warranted for registration suspension activity.

The Authority understands this recommendation in principle.

The Authority continuously strives to strike a balance between the resources available and the mission critical work that must be done. The Authority is monitoring performance of the staff assigned to registration suspension activities and if necessary, will contemplate the redirection of resources to enhance that effort.

Recommendation:

6.) Revise the methodology for selecting accounts to refer to DMV. Segment customers and target specific segments such as persistent violators and accounts nearing the 6-year statute of limitation.

The Authority understands this recommendation in principle.

The Authority has developed a policy for selecting accounts eligible for suspension. Debt that is close to reaching the 6-year statute of limitation will also be considered when selecting accounts to refer to DMV.

Recommendation:

7.) Ensure that all images rejected by the automated process that are identifiable through a manual review are billed.

Please see below response to recommendation 8.

Recommendation:

8.) Monitor trends in the incidences of rejected images and take appropriate corrective actions.

7&8.) The Authority understands these recommendations in principle.

The Authority is actively developing new reports that will provide staff with detailed information specific to every image that is rejected. These reports will be used to monitor rejected images through the automated process and monitor trends to determine whether rejected images are appropriately categorized and/or should be billed. Any and all necessary corrective actions will be taken with our vendor if a trend is identified.

Recommendation:

9.) Identify and document reasons why camera images are not useful and take appropriate corrective actions.

The Authority understands this recommendation in principle and will endeavor to do so.

It is important to remember that there are factors out of the Authority's control that could result in an unusable image. These may include, but are not limited to, weather conditions and deteriorated or obstructed vehicle plates.

[Comment 3](#)

With respect to factors within the Authority's control, the current image-reject codes used in our system were established collectively by the E-ZPass NY Agencies (MTA B&T, PANY&NJ, and NYSTA) prior to the implementation of all electronic tolling (AET). The Authority has already engaged with our partners to redefine and update the reject categories to align them so they are more applicable to our current AET environment. The new image reject categories will allow the Authority to segregate rejects related to camera performance. By isolating these reject categories, the Authority will be better positioned to take action.

Also, in the interim, our Toll Audit office has instituted a review of rejected image categories to monitor any anomalies to their respective rejected image counts.

Recommendation:

10.) Install "Stay in Lane" signs at gantries.

The Authority understands this recommendation in principle.

The Thruway Authority is committed to providing a quality driving experience for our customers while ensuring that our sign installations conform to the national and state standards set forth by the Federal Highway Administration in the Manual on Uniform Traffic Control Devices (MUTCD) and the New York State Supplement. The Authority's cashless tolling sign layout was developed with consideration of these standards, along with extensive coordination with other transportation agencies currently using electronic tolling systems, as similar signing standards provides consistency and clarity for the traveling public.

Currently, the Authority has solid white lines located at the mainline gantries. The Authority's Engineering and Operations departments are evaluating the feasibility of extending these lines in select piloted locations, as well as the practicality of adding additional signage without negatively impacting driver safety.

Recommendation:

11.) Revisit the use of cameras that produce color images.

The Authority understands this recommendation in principle.

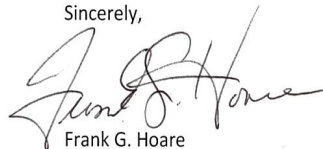
When the Authority transitioned to AET, its main priority was to procure cameras that could produce high quality images to enable the use of automated license plate recognition (ALPR) by its vendor. At that time, the entity that supplies the mainline cameras used black and white cameras exclusively.

While the Authority currently has color cameras located on its ramp AET tolling points, the Authority previously provided OSC with data that demonstrated that black and white, and color cameras provide a comparable level of performance.

A cost benefit analysis would need to be conducted by the Authority and the vendor to determine if any improvement to manual image review warrants a significant investment in replacing cameras, increasing storage capacity and any other associated changes to the infrastructure across the mainline system.

The Thruway Authority remains steadfast in its commitment to collect all toll revenue owed from our customers. We appreciate the opportunity to respond to OSC and we would like to thank the team of auditors for their professionalism during the audit. Overall, their recommendations align well with many of the initiatives and policy implementations currently underway within our organization. I will work with my team to ensure that we continue to make progress on improving the cashless tolling customer service experience and maximizing the collection of toll revenue due to the Authority.

Sincerely,



Frank G. Hoare
Interim Executive Director

Cc: C. Chu
A. Fish
D. Nebiolo
M. Boehm

State Comptroller's Comments

1. Part of being proactive is developing procedures before an event occurs. This allows the Authority to be prepared for the financial and other impacts of unexpected events.
2. While our recommendation does not explicitly reference Connecticut, Authority officials should consider other actions they can take to collect unpaid tolls and fees.
3. The audit results reflect factors related to issues that could be addressed. We excluded uncontrollable factors such as weather and obstructed plates.

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