



## Toll Operations Program Adopts Some Recommendations—Saved \$1 Million

### *at a glance*

The Department of Transportation and the Legislature have taken some actions consistent with recommendations made in our 1999 review of the Toll Operations Program. The Legislature authorized the department to privatize more toll collection activities. Privatization saved the department \$1 million in Fiscal Year 2000-01. In addition, electronic toll collection (SunPass) has been implemented statewide. However, our recommendations regarding lease-purchase agreements with local expressway authorities have not been implemented.

### Purpose

In accordance with state law, this progress report informs the Legislature of actions taken by the Department of Transportation (DOT) in response to a 1999 OPPAGA report.<sup>1, 2</sup> This report presents our assessment of the extent to which the department has addressed the findings and recommendations included in our report.

<sup>1</sup> Section 11.45(7)(f), *F.S.*

<sup>2</sup> *Justification Review of the Toll Operations Program within the Department of Transportation*, [Report No. 99-08](#), September 1999.

### Background

The Toll Operations Program administers toll collection activities for transportation projects financed by the sale of bonds or toll facilities. The program's primary purpose is to efficiently operate and maintain state-owned and state-operated toll facilities. To achieve this purpose, program staff collect and deposit toll revenues and, on non-turnpike facilities, review plans for initial design and improvement of toll plazas, as well as administer contracts for maintenance. Staff also conduct field inspections to ensure that toll collections are properly accounted for and deposited.

DOT's Office of Toll Operations administers the Toll Operations Program. The Legislature appropriated \$110.1 million and 996 positions to the program for Fiscal Year 2001-02.

To improve its efficiency, the department began privatizing toll collection activities beginning in Fiscal Year 1993-94. Privatization of toll collectors has reduced costs and enabled toll facility managers to focus more on facility operations and less on personnel issues. The program has also implemented a new technology called SunPass that allows toll

revenues to be collected electronically. SunPass requires a transponder be mounted in vehicles that allow patrons to proceed through the toll plaza without stopping.

As part of its responsibility to operate and maintain toll facilities, the department enters into lease-purchase agreements with local expressway and bridge authorities. Under lease-purchase agreements, the department pays the annual operations and maintenance costs for an authority's toll facilities so that the revenues collected by the authority may be primarily used to pay its facilities' bond debt. The department is typically not reimbursed until the authority has met these debt service requirements.

## Prior Findings ---

In our prior review of the Toll Operations Program, we identified several options for improving program performance.

- The department's costs to collect tolls varied substantially among facilities. To improve its efficiency in collecting toll revenues, we recommended that the department monitor the costs of older toll facilities to identify instances and sources of cost increases. We also recommended that the department identify ways to reduce these costs, such as installing electronic toll collection at such facilities earlier than planned and reducing toll facility staff accordingly.

We also recommended that the department expand electronic toll collection beyond commuters, such as continuing discussions with the rental car industry to make the system readily available to tourists and other travelers. We estimated that with 15% of toll facility patrons using SunPass, the program's cost would be reduced by 5% or approximately \$3.8 million annually.

- To reduce program costs, we recommended that the department contract out its 338 remaining toll collector positions.<sup>3</sup> As the need for supervisory positions would be reduced once electronic toll collection was implemented, we recommended that the department monitor and assess the need for supervisory positions after electronic toll collection became operational.
- To ensure that the department is reimbursed by the local expressway and bridge authorities it assists under new lease-purchase agreements, we recommended that it adopt a formal policy to discontinue paying operations and maintenance costs after an authority's toll facility has been in operation for 10 years. The department had an informal practice of allowing the expressway authority toll facilities it assists under new lease-purchase agreements to begin to pay their own operations and maintenance costs after 10 years of operation.

We also recommended that the Legislature consider the option of reducing transportation funding to the Orlando-Orange County area if it believed that the Orlando-Orange County Expressway Authority was receiving an unfair funding advantage. We noted that the department's agreements with Orlando-Orange County Expressway Authority were atypical of the department's lease-purchase agreements with other expressway authorities. Under these agreements, expressway authorities usually reimburse the department for operations and maintenance costs paid for certain toll facilities after a facility's bond debt service requirements are satisfied. However, under its agreement with the Orlando-

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<sup>3</sup> At the time of our prior review, 338 state employees staffed toll collection lanes.

Orange County Expressway Authority, the department is responsible for paying operations and maintenance costs to the expressway authority as long as the authority has any outstanding bond principal and interest on any of its toll roads.

Accordingly, we recommended that the Legislature consider reducing the program's funding by an amount equal to the funds appropriated to the department for its share of the expressway authority's operations and maintenance costs. These costs totaled \$11 million in Fiscal Year 1997-98.

## Current Status

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The department has taken actions that address some of our recommendations, but has not implemented our recommendations regarding lease-purchase agreements with local expressway authorities.

***SunPass has become operational throughout the state, and the department is negotiating with the rental car industry to expand its use***

Since our report's release in September 1999, electronic toll collection has become operational on all major toll roads and bridges in the state. The department also reports that participation in electronic toll collection is higher than early predictions, with over 350,000 transponders currently in use. The department is aiming to control costs on its toll facilities through expanded use of technology (such as SunPass), innovative practices, and procedural changes.

The department is continuing discussions with the rental car industry to identify ways to address their objections to participating in the SunPass program. The rental car industry's

primary objection is that they do not wish to impose an additional fee on their customers in the form of tolls. In addition, they do not wish to deal with the inventory, usage, and collection issues associated with using SunPass. The department is looking for ways to make the SunPass program more attractive to rental car agencies, including partnering with major attractions to offer special deals to rental car users and using a contracted provider to handle the inventory and collection process.

### ***Privatizing toll collections saved \$1 million in Fiscal Year 2000-01***

The department estimates that it saved \$1 million in Fiscal Year 2000-01 by privatizing more toll collector positions.

In addition, the 2001 Florida Legislature further reduced the number of Toll Operations Program staff from 1,177 to 996 positions for a reduction of 181 positions in Fiscal Year 2001-02. The Legislature also provided the department with increased budget authority to enter into contracts for toll collection services. This will allow the department to hire more private contractors to assume program responsibilities previously performed by department staff.

The privatized positions will include toll collectors, supervisors, managers, and laborers. The department is reducing supervisory positions as part of its effort to increase contracting for toll collection services. Since all toll plaza locations include both SunPass lanes and conventional toll lanes, supervisors are still needed to oversee operations. The department plans to contract out 398 supervisory positions by Fiscal Year 2005-06.

These reductions are a part of the department's multi-year plan to reduce the number of program staff and increase contracting of toll collection functions. As shown in Exhibit 1, the department is proposing to expand its use of

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privatization by contracting out the work performed by 717 of the program’s remaining 996 positions by Fiscal Year 2005-06.<sup>4</sup>

**Exhibit 1**  
**The Department Plans to Eliminate 717 Additional Program Staff Within Four Years**

Fiscal Year	Positions
2002-03	74
2003-04	311
2004-05	60
2005-06	272
<b>Total Reductions</b>	<b>717</b>

Source: *Department of Transportation Can Expedite Its Proposed Staffing Reduction Plan*, OPPAGA [Report No. 01-13](#), March 2001 and Fiscal Years 2000-01 and 2001-02 General Appropriations Acts.

***Recommendations regarding lease-purchase agreements have not been implemented***

Neither the department nor the Legislature has yet implemented our report’s recommendations regarding lease-purchase agreements with local expressway authorities. The department reports that our recommendation to formalize its policy on reimbursement of operations and maintenance costs paid to

expressway authorities could place revenue bonds issued to pay for facilities in jeopardy of default in the event that unforeseen events cause a delay in an authority’s ability to comply with the policy. The department believes it needs flexibility to ensure a facility remains functional and solvent. The department also notes that the operations and maintenance covenants in its lease-purchase agreements are legally binding commitments to bondholders and could not be superseded by department policy.

The Legislature has not adopted our policy option to reduce the amount of transportation funding provided to the Orlando-Orange County area by an amount equal to the funds appropriated to the department for its share of the Orlando-Orange County Expressway Authority’s operations and maintenance costs.

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<sup>4</sup> Positions to be eliminated will include toll collectors, supervisors, laborers, technicians, and some data processors.

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