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PB²Performance Report

Toll Program Meets Performance Standards; Accountability System Needs Strengthening

This report assesses the performance of the Florida Department of Transportation's (FDOT) Toll Operations Program based on its 1997-98 performance-based program budgeting (PB²) measures and comments on the measures proposed by the department for 1999-2000.

Summary

- PB² data indicate that the Toll Operations Program's workload (number of tolls collected) has increased and the program has effectively contained its costs to collect toll revenues.

- Although current PB² measures indicate generally good operational efficiency, additional measures are needed to inform stakeholders of the program's ability to generate revenue, limit wait times, and measure user satisfaction.

- The Toll Operations Program's accountability system meets OPPAGA's expectations in three of four key areas (*program purpose or goals*, *data reliability*, and *reporting of information and its use by management*). However, the program needs to improve its *performance measures*. Measures assessing the program's revenue generating ability and customer satisfaction would improve accountability and enable decision-makers to better assess performance.

- We provided a draft copy of our report to the Secretary of the Department of Transportation, who concurred with our recommendations, but with some exceptions. In some cases we made changes to address the department's concerns.

Office of Program Policy Analysis and Government Accountability
an office of the Florida Legislature

Background

Governmental units in Florida have authorized the creation of toll facilities as a means of financing road and bridge construction for many years. Initially, private individuals or firms constructed toll roads and bridges. Later, governmental units began constructing toll roads and bridges. In recent years, toll facilities have been financed and constructed by separately created units of government operating primarily under local control. These units, usually characterized as expressway authorities, arrange for construction of the facilities, including the required debt financing. The Department of Transportation, under the provisions of lease-purchase agreements, operates completed toll facilities.[1]

The Department of Transportation's Toll Operations Program is responsible for the administration of toll collection activities on bond-financed road projects in the state. The program maintains and operates 581 toll collection lanes throughout the state, including expressways, bridges, and the Florida Turnpike.[2] Of the 39,100 miles of state roads, 2,100 miles (or 5%) are toll roads.[3]

The functions of the Toll Operations Program are separated into three components: Toll Facilities and Equipment, Toll Operations, and Toll Support. The Toll Facilities and Equipment component includes such activities as toll equipment acquisition and maintenance and off-turnpike toll plaza design and maintenance. Activities of the Toll Operations component include receipt and deposit of revenues, security, and strategic planning. Responsibilities of the Toll Support component include financial accounting, personnel training, data processing, and purchasing. The program also has a major electronic toll collection project underway, referred to as SunPass.[4]

The department allotted the Toll Operations Program an estimated $102 million and 1,145 positions for Fiscal Year 1998-99.[5,6] Funding for the program is from several sources, including toll collections, concession revenues from the sale of goods at rest

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[1] Under lease-purchase agreements, the department agrees to operate and maintain an authority's expressway or bridge in exchange for the title upon termination of the agreement. The road or bridge then becomes part of the State Highway System.

[2] The Florida Turnpike is one of eight FDOT districts in the state. The Toll Operations Program is responsible for the collection of toll revenues on the Florida Turnpike; however, the construction and maintenance responsibilities on the Florida Turnpike fall to other department programs. The Florida Turnpike is the largest client of the Toll Operations Program, generating $289.6 million in toll revenues in Fiscal Year 1997-98 (80% of total toll revenues collected).

[3] Figures are as of June 30, 1998, and based on lane miles.

[4] SunPass is expected to be operational in South Florida by January 1999. Other toll facilities around the state are also scheduled to open SunPass lanes.

[5] This figure does not include privatized toll collectors. State employees continue to perform management and supervisory functions for toll operations. However, the majority of program staff are employed as toll collectors (424) and toll collector supervisors (328). Remaining program staff are employed in the central and regional offices, data and SunPass service centers, and facilities and maintenance services.

[6] The Florida Department of Transportation's funds are not appropriated in the PB² program budget format.

areas on the Florida Turnpike, and the State Transportation Trust Fund (gas tax revenues).

The program's central office, located in Tallahassee, provides overall coordination for the program and seven regional offices located in South Broward County, North Broward County, Palm Beach, Orlando, Miami, Tampa Bay, and Boca Raton.

The department's performance is monitored through various reporting requirements. The Florida Transportation Commission, an independent commission composed of private business people, evaluates the department's performance quarterly and reports to the Legislature annually. The department reports annually to the Governor on its progress in achieving program objectives in its agency strategic plan. The department also reports annually to the Legislature on its progress in achieving program objectives defined in law. Some of the measures reported in the commission's performance and production review and in the department's strategic plan and program objectives and accomplishment report are also used for performance-based program budgeting.

Performance

The program's performance-based program budgeting (PB²) measures and standards indicate that the Toll Operations Program is containing its cost to collect toll revenues. This is important to ensure that the maximum amount of funds is available for the payment of debt service and facility maintenance and improvements. In Fiscal Year 1997-98, the program kept its cost to collect each toll (15.8 cents) below the recommended standard (16.3 cents) and experienced a 9% increase (37,936,128) in the number of toll transactions it processed compared to Fiscal Year 1996-97. The program experienced a slight increase in transaction costs from the Fiscal Year 1996-97 level (15.82 cents) due to an increase in operating costs. Operating costs increased due to new toll facilities (which resulted in an increase in the number of toll transactions) and including indirect charges when calculating program costs for Fiscal Year 1997-98.

The PB² measures indicate that the program has been relatively successful in its operating efficiency. However, the measures do not enable the Legislature to make assessments of the program's success in meeting other goals, such as whether toll revenues are providing adequate funding for debt repayment and facility maintenance and improvements. To supplement the limited information provided by current PB² measures, we examined other available indicators of the program's efficiency and effectiveness. In Fiscal Year 1997-98, the program collected $361.5 million in toll revenue and was able to retain 80 cents for each dollar of toll revenue collected to cover debt service payments and maintenance costs.

See Appendix A for a more detailed discussion of program performance for each of its measures.

Proposed Performance Measures

The performance measures proposed for the Toll Operations Program are generally reasonable, but need to be expanded to more fully assess program performance. Proposed performance standards for existing measures are reasonable and were developed using baseline data. The department is anticipating that the program will increase the number of toll transactions and maintain the average transaction cost below 16 cents. These existing standards indicate the operational efficiency of the toll collection process.

However, additional measures are needed to provide information regarding the program's outcomes in generating revenue to support debt repayment and maintenance costs, maintaining reasonable wait times in toll lanes, and maintaining reasonable customer satisfaction with toll facilities and personnel. These types of measures provide important policy information and measure some aspects of program performance, but also capture elements beyond the program's control. To avoid burdening decision-makers with unnecessary details, some of these additional measures could be maintained in the performance ledger or by the department and made available for legislative review, rather than placed in the General Appropriations Act. Performance information maintained internally by the department should be held to the same quality standards as other information reported by the department. The proposed wait time measures provide a reasonable estimate of the volume of traffic moving through a particular toll facility. These measures are based on data that can be easily obtained by program staff, but do not provide a direct assessment of wait times at various toll facilities. However, taken in conjunction with proposed customer satisfaction measures, these measures provide an indication of how efficiently traffic is moving through toll facilities and can be used to estimate wait times. The department will need to continue to work on developing a cost-effective strategy for measuring the amount of time patrons wait in lines to pay tolls.[7]

See Appendix B for a more detailed discussion of our recommendations for the program's measures.

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[7] The department has not measured wait times at toll facilities in the past due to concerns that it could be costly and that the results would be subject to variation throughout the state. Our research indicated that wait times can be measured at a reasonable cost through techniques such as estimating transaction times using hourly traffic data, counting vehicles waiting in line, and/or videotaping transactions at a sample of collection points.

Rating of Program Accountability

A key factor in PB² is that agencies need to develop strong accountability systems that enable the Legislature and the public to assess program performance. An *accountability system* consists of these key elements: program purpose or goals, performance measures, a process for valid and reliable data, and credible reports of performance that can be used to manage the program. OPPAGA's rating tells decision-makers whether they can rely on the program's performance information. We compared the components of the Toll Operations Program's accountability system against our established criteria to determine its rating.

Accountability System Component	Meets Expectations	Needs Some Modifications	Needs Major Modifications
Program Purpose or Goals	X		
Performance Measures		X	
Data Reliability	X		
Reporting Information and Use by Management	X		

Source: OPPAGA analysis

The Toll Operations Program's accountability system meets OPPAGA's expectations in three of the four areas specified in the above table (program purpose and goals, data reliability, and reporting information and use by management). However, the program needs to make some modifications to its performance measures.

- *Program purpose or goals.* The program's purpose and objective statements included in the department's legislative budget request are consistent and cover the program's three major function areas. Additional program objectives are included in the 2020 Florida Transportation Plan, Florida Statutes, and the State Comprehensive Plan. However, these program objectives need to be more clearly stated across all departmental documents, including the Legislative Budget Request and the 2020 Florida Transportation Plan.

- *Data reliability.* Measurement data for the Toll Operations Program is reliable. The program's system of collecting tolls and recording the number of toll transactions has adequate controls to ensure data accuracy. Furthermore, management and the Florida Transportation Commission have used the information to assess program performance prior to the implementation of performance-based program budgeting. The agency inspector general also concluded that the data is reliable and valid.

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- *Reporting information and use by management.* Measurement data for the program is reported annually to the Florida Transportation Commission and the Legislature to show performance. Program managers use the measures to manage operations. The measures allow managers to ensure the program's costs are contained so that the maximum amount of funds is available for payment of debt service, maintenance, and improvements. In addition, program staff track customer complaints as a way to identify problems and improve customer service. The program also has a compliance review team that evaluates the compliance of each state-operated toll facility biannually. Although program managers do not receive regular reports on regional operations, they use these processes as a method of evaluating the performance of toll facilities in each of the regions. While the public can access information on program performance through the agency's strategic plan, the program should consider including its performance-based program budgeting measures on the Department of Transportation's website.

- *Performance measures.* However, the program's performance measures could be more comprehensive. Measures assessing the program's revenue generating ability, wait times at toll facilities, and customer satisfaction would improve accountability and enable decision-makers to better assess program performance. (See Appendix B for information on OPPAGA's proposed measures.)

For More Information

Additional information about the Toll Program is available on the Internet. The program profile is in OPPAGA's Florida Government Accountability Report (FGAR) at http://www.oppaga.state.fl.us/profiles/6054. OPPAGA's staff contact for this program is Shunti Houston (850) 487-0579. Also, through the Internet, you may access the Department of Transportation at http://www.dot.state.fl.us or by calling (850) 488-5687.

Appendix A

Analysis of Program Performance for Each of Its Performance Measures

Outcome Measures

Performance		1997-98	Met	
1996-97	1997-98	Standard	Standard?	Comments
Operational cost per toll transaction [1]				
$0.1582	$0.1583	$0.163	Yes	The program met the standard by keeping the cost to collect each toll at less than 16 cents. The cost for each toll transaction in Fiscal Year 1997-98 was about the same as in the prior year. The program has maintained its cost to collect each toll between 15 and 17 cents from Fiscal Years 1994-95 to 1997-98. Variations in cost per transaction are a result of fluctuations in total traffic advancing through toll lanes and in the operating costs of toll facilities.

Output Measures

Performance		1997-98	Met	
1996-97	1997-98	Standard	Standard?	Comments
Number of toll transactions [1]				
421,593,721	459,529,849	404,785,847	Yes	In Fiscal Year 1997-98, the program exceeded the standard for the number of toll transactions by 13.5% (54.7 million). This represents a 9% increase over the prior year's performance. Since Fiscal Year 1978-79, the program has seen fluctuations in total traffic numbers from year to year as a result of new toll facilities being built and other events that may bring about increases or decreases in traffic volume.

[1] Represents final figures for Fiscal Years 1996-97 and 1997-98. Performance figures for Fiscal Year 1997-98 included in the department's 1999-2000 Legislative Budget Request were based on 11 months of actual data and 1 month of projected figures.

Other Performance Measures

These measures are not a part of the program's PB²measures, but provide useful information about program performance.

Performance		Comments
1996-97	1997-98	

Operational cost per dollar collected

$0.199	$0.201	Data indicates that, since Fiscal Year 1994-95, the cost per dollar collected has decreased from 24 cents to 20 cents in Fiscal Year 1997-98. As a result of keeping the cost per dollar collected at 20 cents in Fiscal Year 1997-98, the department was able to retain 80 cents in net revenue for debt service payments and maintenance costs.

Source: FDOT Legislative Budget Request and OPPAGA analysis

Appendix B

OPPAGA Recommendations for
the Toll Operations Program's Fiscal Year 1999-2000 Measures

Outcome Measures, Fiscal Year 1999-2000

Measures Proposed by FDOT	Proposed Standards	OPPAGA Recommendations/Comments
Operational cost per toll transaction	<$0.16	**We recommend adoption of this measure.** This measure is continued from the prior year. The program has maintained its cost to collect each toll between 15 and 17 cents from Fiscal Year 1994-95 to 1997-98. Therefore, the proposed standard is reasonable given the program's past performance.

Output Measures, Fiscal Year 1999-2000

Measures Proposed by FDOT	Proposed Standards	OPPAGA Recommendations/Comments
Number of toll transactions	472,000,000	**We recommend adoption of this measure.** This measure is continued from the prior year. The standard proposed for Fiscal Year 1999-2000 is a 2.7% increase in the number of toll transactions over the actual performance for Fiscal Year 1997-98 (459,529,849). The proposed standard represents a slight increase (1.5%) over the approved standard for 1998-99 (464,807,077). Since Fiscal Year 1995-96, there has been an increase in traffic. Therefore, the standard is reasonable given historical trends.

OPPAGA Recommendations for Additional Measures, Fiscal Year 1999-2000

Measures	Comments
Operational cost per dollar collected	This measure indicates the amount out of every dollar of toll revenue collected that must be used to cover facility operating costs and the amount available for debt service payments and facility maintenance and improvements. The Florida Transportation Commission has used this measure in the past to assess the program's performance.
Wait time at state toll facilities as measured by vehicle throughput at peak versus non-peak hours	This measure indicates how efficiently traffic is moving through toll facilities by assessing the hourly traffic volume. Since program staff have indicated that they are able to create traffic summaries on a time basis, they can use this data to determine how quickly toll transactions are processed and cars are moved through toll lanes. Measuring the volume of traffic passing through toll facilities within a specified time frame allows the program to assess its productivity in vehicle throughput and could be used to estimate wait times. The data can also be assessed based on the time of day and by facility type to improve appropriateness of the measure. Department staff have indicated the possible need to use outside consultants to interpret this data. We would encourage staff to use in-house expertise first before seeking outside assistance. This measure should be used in conjunction with customer satisfaction measures on wait times. (See below.)
Wait time in SunPass toll lanes compared to wait time in non-SunPass toll lanes as measured by vehicle throughput at peak versus non-peak hours	This measure indicates differences between traffic volumes in SunPass toll lanes and non-SunPass toll lanes by assessing the hourly traffic passing through each lane type. Studies show that the amount of traffic capable of passing through electronic toll collection lanes is considerably higher than traffic moving through manned or automatic toll collection booths, thus indicating shorter wait times.[1] Data can also be used to assess the number of vehicles traveling through traditional toll lanes compared to those capable of passing through SunPass lanes to show increased productivity as a result of the

## *OPPAGA Recommendations for Additional Measures, Fiscal Year 1999-2000*

Measures	Comments
	electronic toll collection system, to encourage its use, and to justify the costs of implementing SunPass. The data can also be assessed based on the time of day and by facility type to improve appropriateness of the measure. Department staff have indicated the possible need to use outside consultants to interpret this data. We would encourage staff to use in-house expertise first before seeking outside assistance. This measure should be used in conjunction with customer satisfaction measures on wait times. (See below.)

[1]According to the department, a dedicated SunPass lane can process up to 1,800 vehicles per hour, 300 % more than a manual toll lane.

Measures	Comments
Customer Satisfaction Measures • Percentage of users believing driving experience on toll roads to be safe • Percentage of users satisfied with the condition of toll facilities (design, roads, rest areas, etc.) • Percentage of users believing toll collectors exhibited professional behavior (courteous, knowledgeable, etc.) • Percentage of users believing the length of time they wait in line to pay tolls is reasonable or excessive	These level of service measures indicate how satisfied users are with various aspects of toll facilities. Collection of data through a survey instrument is the most appropriate means of evaluating customer satisfaction. Results could be used to identify problem areas and improve program services. While the safety and condition of toll facilities may go beyond the scope of the Toll Operations Program, the department should take steps to ensure that the opinions of toll road users are reflected in the measures of other department programs that may be more directly responsible for such outcomes. However, Toll Operations Program staff should be responsible for collecting this information, since they have better access to the users of toll roads. Given the potential costs of collecting this information, the department may wish to conduct the survey every three to five years.

Source: FDOT Legislative Budget Request; comments and additional measures by OPPAGA

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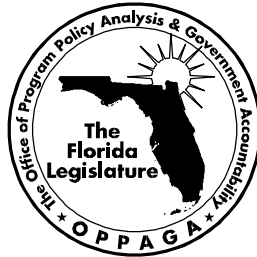
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- Performance-Based Program Budgeting (PB²) Reports and Information offer a variety of tools. Program Evaluation and Justification Reviews assess state programs operating under performance-based program budgeting. Also offered is performance measures information and our assessments of measures.

- Florida Government Accountability Report (FGAR) is an Internet encyclopedia of Florida state government. FGAR offers concise information about state programs, policy issues, and performance. Check out the ratings of the accountability systems of 13 state programs.

- Best Financial Management Practice Reviews for Florida School Districts. OPPAGA and the Auditor General jointly conduct reviews to determine if a school district is using best financial management practices to help school districts meet the challenge of educating their students in a cost-efficient manner.