

Civil Penalty Process For Toll Violations

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Summary:

The attached report is for the period January – March 2014 and addresses requirements in Section 209 (2) of Chapter 367, Laws of 2011 (ESHB 1175) regarding the civil penalty process for toll violations on toll facilities of the Washington State Department of Transportation.

For this period, 226,800 NOCP transactions were issued (approximately 2.7% of total transactions). The 226,800 NOCP transactions represent \$1.1 million dollars in unpaid tolls. For this reporting period, the Civil Penalty process recovered \$1.6 million in tolls and fees after debt collection costs. When fees collected are taken into consideration, this is a return of 145% of unpaid tolls as a result of the Civil Penalty process.

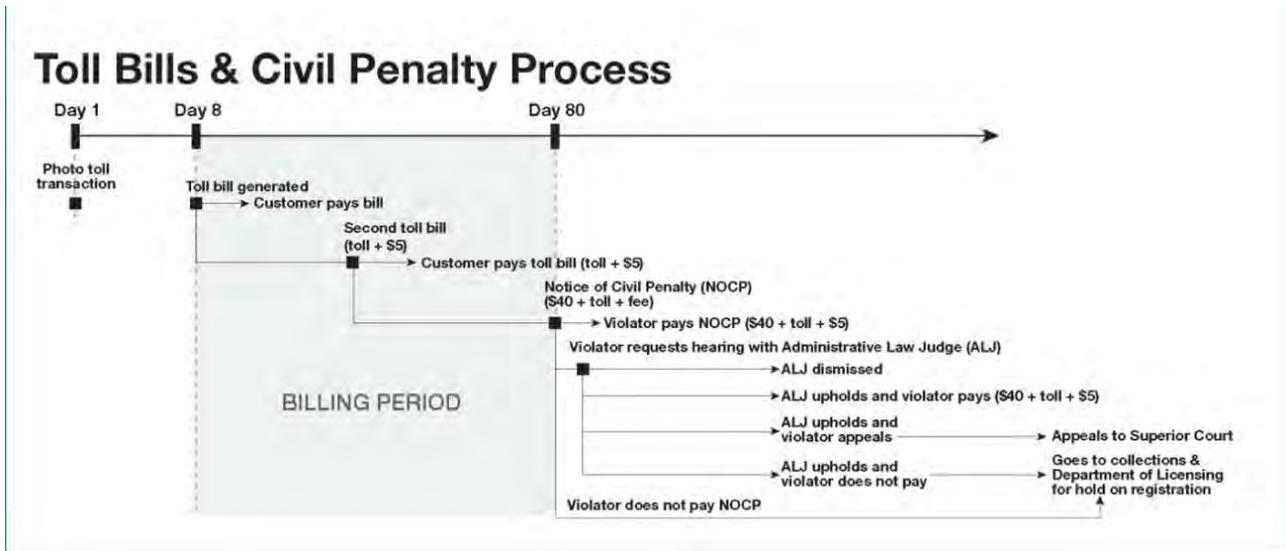
For the third quarter of FY 2014, more than 22,500 NOCP transactions were paid without an administrative hearing and more than 23,000 NOCP transactions were scheduled for administrative hearing. NOCP recipients that did not respond by paying or requesting a hearing prior to the due date are eligible for vehicle registration holds with the Department of Licensing (DOL).

WSDOT began placing registration holds on registered owners with unpaid NOCP transactions in July 2013. Due to the nature of the DOL Hold process – where registered owners are only noticed about holds by the DOL at the time of their annual registration renewal - it is estimated that it will take approximately 15 months of operation before the DOL Hold placements and related payments will stabilize. As expected, WSDOT observed another appreciable increase on a quarter over quarter basis in the amount of money collected through the DOL Hold process as it completed its ninth month of operations. Results related to DOL Hold placements, cash collected and costs incurred for this quarter are included below.

WSDOT implemented SHB 1941 which sets the rules by which the administrative law judges can reduce civil penalty and other fees based on certain mitigating circumstances on July 28th, 2013. The process of administering, tracking and reporting on the program relies heavily on manual processes. As a result, WSDOT is including quarterly results with this report which reflects activities from the previous quarter. This will allow for the most accurate reporting of the results of the mitigation process. FY 2014 Q2 results are detailed below.

The NOCP Process:

WAC 468-305-500 through 582 contains provisions related to the civil penalty process, which are consistent with RCW 46.63.160. In accordance with the rules, the Department will send an NOCP to the registered owner or renter of the vehicle who has not paid a toll within 80 days.



Project Status:

The Civil Penalty Program continued to experience higher than expected numbers of NOCPs issued and related cash collected and higher than expected numbers of administrative hearings and related costs. WSDOT expects the NOCP issuances and related revenues and expenses to stabilize by the end of FY 2015 Q1. Despite the increased workload and related costs, as can be seen from the net cash collected results below, WSDOT is able to cover its collections costs for each quarter of FY 2014.

During FY 2014 Q3, WSDOT placed DOL holds on 39,800 unresolved SR 16 Tacoma Narrows Bridge transactions and 86,000 unresolved SR 520 Bridge transactions with a combined value of \$5.6 million dollars. As the CSC Operations vendor works through the backlog of eligible transactions which had built up since the start of the Civil Penalty Program, WSDOT expects the number of DOL Hold placements to stabilize and only include those transactions which become eligible each month.

As expected, collections related to DOL holds placed improved appreciably during the quarter to \$950,000 from \$520,000 reported in the second quarter of the program. Expenses held relatively constant at \$107,000 vs. \$112,000 reported in the previous quarter.

WSDOT continued to track the results of the civil penalty mitigation process set forth in SHB 1941. Due to the lack of system programming, the process for administering, tracking and reporting on mitigations relies heavily on manual intervention. As reported last quarter, WSDOT has included results from FY 2014 Q2 with this report. This allows for the most accurate reporting of results.

During FY 2014 Q2 (Oct - Dec 2013), the administrative law judges heard 7,100 cases representing 37,250 toll transactions with a total value of \$1.7 million. They reduced the civil penalty charges on 10,700 transactions at a total reduction of \$427,500 in fees. As would be expected, WSDOT is experiencing an increase in the number of NOCP transactions which are being paid at toll value only (reduction of civil penalty fee). However, as can be seen from the net cash collected results below, the mitigation process is not having an adverse effect on overall collection amounts.

For FY 2014 Q3, WSDOT collected net cash in excess of expenses of \$214,153 and \$1,405,817 related to SR 16 Tacoma Narrows Bridge transactions and SR 520 Bridge transactions, respectively. For FY 2014 to date, net cash collected totals \$686,715 and \$4,885,049, respectively.

The table below details the results of debt collections activities related to WSDOT's Civil Penalty Program.

FY 2014 Q3 (Jan - Mar 2014)	SR 16 Tacoma Narrows Bridge	SR 520 Bridge	Total
Number of total toll transactions ¹	3,238,434	5,211,134	8,449,568
Civil Penalty Activity Results²			
Number of civil penalty transactions issued	81,490	145,288	226,778
Number of civil penalty transactions paid upon receipt of the NOCP	4,137	18,459	22,596
Number of civil penalty transactions which did not receive a response	70,423	110,729	181,152
Number of civil penalty transactions requesting a written dispute in lieu of in-person hearing	2,790	6,484	9,274
Number of civil penalty transactions requesting an in-person hearing	4,139	9,617	13,756
Total number of civil penalty transactions requesting adjudication	6,930	16,100	23,030
Vehicle Registration Hold Results³			
Number of civil penalty transactions placed on DOL Hold	39,803	85,923	125,726
Debt Collection Cost and Revenue			
Cash received related to civil penalty tolls ⁴	\$81,388	\$221,862	\$303,250
Cash received related to \$40 civil penalty fee ⁵	\$434,323	\$1,759,580	\$2,193,903
Total cash received related to debt collection activities⁶	\$515,711	\$1,981,442	\$2,497,153
Workload costs related to debt collection activities ^{7,8}	\$301,558	\$575,625	\$877,183
Net cash received related to debt collection activities (FY 2014 Q3)	\$214,153	\$1,405,817	\$1,619,970
Net cash received related to debt collection activities (FY 2014 To Date)	\$686,715	\$4,885,049	\$5,571,764

FY 2014 Q2 (Oct - Dec 2013)⁹	SR 16 Tacoma Narrows Bridge	SR 520 Bridge	Total
Civil Penalty Mitigation Results (SHB 1941)			
Number of civil penalty transactions adjudicated	11,210	26,044	37,254
Dollar value of civil penalty transactions adjudicated	\$514,911	\$1,196,356	\$1,711,267
Number of civil penalty transactions w/civil penalty fees reduced	3,207	7,451	10,658
Dollar value of civil penalty fees reduced	\$128,636	\$298,875	\$427,511

- 1) Toll transactions as reported in the monthly toll report (RTS system). SR 16 Tacoma Narrows Bridge transactions include manually collected transactions (Toll Booths).
- 2) Civil Penalty Transaction data is queried from the ETCC database. The data is pulled 25 days after the NOCP transaction date in order to allow each recipient time to pay or request a hearing prior to the NOCP due date.
- 3) DOL Hold Program began in July 2013. Due to the timing of vehicle owner annual registration renewal, it is anticipated to take 15 months for all registered owners related to this period's registration holds to be notified by DOL.
- 4) Civil Penalty tolls collected related to SR 520 Bridge transactions are pledged to bondholders as a part of SR 520 bond covenants.
- 5) Amounts reported may include collections of any \$5 reprocessing fees related to non-payment of toll bills. At this time, available reports do not support reporting on these reprocessing fees separately from the \$40 civil penalty fee. However, their inclusion does not materially impact the results of debt collection activities related to civil penalty fees.
- 6) Amounts reported represent cash received from NOCP debt collection activities.
- 7) Financial statements report total revenues earned after NOCP recipient has been found liable through an administrative hearing or deemed liable for not responding to the notice by the due date (20 days). This differs from the amount of cash collected which is presented here.
- 8) Workload costs represent the total costs charged to each toll facility in relation all debt collection activities during this reporting period.
- 9) Due to challenges related to administering the civil penalty mitigation program, results shown here represent hearings and mitigated transactions from FY 2014 Q2 (Oct - Dec 2013).