

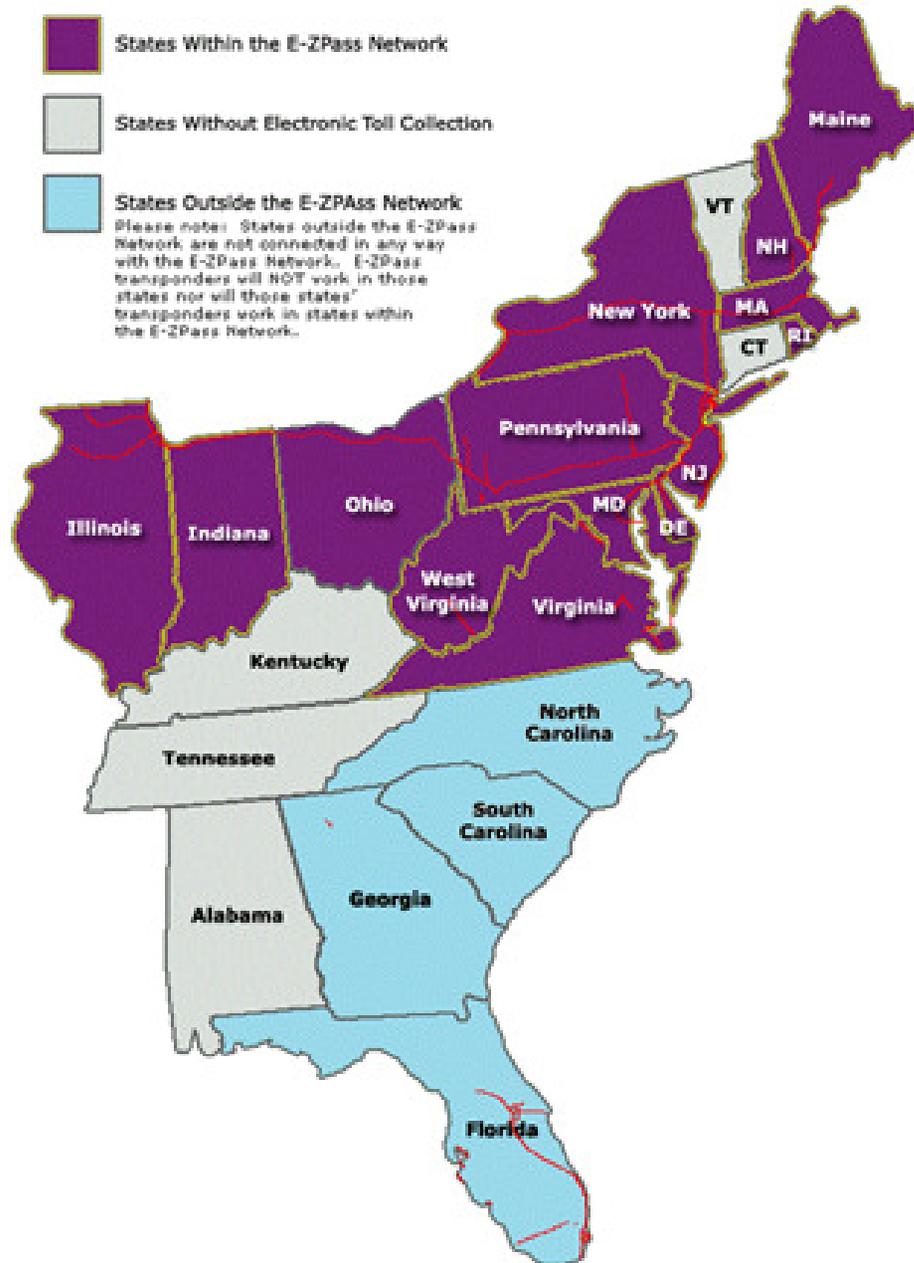


E-ZPass Virginia Operational Overview and Challenges

**John W. Lawson, CFO
March 14, 2012**

- **The E-ZPass Group – association of 24 toll agencies in 14 states that operates the E-ZPass electronic toll collection program.**
 - ❑ 2.4 billion electronic toll transactions and
 - ❑ Collects over \$5.3 billion in E-ZPass tolls each year
- **Virginia joined the Interagency Group, or E-ZPass Group in 2003**
 - ❑ Virginia began electronic toll collections in 1996, under the name of FasToll
- **Began accepting E-ZPass transponders in late 2004**
 - ❑ Tremendous brand recognition
 - ❑ High levels of customer satisfaction
 - ❑ World leader in toll interoperability, with more than 21 million E-ZPass devices in circulation

Where can E-ZPass be used?



E-ZPass in Virginia

- **Currently, E-ZPass is accepted for electronic payment on all of the Toll Facilities in Virginia:**
 - Dulles Toll Road (Route 267) – MWAA
 - Dulles Greenway – TRIP II
 - RMA - Downtown Expressway, Powhite Parkway and the Boulevard Bridge
 - Powhite Parkway Extension – VDOT
 - Chesapeake Bay Bridge-Tunnel (Route 13) – CBBT Authority
 - George P. Coleman Bridge (Route 17) – VDOT
 - Chesapeake Expressway (Route 168) – City of Chesapeake
 - Pocahontas Parkway – Transurban

- **VDOT is the E-ZPass member for Virginia, with all other facilities falling under our membership.**

E-ZPass in Virginia

- **The back office operations and customer service centers of E-ZPass Virginia are operated by VDOT through a contractor – currently Faneuil, Inc.**
- **560,000 Virginia accounts**
- **900,000 transponders in service**
- **In 2011**
 - **Processed 127.8 million Virginia transactions**
 - **Collected \$186.8 million in tolls for Virginia facilities**
 - **Total of 137.1 million transactions and \$223.1 million in revenue for all toll facilities**

E-ZPass in Virginia

- **VDOT’s customer service center also processes “Away Agency” transactions.**
 - ❑ **E-ZPass Virginia customers use toll facilities outside of Virginia where E-ZPass is accepted.**
 - In calendar year 2011, approximately \$35.5 million was sent to other agencies from Virginia accounts
 - ❑ **Additional activity when other agency customers use Virginia facilities.**
 - Approximately 11% of Virginia transactions and 18% of the total toll revenue processed for Virginia facilities.

2011 Electronic Toll Collection (ETC) Summary

	(in millions)	
	Transactions	ETC Revenue
Virginia Accounts - Virginia Facilities	113.2	\$153.3
Other E-ZPass Agencies - Virginia Facilities	14.7	34.3
Virginia Accounts - Other E-ZPass Agency Facilities	9.2	35.5
Total	137.1	\$223.1

E-ZPass Virginia Account Management

- **VDOT distributes E-ZPass through the Customer Service Center Operations contractor**
 - ❑ Contract provides for customer service, database management, and inventory control

- **Account Sign-Up is customer-driven**
 - ❑ Application with payment mailed to the main Customer Service Center in Clifton Forge
 - ❑ By Phone 1-877-762-7824 (credit card required)
 - ❑ On-line www.ezpassva.com (credit card required)
 - ❑ **Customer Service Walk-In Centers**
 - Gloucester Point/Coleman Bridge
 - Herndon
 - Richmond
 - ❑ **Transponder mailed to customer, provided in Walk-In Centers**

E-ZPass Virginia Account Management

- **Transponders are not sold and remain the property of VDOT**
- **The current costs are for prepaid tolls and a security deposit**
 - ❑ **A minimum toll prepayment of \$35 is required**
 - ❑ **\$25 tag security deposit is required for each transponder (in case the tag is lost or stolen).**
 - **Waived if the customer chooses Automatic Replenishment from a checking or savings account with a back-up credit card.**
- **92% of all accounts are set to automatically replenish either with a credit card , or with ACH (with credit card backup)**

Upcoming Challenges to E-ZPass Virginia

- **Several new toll facilities are scheduled to open by the end of the calendar year**
- **The new facilities will feature all electronic tolling, therefore the use of transponders is extremely important**
- **Virginia E-ZPass accounts could double over the next several years**
- **Will introduce of a new type of transponder, called E-ZPass Flex or Hot Pass, to support the Express Lanes**

Facility	Estimated Tolling Commencement Date
Jordan Bridge	June/July 2012
Downtown/Midtown/MLK Extension	Third Quarter 2012
I-495 Express Lanes	December 2012
I-95 HOT Lanes	2015
Route 460	2016

Transponder Distribution

- **VDOT is committed to acquiring the needed numbers of transponders and establishing accounts to support the new facilities**
- **Working with the facilities, the forecasted need and delivery dates for transponders through March 2013 have been provided to the manufacturer**
 - ❑ **Standard transponders – Normal activity and new facilities; approximately 220,000 transponders at a cost of \$2 million**
 - ❑ **E-ZPass Flex switchable transponder – New I-495 facility; approximately 238,000 transponders at a cost of \$4.3 million**

Enhanced Distribution

- **The need for enhanced channels to establish accounts and distribute transponders, beyond toll free number and on-line application, is needed**
- **Two major toll facilities will open before the end of the calendar year**
 - ❑ **Downtown Tunnel / Midtown Tunnel / MLK Extension**
 - ❑ **495 Express Lanes – additional need for switchable transponder distribution for customers qualifying for HOV free passage (E-ZPass Flex)**
- **Reviewing opportunities for additional walk-in customer service centers**
- **Identified need to expand distribution to convenient retail locations in addition to existing options**
 - ❑ **Exploring opportunity with DMV**
 - ❑ **E-ZPass On-the-Go Program**

Retail Distribution Option

➤ E-ZPass On-the-Go Program

- ❑ **Contractor establishing vendor relationship with retail establishments**
 - Likely to be grocery and big-box type locations
 - Will finalize by beginning of June
- ❑ **Enhanced customer marketing by VDOT and the new facility operators**
- ❑ **Transponders will be available at retail by first of July**

➤ **Propose making the transponder available at retailer for a price of \$35, representing prepaid tolls**

- ❑ **The retailer will not capture any personal information or establish accounts**
- ❑ **The transponder will be fully functional for immediate use – limited to \$15 of the \$35 of prepaid tolls**
- ❑ **Remaining \$20 balance becomes available upon registering the transponder with the Virginia Customer Service Center, on-line or by phone**

Back Office and Customer Service Center

- **To support the increasing numbers of accounts, transponders, and electronic toll collections, other investments and enhancements are being made**
 - ❑ **A significant investment in information technology to support the additional accounts and transactional activity**
 - ❑ **Additional customer service support**
 - Establishing accounts/issuing transponders
 - Call handling
 - General Inquiries
 - Transponder exchange – Standard to Switchable Transponders
 - Pricing questions (Peak/Off-peak; Congestion Pricing and Trip Pricing on Express Lanes)

Cost of Operations

- **The current annual operating cost of the VDOT customer service center is \$10.0 million**
- **The costs are currently recovered by charging transaction fees to the toll facilities**
- **As of July 1, 2011 the Virginia toll facilities are assessed fees based on two components**
 - ❑ **A fixed fee amount of \$0.0426 per transaction, plus**
 - ❑ **A fee of 1.923% of the revenue processed**

Cost of Operations

- **The fixed fee covers:**
 - Operating cost at the Customer Service Center
 - Annual IAG E-ZPass Dues
 - Management Consultant
 - Amortized Cost of Electronic Toll Collection System and transponders

- **The percentage of revenue fee covers:**
 - Credit card and bank processing fees
 - Outgoing transaction fees to other E-ZPass agencies

Next Steps

- **Continue with the development and implementation of the retail distribution plan**
- **Explore the need for additional VDOT E-ZPass walk-in customer service centers**
- **Support the marketing efforts of our partnering toll facility operators**
 - ❑ **E-ZPass presence at marketing events**
 - ❑ **Temporary distribution locations**
 - ❑ **Support marketing campaigns**