



RENT A TOLL™
Fleet Toll Solutions



The Impact of Electronic Toll Collection on Fleet Managers and Leasing Companies

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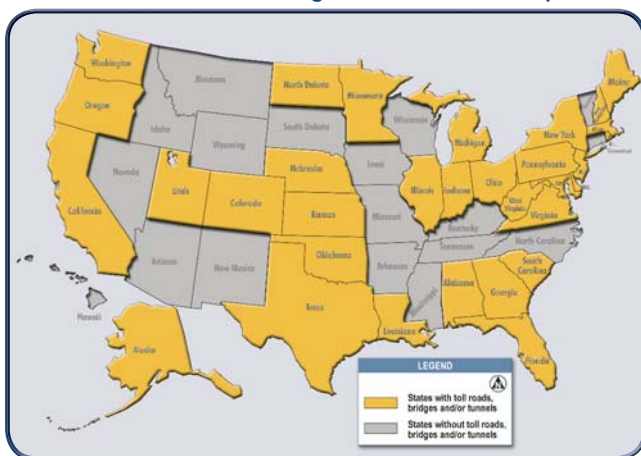
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Introduction

As funding for our nation's highways continues to shrink and traffic numbers continue to climb, toll roads are increasingly becoming an answer to transportation issues. The result has been an explosive increase in the number of toll roads under development or under consideration throughout the country. More than 30 states have active toll bridges, roads or tunnels, and more are forecasted.

In an effort to lower overhead costs, many toll authorities are shifting away from the traditional method of cash toll collection and are moving toward more innovative methods of toll collection, like video and open road tolling, where toll fees are collected electronically. However, each toll authority's electronic toll collection equipment is customized for its respective network and does not always work with other toll authorities' equipment.

U.S. Toll Road, Bridges, and Tunnels Map



What does this mean for fleet managers and their leasing agents? It means that costly violations and fines are on the

rise as drivers of their fleet cars and trucks frequently miss or altogether ignore toll collection areas. As a result of missed toll fees, overhead costs increase as these fees and accompanying fines must be processed and paid.

Overview

Tolls have been collected manually (or in cash) for centuries. Roman property owners provided travelers with shortcuts in exchange for tolls. The process is simple: cash toll customers must stop at the toll booth or plaza, pay a toll and move on. It sounds simple, but when this process is repeated several times during one trip, it can result in traffic congestion.

Motorists are not the only ones affected by the manual tolling process. Employers lose productivity due to congestion. In addition, idling vehicles cause wear and tear on vehicles, burn fuel, and create pollution from the emission of ozone-producing gases.

Open road tolling uses electronic toll collection (ETC) lanes to supplement or replace manual cash toll collection. Toll usage data, captured by either video or transponder, is matched against vehicle information and billed to the user's account with the toll authority. ETC lanes allow traffic to flow more smoothly by decreasing or eliminating manual toll collection and the need for cars to enter and exit main lane traffic. If a vehicle does not have the equipment for the toll to be collected electronically, a bill for toll fees or a fine for failure to pay the toll is sent to the registered vehicle owner.

The Issue

While ETC decreases overhead for toll authorities, it increases overhead for both fleet managers and leasing agents, due to the back office costs necessary to process toll fees and fines. Most companies have the same process when it comes to an employee driving on toll roads in a company car: the employee pays the toll, turns in an expense report, and is reimbursed. However, the days of always having a cash option are over.

As ETC technology is deployed, many drivers receive unexpected toll violations when they travel on toll roads that use open road tolling (ORT) or cashless tolling, especially if they expect to have the cash payment option. Others might be unfamiliar with ETC or ORT toll roads and not realize they are on a toll road. Travelers from one state may not have the

appropriate toll transponder to use the ETC facility in a neighboring state, which creates another unintentional toll violation. The lack of interoperability between toll systems especially impacts fleet and rental vehicles that travel throughout the United States. Still other vehicle owners will receive a toll violation when they replace an existing vehicle and do not register the transponder to the new vehicle.

The Sam Rayburn Tollway (SH 121) became the first all ETC cashless toll road in the Dallas-Fort Worth Metroplex (DFW). This 16-mile corridor will expand to 26 miles by 2012 and will be a major route from the airport to communities in the northwest portion of the Metroplex. After the first portion of the Sam Rayburn tollway opened, one major rental car leasing company in the DFW Metroplex experienced a 400% increase in toll road violations — more than 25,000 violations per month.

When a cash option is not available and a car is not equipped with the appropriate toll transponder, the applicable toll authority uses video technology to obtain the vehicle license plate number. A bill for toll fees and/or fines for failure to pay the toll is sent to the registered vehicle owner. In the case of vehicle leasing companies, they receive the fines and must either pay the invoice and send it to the fleet manager, or send it directly to the fleet manager to pay. The longer it takes for the fee to be paid, the higher the fines. Violation charges and late fees can turn a single missed toll fee into thousands of dollars in fees, fines, overhead costs, and legal fees. When fines and fees are multiplied over several vehicles and several toll authorities, the impact to a company's overhead becomes substantial.



Electronic toll collection equipment at a toll gantry

A simple solution to avoid toll violation would be to outfit the fleet with transponders; however, the cost of a transponder averages \$25.00 per vehicle. In addition an account must be set up with the toll authority, which requires a deposit of approximately \$40 per vehicle to activate and maintain the toll account. A corporation would need to invest approximately \$325,000 to equip 5,000 vehicles. Outfitting the fleet with individual transponders and setting up toll accounts still would not guarantee that the company would avoid costly toll violations, penalties and legal fees. As each toll authority frequently uses different technology to collect tolls electronically, a different transponder and account would be needed for every collection method.

Manual or cash tolling reduces toll fines and fees to a certain extent, but there are some issues for fleet managers and leasing managers. Toll booth lines cause traffic congestion and, therefore, delays. In addition, motorists must have adequate money to pay tolls. Cash tolling may cause expense reporting irregularities or delays when receipts are lost or misplaced. When cash toll collection booths are missed or ignored by company drivers, it still results in fines and fees, which the leasing agent (the registered vehicle owner) and fleet manager must resolve.

Interoperability

Interoperability means the ability to exchange toll and payment information between toll authorities. With the increase of different ETC technologies, the lack of interoperability among toll authorities can be a huge problem for fleet drivers, their managers and the leasing agent. Without interoperability, it can be difficult for rental or fleet vehicles to use ETC lanes, as drivers may pass through several different toll authorities on the way to a destination. A driver can utilize ETC equipment and still receive a fine if the ETC equipment did not work with various technologies used by different toll authorities.

"We're at a time of great potential. We've got the technology, but we've got to collaborate across agencies to use the technology to the maximum"

- J.J. Eden

Chairperson/Alliance for Toll Interoperability



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The Alliance for Toll Interoperability (ATI) is working toward a national interoperability solution among toll authorities. According to J.J. Eden, North Carolina Turnpike operations head and ATI chairperson, "We're at a time of great potential. We've got the technology, but we've got to be creative in collaborating across agencies to use the technology to the maximum."^{*}

Future trends for toll collection are even more heavily dependent on electronic technology. The OmniAir Consortium is a private nonprofit organization that focuses on researching and promoting interoperable, reliable and cost-effective dedicated short-range communications systems for the toll industry. Executive Director Tim McGuckin says, "Upcoming technology offers the ability for different tolling systems to work together to achieve interoperability."^{**} Such technology includes:

- Odometer tolling, where mileage counting equipment is placed in the vehicle and uses GPS to report mileage for tolling purposes.
- Satellite tolling, where a satellite-based tracking system determines vehicle mileage for toll fees.
- Improved video tolling capabilities with clearer license plate capture.
- Compatibility between different electronic payment systems.

"Upcoming technology offers the ability for different tolling systems to work together to achieve interoperability."

-Tim McGuckin
Executive Director/The OmniAir Consortium

Options

As discussed above, the transition to ETC "cashless" tolling may result in substantial overhead costs for fleet and leasing companies due to the time involved to process, invoice, and pay toll fees and fines. Leasing agents and fleet managers should consider how their companies or departments will handle toll road fees as manual payment options disappear.

If fleet managers and their leasing companies choose to continue to manage toll fees and fines in the same manner as they have in the past, overhead and operational costs may increase. More work hours may be needed to determine toll

fee responsibility as the use of cash toll collection decreases and vehicles have no choice but to use ETC lanes.

While the responsibility for toll payments could be shifted to the employee, several drawbacks exist. Work hours will be lost as employees are forced to use routes with manual toll lanes or no toll lanes. If toll fees are reimbursed, the employees must either present toll receipts or account for actual toll fees and not pad their expense report. When an employee accidentally uses or has no other option than to use an ETC lane, the leasing agency still has to invoice the fleet manager for the fines and fees, which either the company or the employee must resolve.

A Better Solution

A better solution is to implement an innovative technology that will improve overhead and expense management. Rent A Toll® (RTL) offers the only patented system that eliminates toll violation exposure, fines, and the work hours spent on processing and fines by leasing agencies and fleet managers. Its toll fee tracking system utilizes video or transponder technology, depending on the area in which the vehicle operates, and integrates the electronic data exchange between leasing agencies and the respective toll authorities to provide accurate toll charges for fleets. RTL's system is accepted by multiple toll authorities throughout the United States. Use of the RTL system frees employees from tracking toll fees and using manual toll lanes.



Traffic flowing through an ORT gantry

RTL solutions are easy to use, eliminate toll violation exposure and fines, and allow fleet managers and leasing agencies to focus on their vehicles and employees instead of reconciling invoices. If fleet vehicles are able to use ETC lanes without toll violation concerns, benefits include:

- Lower vehicle maintenance costs, as stopping and idling causes wear and tear on vehicles.
- Reduced overhead costs from eliminating back office work to process violations and collect payments.
- Fewer delays at toll plazas, which means less travel time and fewer missed appointments and deadlines.
- Improved cash management resulting from the elimination of outfitting vehicles with transponders.



Traffic congestion resulting from manual cash collection

RTL solutions can be customized to meet each customer's unique business needs. In addition, each solution is flexible and works with video or transponder technologies.

Summary

Leasing companies, fleet managers, and their drivers have much to gain from using RTL solutions. Overhead costs for processing and paying toll fees and fines are eliminated. Fleet drivers save time, which means increased productivity. Fleet managers should talk to their leasing agents about contacting RTL for fleet toll management solutions.

For additional information on how a Rent A Toll® Fleet Solution can help your company, go to www.rentatoll.com or contact us toll free at 1-877-509-9506.

* <http://www.tollroadsnews.com/node/3503>, April 2008

** <http://www.omni-air.org/index.html>