

**Board Report**

File #: 2017-0806, **File Type:** Contract**Agenda Number:** 6.

**AD HOC CONGESTION, HIGHWAY, AND ROADS COMMITTEE
FEBRUARY 14, 2018****SUBJECT: COLLECTION AGENCY FOR METRO EXPRESSLANES****ACTION: AWARD CONTRACT****RECOMMENDATION**

AUTHORIZE the Chief Executive Officer to award a three year revenue generating Contract No. PS44600000 to Professional Account Management, LLC (subsidiary of Duncan Solutions, Inc.) for the ExpressLanes program collection services. Compensation shall be provided on a contingency basis based on a percentage of outstanding debt recovered on behalf of Metro ExpressLanes with a fourteen percent (14%) deduction. The period of performance for this Contract will be three years with two one-year options for a total of five years, subject to resolution of protest(s), if any.

ISSUE

Metro ExpressLanes has determined that it requires professional collection and legal services as it relates to unpaid tolls and violations they may be owed from the operation of the I-10 and I-110 ExpressLanes. Users who fail to pay the toll on the ExpressLanes as required are issued a Notice of Toll Evasion Violation (per California Vehicle Code 40250 - 40273) which lists the toll and associated penalty that is owed. Failure to pay the toll and the penalty can result in the withholding of the vehicle registration through the California Department of Motor Vehicles (DMV), civil judgment, and other collection actions like tax intercept, wage garnishments, litigation and bankruptcy services as provided by law (per California Vehicle Code 40267 (d)). Metro is currently using only the DMV vehicle registration hold to collect unpaid tolls and penalties. This debt collection process would supplement the current DMV hold process and improve recovery of funds owed to the Metro ExpressLanes.

DISCUSSION

Metro ExpressLanes has set up various processes to maximize collection of toll revenues. Tolls can be paid online, by mail, by phone or in person at a Metro ExpressLanes customer service center. Current customers with Metro ExpressLanes accounts with unpaid tolls and penalties have their transactions placed on DMV hold ninety (90) days after the Notice of Toll Evasion Violation (First Notice) and the Notice of Delinquent Toll Evasion Violation (Second Notice) have been mailed out. Metro ExpressLanes also has procedures in place for customers without an account. Within 21 days of the occurrence of the violation, the first notice is mailed to the registered vehicle owner and

includes the toll amount plus a \$25 penalty. Thirty days from the first notice date a second notice is mailed. This notice includes the toll amount, the \$25 penalty and an additional penalty of \$30. Sixty days after the issuance of the second notice, if violations remain unpaid, they are forwarded to DMV for registration hold. The First and Second Notice penalty amounts and the violation process were approved by the Board in April 2012 through an Ordinance that established Title 7 of the Administrative Code. In an effort to educate motorists about the use of the new ExpressLanes, the Program has refrained from pursuing other collection methods such as civil judgment, tax intercept, wage garnishments, or litigation and bankruptcy services. Metro ExpressLanes is now pursuing the services of a Collection Agency due to an increase in delinquent debt and program maturity.

Utilizing third party collection services is common practice among express lanes operators nationwide. In California the following tolling agencies use third party collection services:

- Orange County Transportation Authority (OCTA)
- Riverside County Transportation Commission (RCTC)
- San Diego Association of Governments (SANDAG)
- Bay Area Toll Authority (BATA)

DETERMINATION OF SAFETY IMPACT

This Board action will not have an impact on established safety standards.

FINANCIAL IMPACT

This Contract would have no impact to the adopted FY18 budget.

ALTERNATIVES CONSIDERED

The Board may decide not to authorize the Contract. This alternative is not recommended because a collection agency will help improve recovery of delinquent debt for the Metro ExpressLanes program.

NEXT STEPS

Upon Board approval, staff will execute Contract No. PS44600000, to Professional Account Management, LLC for collection services for the ExpressLanes program.

ATTACHMENTS

Attachment A - Procurement Summary
Attachment B - DEOD Summary
Attachment C - [title]

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