WHERE YOU GO.™

BESTPASS®

Tolling in 2021: Emerging Trends for Commercial Fleets

Bestpass Thought Leadership Series

Contents

Executive Abstract

While the concept of tolling is most often associated with toll booths, or, increasingly, the gantries springing up around the United States for electronic toll collection, a toll is ultimately any fee charged to use a road, bridge, tunnel, or other facility. This category can also include managed lanes, congestion pricing, and mileage-based user fees.

Understanding new trends in tolling in 2021, and how tolling will evolve into the future, is critical for most commercial fleets, especially those with large regional or national footprints. By learning more about these trends and evaluating the cost and benefits of using specific facilities, fleets can optimize operations, creating an overall positive impact on the bottom line.

About the Authors

Heather Nolan is the senior vice president of product growth for Bestpass. She joined the company in 2009 with nearly 20 years of systems analysis, design, software development, and project leadership experience. She has been instrumental in the evolution and rapid growth of Bestpass from a discounted toll service to a nationwide commercial toll management provider.

John Andrews is the President and Chief Strategy Officer for Bestpass. He joined the company in 2009 with more than 20 years of experience in technology implementation, senior management, and development and deployment of scalable services and solutions. The company has since grown to more than 100 employees processing more than $1.2 billion in tolls annually.

Acceleration of All-Electronic Tolling

All-electronic tolling (AET), also known as cashless tolling, is an increasingly prevalent option for toll revenue collection in the United States. There are already nearly 200 AET facilities across the country, according to the International Bridge, Tunnel, and Turnpike Association (IBTTA), and that number is accelerating.

For example, the New York State Thruway Authority recently converted all the state's toll roads to AET, and the Massachusetts Department of Transportation converted the Massachusetts Turnpike to AET in 2016, removing toll booths and the option to pay cash. Now, vehicles using tolled roads in those states can only pay via transponders or via a toll by plate invoice in the mail. The Pennsylvania Turnpike Commission also recently accelerated its plans to go cashless in response to COVID-19.

AET means that there are no manned toll booths and that there is no stopping or slowing down to pay for toll. While fleet vehicles can continue to travel with or without a transponder, using an AET facility with a transponder helps fleets reduce toll cost, administrative fees, and delays in transaction reporting.

Looking forward, the Kansas Turnpike Authority will convert to AET over the next five years, and other authorities are following suit. For drivers, cash is often no longer a reliable option. With the rise of AET for toll facilities across the country, fleets will have to make business decisions about transponder coverage and roadway usage across nearly every tolling facility.

How Does Toll by Plate Impact Fleets?

AET invariably leads to an increase in toll by plate transactions for fleets. Regardless of fleet size, paying for toll usage based on license plate capture can have a significant impact on operations and the bottom line. In addition to the administrative fees and delayed billing, each tolling authority has different business rules, and toll by plate introduces significant complexity for fleet operations, including challenges related to trailer plates, leased equipment, and identical plate numbers used by different states and for different vehicle types or classes.

Whether or not the fleet has deployed toll transponders on a national or regional level, maintaining up-to-date vehicle lists, including license plates, is essential to fully cover the fleet's vehicles when using tolled facilities. Many tolling authorities require transponders to be associated with tractor plates when they are activated on the account, but this is not a universal practice.

There are also complications that arise when plates are transferred from one owner to another, or when equipment, from power units to trailers, is leased or rented. For larger fleets that are constantly replacing older pieces of equipment with newer units, these complications are amplified by the need to track license plate and transponder information, and then update that information in a timely manner with relevant tolling authorities to mitigate any gaps in coverage.

In terms of back-office administration, if a fleet reallocates or rebills its toll fees as a standard business practice, then the delay inherent in plate-based transactions can disrupt accounting, resulting in, at best, a delay in billing, or, at worst, the inability to recoup the expense.

Interoperability Challenges

Most tolling authorities focus on transponders as the primary means for capturing toll transactions. However, over time, multiple transponder protocols have evolved, which means that different areas of the country require different devices. If a fleet operates nationally, or even across two incompatible regions, then it will need to consider a toll management plan that uses multiple transponders to avoid violations.

Some authorities still have commuter and electronic tolling rates that a require a local transponder. Even for toll by plate transactions, there is currently no universal standard or nationwide database for a fleet with a large footprint. As a result, fleets need to conduct a cost-benefit analysis to determine how they can pay the lowest possible amount for toll while also optimizing operational efficiencies.

Infrastructure Funding

Roads, bridges and tunnels not only require regular funding for upkeep and maintenance, but they also may need to be replaced after decades of use. In addition, many new roadways and other facilities consider tolling as one of the primary options to pay and maintain the expansion of infrastructure. Toll is often a necessary expense for commercial fleets, and, based on current trends, it will most certainly increase.

For example, over the past few years, new toll roads and toll lanes have opened in Colorado, Florida, North Carolina, Texas, Virginia and Washington. Further, there has been significant conversation about a nationwide infrastructure plan being created at the federal level, which, if launched, will likely include tolls as one its most significant funding sources. Fleets will have new options for routing, but they will likely have to pay in some way to benefit from these new options.

For commercial fleets, new tolled facilities at any level or scale require strategic decisions on how vehicles should operate. While there is a direct transactional cost, fleets can often realize savings in terms of time, as well as reduced wear and tear on vehicles. Each factor is important to consider when determining routes or procedural guidelines.

Mileage-Based User Fees

A mileage-based user fee (MBUF) is another option to fund infrastructure projects. An MBUF is a user charge based on miles driven in a specific vehicle, and this type of fee is increasingly being considered by states and other municipalities as an alternative to the more traditional gas tax.

The MBUF approach, which has been piloted in Oregon, for example, operates similarly to how a home or business pays for utilities like electricity. The more a vehicle operates, the higher the fee, and proponents posit that this is a proportionate and fair way to pay for the exact amount ofWhile MBUFs are not currently widespread, many regions, from Florida to Washington, are conducting studies and planning pilot programs to evaluate the possibility of deploying this type of fee in the relatively near future. A critical component that will have an impact on fleet operations and equipment management is the method by which miles are calculated, which could include GPS, on-board units, or a variety of other technologies.

Looking to the future, tolling and MBUFs will likely need to coexist for commercial fleets, with tolled miles being deducted from overall mileage fees so as not to double bill vehicles for any given mile. Coordinating and incorporating both toll transactions and MBUFs is a topic being working on across the country and will be critical to incorporation in any state with toll facilities

Congestion Pricing

A congestion pricing model allows municipalities to charge vehicles, often via AET, for entering certain areas during peak commuting hours with the goal of reducing overall traffic while raising revenue for transit projects.

In New York state, the Triborough Bridge and Tunnel Authority, part of the Metropolitan Transportation Authority, is expected to implement congestion pricing in downtown Manhattan at some point in 2021, though specific details are still under development. This shift will likely have a significant impact on many of the commercial fleets that require access to the heart of the New York City, especially for fleets with less control over the timeframe in which they need to deliver goods or provide services.

Congestion pricing is also often used in conjunction with lane management strategies to create tolled managed lanes, which can operate as express toll lanes, high occupancy toll lanes, bus lanes, and truck-only toll lanes. It is critical for a fleet to understand the differences between these types of lanes, as well as between the various facility operators, including policies related to timing and lane access.

Conclusions

Whether the toll is assessed and delivered via all-electronic tolling, mileage-based user feeds or congestion pricing, understanding trends and their impact is vital for fleets to develop an informed toll management strategy.

For a viable toll management program in an evolving landscape, fleets should compile a comprehensive vehicle record, including existing transponders and associated accounts, license plates for tractors and trailers, and regular travel patterns. It is equally critical to develop a solid understanding of the different types of toll and the differences from state to state and facility to facility.

Whether toll management occurs internally or with an external service provider, it is an important initiative to undertake and, when properly executed, can have a significant positive impact on overall fleet operations.