



CENTRAL TEXAS REGIONAL
MOBILITY AUTHORITY

January 25, 2023
AGENDA ITEM #7

Discuss and consider approving
Amendment No. 3 to the contract
with Cofiroute USA, LLC to adjust
compensation for Pay By Mail
services

Strategic Plan Relevance:	Service and Stewardship
Department:	Operations
Contact:	Tracie Brown, Director of Operations
Associated Costs:	Not Applicable
Funding Source:	Operating Budget
Action Requested:	Consider and act on draft resolution

Project Description/Background: The Mobility Authority's toll revenue is collected in two ways, payments through accepted electronic tags issued by our interoperable partners or through the Authority's Pay By Mail (PBM) toll program. Pay By Mail is a courtesy program in which customers whose tolls were declined for payment by their tag provider or customers who do not have tag are invoiced for their toll usage. PBM customers pay a higher toll rate and an administrative fee that covers the cost of processing. Additional administrative fees are assessed if invoices remain unpaid after their stated due date. The maximum administrative fee per invoice is \$45.

In February 2018, the Authority's Board of Directors approved an Agreement with Cofiroute USA, LLC (CUSA) for Pay By Mail violation processing, collections and customer service. Specific implementation milestones as well as performance goals are outlined in the Agreement. The Agreement allows the same services to be provided to other regional mobility authorities through an interlocal agreements with CTRMA.

Current Action: Today's action requests amendments to Cofiroute's contract to adjust the contractor's compensation and add an incentive payment opportunity if certain collection and customer service goals are met.

Compensation Adjustment

To distribute the cost of collections more evenly across all billing stages and improve customer experience, the amendment proposes to adjust Cofiroute's share of tolls and administrative fees collected. This adjustment:

- maintains the current variable and fixed price compensation approach;
- provides more balanced costs across compensation categories;
- continues the concept that administrative fees support the cost of the program;
- absorbs the impact of reduced transaction volumes resulting from NET RMA's departure from the program and contract in July 2022, an action that would have contractually increased CTRMA's overall costs;
- supports enhancements for program optimizations and enhancements; and
- enhances Cofiroute's staffing approach allowing the organization to scale for volume and acquire new roles to better serve the program.

Comparison of Proposed Base Contract Compensation

BILLING STAGE	CURRENT COMPENSATION		PROPOSED COMPENSATION		VARIANCE	
	Fees	Toll %	Collected Fees	Collected Toll %	Fees	Toll %
Pre-paid <i>(prior bill issuance)</i>	NA	18%	NA	10%	NA	-8%
	NA	15%	NA	10%	NA	-5%
	NA	10%	NA	10%	NA	0%
Toll Bill Notice <i>(Day 1-30)</i>	\$0.56	19%	\$1.00	16%	\$0.44	-3%
Notice of Non-Payment <i>(Day 31-60)</i>	\$2.59	14%	\$ 9.50	16%	\$ 6.91	2%
Notice of Toll Violation <i>(Day 61 - 90)</i>	\$6.10	10%	\$19.50	18%	\$13.40	8%
Collections <i>(Day 91+)</i>	\$3.52/trxn	0%	50%	25%	NA	25%

Fiscal Impact

Staff and its consulting team evaluated the financial impact of the proposed base compensation changes. Using historical collection data from calendar year 2021 as the baseline, the analysis found the proposed rate changes and fixed price unit adjustments to be immaterial.

Incentive Payment

Amendment No. 3 proposes a new incentive payment in addition to changing the base compensation. The incentive payment approach sets stretch goals for Cofiroute's customer service and collection performance that, if met, provides a better customer experience, and increases revenue collection in the first 30 days of the billing cycle. These stretch goals exceed the performance goals specified in Cofiroute's base contract and, in some cases, surpass Cofiroute's current performance.

The payment approach splits the proposed incentive into two opportunities:

1. Upon collection, Cofiroute will be compensated an additional 2% for bills in the first billing phase - from 16% to 18% - for achieving the following:
 - a. an average customer satisfaction rate for customer service call surveys of 96.5%;
 - b. an average speed to answer for customer and payment related calls of 45 seconds;
 - c. an average hold time of 45 seconds;
 - d. an average abandonment rate of 5%; and
 - e. a collection / liquidation percentage \geq 31% of the bills issued within the first 30 days of the billing life cycle.
2. Cofiroute will be compensated an additional 2% - from 16% to 20% of the collected toll - for achieving all the customer service performance metrics outlined above AND \geq collecting/liquidating \geq 33% of invoices issued within the first 30 days of the billing life cycle.

Comparison of Proposed Incentive Compensation

TOLL BILL NOTICE <i>(Day 1-30)</i>	CURRENT COMPENSATION	PROPOSED COMPENSATION	INCENTIVE COMPENSATION	VARIANCE <i>(current vs incentive)</i>
	Toll %	Toll %	Toll %	Toll %
Incentive Opportunity #1	19%	16%	18%	-1%
Incentive Opportunity #2	19%	16%	20%	1%

It is important to note that CUSA’s compensation is based on actual collections and performance, except in the case of enforcement remedies like court and habitual violator. The incentive will be paid monthly, in arrears. If all the metrics are not met, then no incentive payment is earned. As with the current base contract, there is no penalty if performance targets are not met.

Previous Actions: In December 2018 the CTRMA Board of Director approved the first amendment to the Agreement with Cofiroute USA outlining CUSA’s expected recompense for processing and collecting Pay By Mail toll transactions paid from post-paid accounts, overpayments and prior to notice generation (*Pay Item #1*). The amendment also added pay items related to insufficient funds (*Pay Item #9*) and out of state license plate lookups (*Pay Item #10*).

In July 2019 the Board approved Amendment No. 2 to the Agreement with Cofiroute USA to add a new pay item to support habitual violator program, additional customer service hours, and additional support for the qualified veteran program.

Financing: Paid from Pay By Mail revenues

Staff Recommendation: Staff recommends approval of Amendment No. 3 to the agreement with Cofiroute USA, LLC to modify the Contractor Compensation Schedule.

Backup provided:

- Draft resolution
- Amendment No. 3 to the Cofiroute Agreement
- Attachment C - revised
- Attachment C.1 - new
- Presentation

**GENERAL MEETING OF THE BOARD OF DIRECTORS
OF THE
CENTRAL TEXAS REGIONAL MOBILITY AUTHORITY**

RESOLUTION NO. 23-0XX

**APPROVING AMENDMENT NO. 3 TO THE AGREEMENT WITH
COFIROUTE USA, LLC TO ADJUST COMPENSATION FOR PAY BY MAIL SERVICES
AND IMPLEMENT A NEW INCENTIVE PROGRAM**

WHEREAS, by Resolution No. 18-005, dated February 28, 2018, the Board approved an agreement with Cofiroute USA, LLC (“Cofiroute”) for pay by mail, violations processing, collections and customer services (the “Agreement”); and

WHEREAS, to distribute the cost of collections more evenly across all billing stages, the Mobility Authority desires to adjust Cofiroute’s share of tolls and administrative fees collected under the Agreement; and

WHEREAS, to increase revenue collection in the first 30 days of the billing cycle and encourage Cofiroute to provide an enhanced customer experience, the Mobility Authority desires to implement an incentive program with higher performance goals than specified in the current Agreement; and

WHEREAS, the Executive Director and Cofiroute have negotiated proposed Amendment No. 3 to the Agreement to adjust Cofiroute’s compensation and implement a new incentive program; and

WHEREAS, the Executive Director recommends that the Board approve proposed Amendment No. 3 to the Agreement in the form or substantially the same form attached hereto as Exhibit A.

NOW THEREFOR, BE IT RESOLVED that the proposed Amendment No. 3 to the Agreement with Cofiroute USA, LLC for Pay By Mail services is hereby approved, and the Executive Director is authorized to finalize and execute Amendment No. 3 in the form or substantially the same form attached hereto as Exhibit A.

Adopted by the Board of Directors of the Central Texas Regional Mobility Authority on the 25th day of January 2023.

Submitted and reviewed by:

Approved:

James M. Bass
Executive Director

Robert W. Jenkins, Jr.
Chairman, Board of Directors

Exhibit A

**AMENDMENT NO. 3
TO THE
AGREEMENT FOR PAY BY MAIL, VIOLATIONS PROCESSING,
COLLECTIONS AND CUSTOMER SERVICE
BETWEEN
CENTRAL TEXAS REGIONAL MOBILITY AUTHORITY
AND
COFIROUTE USA, LLC**

This Amendment is made this ____ day of _____, 2023 and amends that certain Agreement for Pay by Mail, Violations Processing, Collections and Customer Service between the Central Texas Regional Mobility Authority (“CTRMA”) and Cofiroute USA, LLC (“Cofiroute” or the “Contractor”), dated to be effective March 8, 2018 (the “Agreement”).

Pursuant to the authority granted by the CTRMA Board of Directors Resolution No.23-0____, dated January 25, 2023 and the parties to this Amendment No. 3, Articles 2 & 3 are amended as described below.

Article 2, COMPENSATION is amended to add the following paragraphs:

INCENTIVE PAYMENTS. In addition to the other forms of compensation for Contractor’s work provided for in this Article, Contractor will be eligible for incentive payments for meeting certain performance metrics provided in Appendix C.1 and Authority shall pay Contractor the incentive amounts listed in Appendix C.1 if Contractor meets or exceeds those performance metrics. The Authority and Contractor agree that these performance metrics will be revisited no less than bi-annually and adjustments made if applicable.

CLAUSE FOR OUTSIDE IMPACT. If Contractor can show, through root cause analysis, that any missed KPIs were caused, in part or in full, by events that were outside of Contractor’s control – including without limitation force majeure, interruption of necessary services, or the acts or omissions of the Agency or its agents, subcontractors, or representatives – then Contractor will have the right to request its performance based payment in an amount equal to the negative impacts that were determined through root cause analysis to be outside of Contractor’s control and the Agency shall negotiate with Contractor in good faith about this.

Article 3, TIME OF PERFORMANCE is hereby amended to read:

Attachment C of the Agreement is hereby amended to read in its entirety as described on page 3 of this Amendment.

A new Attachment C.1 is added to read in its entirety as described on page 4 of the Amendment.

All other provisions of the Agreement, as amended, remain unchanged.

By their signatures below, CTRMA and Cofiroute USA, LLC evidence their agreement to the amendment set forth on page two.

COFIROUTE USA, LLC

CENTRAL TEXAS REGIONAL
MOBILITY AUTHORITY

By: _____

By: _____

Name: _____

Name: James M. Bass

Title: _____

Title: Executive Director

CTRMA-Cofiroute Agreement Amendment 3

Attachment C - Schedule 2 - Pay By Mail Pricing (BASE CONTRACT) UPDATED

Contract amendment pricing and incentives effective following amendment execution

<u>Pay Item</u>	<u>Description of Item</u>	<u>Unit</u>	² <u>Volume</u> (per month)	<u>Share of Fee</u> Proposed Price (USD)	<u>% of Toll Collected</u> Proposed Percentage (%)
1	Transactions Paid Prior to Notice Generation (plate-based pre-paid accounts, applied overpayments, etc.)	Transaction	0-150,000		10%
			150,001-300,000		10%
			>300,000		10%
2	Paid First Video Bill (paid prior to issuance of 1st Notice of Non-Payment or plate-based post-paid accounts)	One Paid Bill <i>(30 days of transactions)</i>	0-50,000	\$ 1.00	16%
			50,001-75,000	\$ 1.00	16%
			> 75,000	\$ 1.00	16%
3	Paid 1st Notice of Non-Payment (paid prior to issuance of Violation Notice)	One Paid Notice <i>(30 days of transactions)</i>	0-20,000	\$ 9.50	18%
			20,001-40,000	\$ 9.50	18%
			> 40,000	\$ 9.50	18%
4	Paid Violation Notice	One Paid Notice <i>(30 days of transactions)</i>	0-10,000	\$ 19.50	18%
			10,001-20,000	\$ 19.50	18%
			>20,000	\$ 19.50	18%
5	Paid in Collections	Each Transaction Paid	0-5,000	50%	25%
			5,001-10,000	50%	25%
			>10,000	50%	25%
<u>Pay Item</u>	<u>Description of Item</u>	<u>Unit</u>	² <u>Volume</u> (per month)	<u>Unit Price</u> Proposed Price (USD)	<u>% of Toll Collected</u> Proposed Percentage (%)
6	Image Review ¹	Transaction	0-3,000,000	NA	
			3,000,001-4,000,000	NA	
			>4,000,000	NA	
7	Court Packets	Packet	0-50	\$ 20.00	
			51-150	\$ 17.00	
			>150	\$ 15.00	
8	Legal Support (Liaisons)	Per Liaison	As Needed	\$ 16,360.00	
9	Non Sufficient Fund (NSF)	Per Paid Notice	Per Paid Notice	\$ 25.00	
10	Out of State Lookup (OOS)	Per Paid Notice	Per Paid Notice	\$ 1.00	
11	HV Cost	Determination Letter Sent	As Needed	\$ 15.00	

UPDATED 1/21/23

Attachment C.1 - Pay By Mail Pricing (INCENTIVE)

Contract amendment pricing and incentives effective following amendment execution

INCENTIVE METRICS	
<i>Metric</i>	<i>Target</i>
A. Collection / liquidation percentage within 30 days of invoicing	≥ 31%
B. Average customer satisfaction score (for customer service call survey responses)	96.50%
C. Average speed of answer (for customer and payment-related calls)	45 seconds
D. Average hold time	45 seconds
E. Average abandonment rate	5%
<i>i. If metrics not met, no incentive payment earned</i>	
<i>No penalty for missing incentive target</i>	

INCENTIVE PAYMENT APPROACH	
<i>Splits Cofiroute incentive into two incentive opportunities:</i>	
1. Cofiroute receives 2% additional on paid first video bill rate on toll for achieving:	
A. Collection / liquidation percentage within 30 days of invoicing	≥ 31%
B. Average customer satisfaction score (for customer service call survey responses)	96.50%
C. Average speed of answer (for customer and payment-related calls)	45 seconds
D. Average hold time	45 seconds
E. Average abandonment rate	5%
<i>i. Does not include previous month values into calculation of liquidation</i>	
<i>ii. New report generated to calculate liquidation based upon first TBN invoice date</i>	
2. Cofiroute receives an additional 2% (total 4%) on paid first video bill rate on toll for achieving:	
A. A collection / liquidation percentage within 30 days of invoicing	≥ 33%
<i>i. Does not include previous month values into calculation of liquidation</i>	
<i>ii. New report generated to calculate liquidation based upon first TBN invoice date</i>	
3. Incentive payments to be made monthly in arrears via separate direct invoice. Calculated on all paid TBN for the previous month.	

CTRMA - CUSA Contract Amendment Pricing Comparison

CTRMA-Cofiroute Agreement Amendment No. 3 Pricing Comparison - UPDATED

				CURRENT PRICING (REV 12/2018)		PROPOSED NEW PRICING (01/2023) - UPDATED		PROJECTED INCREASE - UPDATED	
Pay Item	Description of Item	Unit	Volume (per month)	\$ / % of Fee Collected	% of Toll Collected (%)	\$ / % of Fee Collected	% of Toll Collected (%)	Unit Price (USD)	% of Toll Collected (%)
1	Transactions Paid Prior to Notice Generation <i>(example: plate-based pre-paid accounts, applied overpayments, etc.)</i>	Transaction	0-150,000		18%		10%		-8%
			150,001-300,000		15%		10%	-5%	
			>300,000		10%		10%	0%	
2	Paid First Video Bill <i>(paid prior to issuance of 1st Notice of Non-Payment)</i>	One Paid Bill <i>(30 days of transactions)</i>	0-50,000	\$ 0.56	19%	\$ 1.00	16%	\$ 0.44	-3%
			50,001-75,000	\$ 0.56	19%	\$ 1.00	16%	\$ 0.44	-3%
			> 75,000	\$ 0.56	19%	\$ 1.00	16%	\$ 0.44	-3%
3	Paid 1st Notice of Non-Payment <i>(paid prior to issuance of Violation Notice)</i>	One Paid Notice <i>(30 days of transactions)</i>	0-20,000	\$ 2.59	14%	\$ 9.50	16%	\$ 6.91	2%
			20,001-40,000	\$ 2.59	14%	\$ 9.50	16%	\$ 6.91	2%
			> 40,000	\$ 2.59	14%	\$ 9.50	16%	\$ 6.91	2%
4	Paid Violation Notice	One Paid Notice <i>(30 days of transactions)</i>	0-10,000	\$ 6.10	10%	\$ 19.50	18%	\$ 13.40	8%
			10,001-20,000	\$ 6.10	10%	\$ 19.50	18%	\$ 13.40	8%
			>20,000	\$ 6.10	10%	\$ 19.50	18%	\$ 13.40	8%
5	Paid in Collections	Each Transaction Paid	0-5,000	\$ 3.52	0%	50%	25%	NA	25%
			5,001-10,000	\$ 3.52	0%	50%	25%	NA	25%
			>10,000	\$ 3.52	0%	50%	25%	NA	25%
6	Image Review	Transaction	0-3,000,000	NA		NA		NA	
			3,000,001-4,000,000	NA		NA		NA	
			>4,000,000	NA		NA		NA	
7	Court Packets	Packet	0-50	\$ 20.00		\$ 20.00		\$ -	
			51-150	\$ 17.00		\$ 17.00		\$ -	
			>150	\$ 15.00		\$ 15.00		\$ -	
8	Legal Support (Liaisons)	Per Liaison	As Needed	\$ 16,360.00		\$ 16,360.00		\$ -	
9	Insufficient Funds (NSF)	Per Paid Notice	Per Paid Notice	\$ 25.00		\$ 25.00		\$ -	
10	Out of State (OOS) Processing Fee	Per Paid Notice	Per Paid Notice	\$ 1.00		\$ 1.00		\$ -	
11	Habitual Violator Cost	Per Determination Letter Sent	As Needed	\$ 15.00		\$ 15.00		\$ -	