

\$8,300, the amount set in 2016 and continued through 2017, for those employees whose enrollment date falls between November 2, 2008, and May 21, 2010.

N.J.A.C. 17:2-2.1(c) includes language that states the “minimum annual base salary for participation in the retirement system shall be adjusted annually by the Director of the Division in accordance with changes in the Consumer Price Index, but by no more than four percent. For the calendar year beginning January 1, 2010, the minimum base annual salary required for enrollment will be adjusted annually to reflect increases in the Consumer Price Index. For purposes of this calculation, ‘Consumer Price Index’ means the average of the annual increase in the Consumer Price Index for all urban consumers, not seasonally adjusted for all items, in the New York City and Philadelphia metropolitan statistical areas during the preceding calendar year as reported by the United States Department of Labor, Bureau of Labor Statistics.” However, for 2018, no adjustment is necessary. The minimum annual base salary for participation in the PERS in 2018 is actuarially sound and is effective through December 31, 2018.

(a)

DIVISION OF PENSIONS AND BENEFITS

Notice of the Minimum Annual Base Salary for Participation in the Teachers’ Pension and Annuity Fund (TPAF) for 2018: No Change from Minimum Set in 2016 and Continued through 2017

Take notice that for 2018, the minimum annual base salary for participation in the Teachers’ Pension and Annuity Fund will remain at \$8,300, the amount set in 2016 and continued through 2017, for those employees whose enrollment date falls between November 2, 2008, and May 21, 2010.

N.J.A.C. 17:3-2.1(g) includes language that states the “minimum annual base salary for participation in the retirement system shall be adjusted annually by the Director of the Division in accordance with changes in the Consumer Price Index, but by no more than four percent. For the calendar year beginning January 1, 2010, the minimum base annual salary required for enrollment will be adjusted annually to reflect increases in the Consumer Price Index. For purposes of this calculation, ‘Consumer Price Index’ means the average of the annual increase in the Consumer Price Index for all urban consumers, not seasonally adjusted for all items, in the New York City and Philadelphia metropolitan statistical areas during the preceding calendar year as reported by the United States Department of Labor, Bureau of Labor Statistics.” However, for 2018, no adjustment is necessary. The minimum annual base salary for participation in the TPAF in 2018 is actuarially sound and is effective through December 31, 2018.

OTHER AGENCIES

(b)

NEW JERSEY TURNPIKE AUTHORITY

Notice of Action on Petition for Rulemaking Regulation Governing the Administrative Fee for a Violation of the NJTA Toll Collection Monitoring System

N.J.A.C. 19:9-9.2

Petitioners: James Long and Homer Walker.

Take notice that on May 24, 2017, the New Jersey Turnpike Authority (“NJTA” or “Authority”) received a petition for rulemaking from James Long and Homer Walker. According to the petition, petitioners are motorists who utilized the roadways of the NJTA and

failed to pay the required tolls at the time of such use. As a result, the petitioners paid the unpaid toll, as well as an administrative fee for toll violations. The petitioners challenge the \$50.00 administrative fee assessed pursuant to N.J.A.C. 19:9-9.2(b) as excessive and violative of the NJTA authorizing statute, N.J.S.A. 27:23-34.3, and demand that the rule be changed to allow only a fee “based upon the actual cost of processing and collecting individual violations.”

A notice acknowledging receipt of the petition was filed with the Office of Administrative Law and was published in the New Jersey Register on July 3, 2017, at 49 N.J.R. 1949(a).

On July 20, 2017, pursuant to N.J.A.C. 19:9-6.3(c)3, the petition was referred to appropriate NJTA staff for further deliberation not to exceed 90 calendar days from the date of referral in order to review the petitioners’ request in the context of the State’s statutory and regulatory provisions governing the NJTA and particularly the statute authorizing the collection of administrative fees assessed in connection with toll violations.

NJTA’s Statement of Reasons for its Determination

On May 23, 2017, the NJTA received a petition for rule change from counsel for James Long and Homer Walker (the Petitioners) challenging N.J.A.C. 19:9-9.2, Toll Collection Monitoring System Violation (Toll Violation Regulation). Specifically, the petition claims that subsection (b) of the Toll Violation Regulation is unreasonable and, therefore, violative of the statutory authorization by imposing an administrative fee of \$50.00 (the administrative fee) for enforcement of a toll collection violation. The statutory authorization for the administrative fee provides that “[t]he authority or its agent may require as part of the advisory and payment request that the owner [of the vehicle] pay to the agent the proper toll and a reasonable administrative fee established by the authority and based upon the actual cost of processing and collecting the violation.” See N.J.S.A. 27:23-34.3a. The petitioners claim that the administrative fee is unreasonable because it is not based on the actual cost of processing and collecting each particular violation. They, therefore, demand that the Authority change its Toll Violation Regulation to charge either a so-called “reasonable” fee based on the actual cost of processing and collecting each individual toll violation or the \$25.00 administrative fee charged prior to 2011.

NJTA’s Decision to Increase the Administrative Fee in 2011

In the late 1990s, at the outset of the implementation of the E-ZPass system, the Authority determined that it would be reasonable to assess a \$25.00 administrative fee to partially compensate it for the actual costs of pursuing toll violators.

In 2011, the Authority investigated whether the \$25.00 administrative fee should be revised in light of the passage of time, changes to the Authority’s outside vendor E-ZPass contracts, and potential increases in costs. The Authority’s Finance Department, therefore, performed a limited financial analysis of some of the external costs associated with collecting tolls from toll violators. The 2011 financial analysis only included the external amounts paid to ACS State and Local Solutions, Inc. (ACS)¹, which was the Authority’s outside vendor tasked with running a combined E-ZPass customer service and violations processing center.² The 2011 analysis included all line items billable to the Authority under its contract with ACS and that specifically referenced

¹ In 2010, ACS State and Local Solutions, Inc. was renamed Xerox State and Local Solutions, Inc. (Xerox). In December 2016, Xerox completed its separation into two independent, publicly traded companies, Xerox, a document technology company, and Conduent State and Local Solutions, Inc. (Conduent), which took over Xerox’s E-ZPass toll processing business.

² Up until 2002, the Authority had two separate contracts with two different vendors for back office services related to its E-ZPass system. One contract, with J.P. Morgan Chase, was for the operation of an E-ZPass customer service center. The other contract, with MFS Network Technologies, Inc. (MFS), was for the operation of a violations processing center. In 2002, the Authority entered into a new contract with ACS, pursuant to which ACS became responsible for running a combined customer service and violations processing center.

violation processing.³ The Authority calculated the cost per violation by dividing those costs, computed annually (\$34,116,087), by the total notices of violation that resulted in the collection of administrative fees (664,203), resulting in a cost per recovery of the violation fee of \$51.36 (See Exhibit A).

Notably, the Authority's 2011 financial analysis did not include any of the Authority's other internal or external costs to process and collect violations. The limited 2011 financial analysis already demonstrated that the \$25.00 administrative fee was inadequate to cover just those costs being billed to the Authority by ACS. The financial analysis, therefore, did not include the Authority's internal costs, other costs paid to ACS which were not specifically labeled as related to violation processing, or any costs paid by the Authority to other vendors, as none of these additional costs were needed to justify an increase of the administrative fee to \$50.00.

Impact of the New Vendor Contract on the Administrative Fee

In October 2015, the Authority awarded a new contract to Xerox to provide services in support of the New Jersey E-ZPass Customer Service Center (CSC), effective February 1, 2017. Prior to the effective date, the contract was assigned to Conduent (the Conduent Contract).

Under the Conduent Contract, customer service representatives no longer specialize in either E-ZPass customer accounts or violator accounts, but instead are now trained to handle a "single account," which may include both valid E-ZPass transactions and violation transactions. This new approach also resulted in changes to the pricing terms and the calculation of the Authority's external costs related to collection of E-ZPass violations. Essentially, Conduent can now bill the Authority for only three major items—a fixed fee for the NJ E-ZPass Customer Service Center, a per item transaction fee for toll transactions, license plate transactions, etc., and a percentage of administrative fees collected. Conduent is no longer paid a per item fee for certain violation-specific tasks, such as image reviews, license plate look-ups, or Advisory Payment Requests (APR) sent.

While the combined service center approach and the "single account" concept have simplified the experience for E-ZPass customers, the new contract pricing parameters do not allow for a simple calculation of how much Conduent charges the Authority per E-ZPass violation or per administrative fee collected. Rather, the amounts billed to the Authority by Conduent for the processing and collection of toll violations that were previously billed as separate line items are now likely subsumed by the per item transaction fees now paid to Conduent pursuant to the new contract pricing parameters.

The Authority's Decision on the Petition and its Supporting Rationale

In May 2017, the petition for a rule change to lower the administrative fee to \$25.00 (or lower, depending upon the cost of collecting the unpaid toll from each individual toll violator) was served upon the Authority. The petition challenges both the 2011 increase in the administrative fee from \$25.00 to \$50.00, as well as the continuation of that administrative fee in the Authority's rules, which were recently updated effective September 18, 2017. In response to the petition for a rule change, the Authority's Chief Financial Officer, together with the Authority's Chief Information Officer, has reviewed the Authority's total toll violation collection system costs and confirmed that the \$50.00 per violation administrative fee was reasonable when first imposed in 2011, and continues to be reasonably related to the actual cost of processing and collecting toll violations. The Authority's review has confirmed that, notwithstanding certain external cost savings realized

under the new Conduent Contract, the total costs of the Authority's toll collection system will exceed \$50.00 per violation.

As a preliminary matter, calculating the precise cost of processing each individual violation on a "per violation basis," which is what petitioners contend should be done, is impractical and unreasonable. It would require the calculation and tracking of the activities and costs associated with each of the hundreds of thousands of violations on a violation-by-violation basis by the Authority's third-party vendor. Furthermore, the approach suggested by petitioners would create an unworkable enforcement scenario since the cost of recovering any particular violation could not be determined until after that violation is actually collected. Thus, petitioners' suggested approach would lead to an unmanageable three-phase system that would require each of the following: (1) an effort to collect a toll from a particular violator; (2) a calculation of the specific costs associated with pursuing that particular violator for the unpaid toll(s); and (3) an additional proceeding to now collect the specifically-calculated administrative fee applicable to that violator. Such an approach is impractical and cannot be what the Legislature intended.

Moreover, viewing collections activity as limited to those tasks associated with pursuing a particular violation, as urged by the petitioners, ignores the costs of the sophisticated system that has been constructed to recover unpaid tolls.

The entire toll collection system is interconnected and must be considered in its entirety, and the cost of the entire system must be taken into account in determining a reasonable administrative fee. That is, both the processing and collection of tolls must be viewed in conjunction with the identification and prosecution of toll violators. For example, the entire system uses sophisticated electronic equipment, including radar, underground treadles, antennas, and cameras to detect and record each vehicle that travels through a toll plaza. That system reads transponders issued to E-ZPass account holders to debit those drivers' accounts. The system also determines if vehicles have violated the law by either passing through the E-ZPass toll lanes without having valid or sufficiently funded E-ZPass accounts or passing through the exact change lanes or the manual payment lanes without paying the required toll.

A hypothetical will illustrate the process. Assume a motorist in an out-of-State registered vehicle enters the New Jersey Turnpike using an E-ZPass Only toll lane. He has an E-Z Pass transponder, but has allowed his account to exhaust its funds. Upon entry through the toll lane, an antenna reads and writes to the transponder. When the motorist exits the Turnpike, several yards before the lane the vehicle is captured by way of installed radar devices that track the vehicle while sensors to each side or above and underneath the lane read the size of the vehicle and the number of axles to determine vehicle type. As the vehicle goes through the plaza at the gantry (the top part of the toll barrier) an antenna again reads and writes to the transponder and a camera takes the image of the vehicle license plate. The reason for both an antenna and a camera is not only to track violators, but also to have a back-up system if the transponder battery dies or if the antenna cannot read the transponder. This allows confirmation as to whether the motorist is actually a toll violator or has a valid E-ZPass account.

The data captured and camera image go first to a lane controller, then to a server at the local plaza, then to the Authority's data center, and then to the Conduent data center in Tarrytown, NY. If the transponder is not read, Conduent conducts an image review to manually identify the license plate of the vehicle and double check the accuracy of the data. If the license plate is on file as a valid E-ZPass customer (including the license plates of valid E-ZPass customers at out-of-State CSCs), then the customer's account is billed. If the license plate is not on file, this suggests that the motorist may not be an E-ZPass customer and Conduent then sends the license plate number to the out-of-State motor vehicle agency to obtain the name and address of the registered vehicle owner. Once the identity of the registered vehicle owner is determined, an APR is mailed to the address returned by the out-of-State motor vehicle agency. The APR sets forth the amount of unpaid tolls, as well as the administrative fee and requests payment. If payment is not forthcoming, another APR is sent out. Conduent, operating the New Jersey E-ZPass customer service center, then deals with any disputes

³ The 2011 analysis of 2010 costs, (Exhibit A below), clearly footnotes row 6 (that is, the 35 percent contractor's share of administrative fees collected) and states that it is based upon an assumed administrative fee of \$50.00. Since the Authority paid Xerox a percentage of the fee collected (at that time, 35 percent), the NJTA had to adjust that line item to reflect 35 percent of the new total administrative fee revenue based upon a \$50.00 administrative fee. If the Authority did not make this assumption as part of the 2011 analysis, it would have resulted in an underestimate of the total costs to collect violations that were charged by Xerox.

with the owner over the correctness of the violation. Finally, if there is still no payment, additional collection steps are taken, including the use of a collection agency and/or a legal process.

Thus, as shown by the above hypothetical, the full cost to the Authority for toll collection from potential toll violators includes:

- Fees paid to Conduent for operation of the customer service center;
- Costs of toll lane maintenance;
- Costs of the toll collection system equipment;
- Costs of the Authority's fiber optic network equipment;
- Costs to maintain the toll collection system equipment;
- Costs to maintain the Authority's fiber optic network equipment;
- Transponder costs;
- Costs associated with the Authority's internal staff; and
- Write-offs associated with uncollected tolls and toll violations.

The entirety of the toll collection system, and all of its component parts, are inextricably linked to the detection of toll violators and the collection of unpaid tolls. The "fixed costs" for certain of this equipment (for example, the fiber optic network equipment, antennas, cameras that record images of license plates, treadles, radar, and computer systems to transmit the pertinent vehicle and toll data) are "one-time" costs that nonetheless are crucial to toll violation detection and must, therefore, be amortized over time. All the above-referenced costs apply to both toll collections and toll violation processing.

In order to determine the cost of processing toll violations, the Authority allocated total toll collection costs as follows:

- 100 percent of those costs that can be identified as specific to collecting tolls and administrative fees from violators;
- 50 percent of the costs that the Authority is billed by Conduent for operating the customer service center;
- Five percent of all other internal and external costs that are related to the toll collection system.

The Authority determined that a 50 percent allocation of the total customer service center costs as costs related to processing and collecting toll violations was reasonable for several reasons. First, of all the drivers that are identified as potential toll violators, approximately 50 percent turn out to be E-ZPass customers. Second, the customer service center now handles both ordinary customer service concerns and violations processing; there is no specific charge from Conduent for operating a violations center. Third, the majority of the correspondence received by the customer service center is violation-related. Further, based on discussions with Conduent and the Authority's internal customer service staff, calls pertaining to toll violations are more complex and take up more time than those calls related to ordinary customer service issues. Finally, violation transaction data (which includes images) consumes more computer system memory, processing and storage.

As to the five percent allocation of all of the other toll/violation collection costs, the Authority has determined that toll violators account for approximately five percent of all toll transactions. In other words, roughly five percent of drivers pass through a toll lane without paying the necessary toll.

Thus, if the Authority were to apply this more thorough analysis, which includes a consideration of internal, external, and fixed costs related to processing toll violations, to the time frame of the 2011 financial analysis, it would result in a total net toll collection cost estimate allocated costs to toll violation collections of \$59,488,245 for the year 2010. Based upon the 652,977 violator notices that resulted in

collections of unpaid tolls in 2010, the total cost per notice has been estimated at \$91.00 (see the chart of the 2010 costs, Exhibit B). The administrative fee of \$50.00 assessed in 2011 was, and remains, less than the costs to collect and, therefore, complies with the standard of reasonableness established by the Legislature in the governing statute.

Because the petitioners also challenge the Authority's renewal of the \$50.00 administrative fee, the Authority has reassessed the overall (both internal and external) costs for pursuing toll violators in 2017, including the impact on costs due to the Conduent Contract. Although, as stated above, the amount the Authority pays Conduent to operate the New Jersey E-ZPass customer service center is now lower than under the previous contract, the entirety of those costs should be taken into account in determining the reasonableness of the administrative fee. As explained above, the evolution of the contract terms does not permit the Authority to carve out specific costs solely for the processing of violations.

The Authority has also achieved savings of external costs by taking over certain of the functions previously handled by Conduent, specifically lane maintenance. However, the Authority has had to add budgeted internal costs to perform this work itself, as the Authority now performs all maintenance and repair work of the equipment in its 603 toll lanes, thereby raising internal staffing and overhead costs. The Authority also achieved savings in connection with renegotiating toll collector and toll supervisor contracts, as well as reducing manual toll collection staff because of the decreasing use of manual toll lanes.

Thus, although the Authority experienced certain savings of its external costs in connection with the new Conduent Contract and its labor contracts, the overall cost to the Authority in connection with the collection of violations has not decreased in direct proportion to these savings. Nevertheless, all of these combined savings have resulted in estimated/actual toll collection costs for 2017 that are almost \$53,000,000 lower than 2010 toll collection costs (See Exhibit C).

As is readily apparent from the 2017 Toll Collection Budget Chart, this reduction is due to lower fees paid to Conduent for the New Jersey E-ZPass customer service center, lower costs for in-house lane and equipment maintenance, and lower costs for toll technicians and manual toll collection. In addition, the 2017 toll collection budget estimates a higher number of toll violations collected compared to 2010: 718,300, versus 652,977. As a result, the Authority has determined that the estimated cost per violation in 2017 is \$80.00 (See Exhibit C).

In conclusion, the Authority, in response to the petition, has taken a fresh look at its administrative fee and has again concluded that \$50.00 is a reasonable administrative fee considering all of the actual costs associated with the system of collecting tolls from violators. In fact, this administrative fee actually represents a conservatively calculated cost compared to the demonstrable system expenses. More specifically, the current administrative fee represents a substantial decrease, almost 38 percent, from the \$80.00 calculated cost per violation.

Accordingly, the Authority has determined that the administrative fee authorized by its rules remains reasonable, in compliance with its authorizing statute, and the Authority, therefore, denies the petition.

The Executive Director certifies that the petition has been duly considered pursuant to law. This constitutes the Authority's final action with respect to the petition.

Pursuant to N.J.A.C. 19:9-6.3(b), a copy of this notice of action has been mailed to the petitioners and filed with the Office of Administrative Law for publication in the New Jersey Register.

EXHIBIT A

	A	B	C	D	E
1	New Jersey E-ZPass Costs to Collect Violations				
2	Based on 2010 Actual Data				
3					
4	Number of Violation Notices Collected				664,203
5					
6	35% Contractor's Share of Admin Fees Collected (1)			11,623,557	
7	Image Review Tolls (6,926,923 Images)			2,427,946	
8	Initial APR's Issued (3,511,050)			7,169,356	
9	Second & Third APR's Issued (3,354,228)			5,591,385	
10	Accuracy Validation - Second Image Review (14,515,814)			351,151	
11	Responses to Violation Disputes (503,137)			455,784	
12	DMV Look-Up Costs			106,604	
13	Total Offset Charges			27,725,784	
14	VPC Fixed Fees			6,039,153	
15	Shared Fees - Accuracy Validation			<u>351,151</u>	
16	Cost of Violations to New Jersey E-Zpass				34,116,087
17					
18					
19	Cost per violation				\$51.36
20					
21					
22	(1) Assumes a \$50.00 Administrative Fee applied to the actual number of violation notices collected				
23					
24					
25					
26					
27					
28					
29					
30					
31					
32					
33					
34					

2010

EXHIBIT A

EXHIBIT B

New Jersey Turnpike Authority
 Analysis of Cost to Process And Collect Violations
 For the Year Ended December 31, 2010

		<u>2010 - Actual</u>	
<u>Payments to Outside Vendors</u>	<u>Total Costs</u>	<u>Allocation Percentage</u>	<u>Allocated Amount</u>
Xerox/Conduent			
Fees labeled as Violations	\$20,378,800	100%	\$20,378,800
Fees labeled as CSC/Other	34,017,800	50%	17,008,900
Fees Labeled as Lane Maintenance	11,624,800	10%	1,162,480
Total Xerox/Conduent	\$66,021,400	5%	
Fiber Maintenance Contractor	1,663,700	5%	83,185
Transponder Vendor	6,265,700	5%	313,285
Credit Card Companies, Processor and IAG	17,069,600	0%	0
Armored Car/Money Counting Vendors	2,466,700	0%	0
Toll Ticket Vendors	<u>403,500</u>	0%	0
Total Payments to Outside Vendors	\$93,890,600		
Costs Not Part of Violation Processing and Collections			
Credit Card Companies, Processor and IAG	(17,069,600)	0%	0
Armored Car/Money Counting Vendor	(2,466,700)	0%	0
Toll Ticket Vendor	<u>(403,500)</u>	0%	0
Total Costs Not Part of Violation Processing and Collections	(19,939,800)		
Net Payments to Outside Vendors	73,950,800		
NJTA Internal Costs			
Toll Technicians/Maintenance Staff	6,884,000	5%	344,200
Customer Service Department	323,800	5%	16,190
Toll Audit Section	1,058,100	5%	52,905
Financial Analysis Section	0	5%	0
Toll Collection Department	110,162,500	5%	5,508,125
Toll Write-offs	<u>14,064,100</u>	100%	<u>14,064,100</u>
Total NJTA Internal Costs	132,492,500		
Amortization of Equipment Costs			
Toll Collection System (20 year life)	7,854,400	5%	392,720
Fiber Network (20 year life)	<u>3,267,100</u>	5%	<u>163,355</u>
Total Amortization of Equipment Costs	<u>11,121,500</u>		
Total Processing and Collection Costs	\$217,564,800		59,488,245
Number of Notices Collected - Full or Partial Payment of Administrative Fee		596,941	652,977
Net Processing and Collection Costs Per Notice			\$91

EXHIBIT B

EXHIBIT C

New Jersey Turnpike Authority
 Analysis of Cost to Process And Collect Violations
 For the year ended December 31, 2016 and December 31, 2017

	<u>2016 Actual</u>		
<u>Payments to Outside Vendors</u>	<u>Total Costs</u>	<u>Allocation Percentage</u>	<u>Allocated Amount</u>
Xerox/Conduent			
Fees labeled as Violations	\$17,708,700	100%	\$17,708,700
Fees labeled as CSC/Other	32,909,600	50%	16,454,800
Fees Labeled as Lane Maintenance	8,713,400	5%	435,670
Total Xerox/Conduent	\$59,331,700		
Fiber Maintenance Contractor	1,153,800	5%	57,690
Transponder Vendor	8,506,400	5%	425,320
Credit Card Companies, Processor and IAG	26,684,000	0%	0
Armored Car/Money Counting Vendors	1,903,300	0%	0
Toll Ticket Vendors	<u>336,000</u>	0%	0
Total Payments to Outside Vendors	97,915,200		
Costs Not Part of Violation Processing and Collections			
Credit Card Companies, Processor and IAG	(26,684,000)	0%	0
Armored Car/Money Counting Vendor	(1,903,300)	0%	0
Toll Ticket Vendor	<u>(336,000)</u>	0%	0
Total Costs Not Part of Violation Processing and Collections	(28,923,300)		
Net Payments to Outside Vendors	68,991,900		
<u>NJTA Internal Costs</u>			
Toll Technicians/Maintenance Staff	8,805,100	5%	440,255
Customer Service Department	596,400	5%	29,820
Toll Audit Section	943,900	5%	47,195
Financial Analysis Section	180,700	5%	9,035
Toll Collection Department	62,570,200	5%	3,128,510
Toll Write-offs	<u>25,819,000</u>	100%	<u>25,819,000</u>
Total NJTA Internal Costs	98,915,300		
<u>Amortization of Equipment Costs</u>			
Toll Collection System (20 year life)	7,854,400	5%	392,720
Fiber Network (20 year life)	<u>3,267,100</u>	5%	<u>163,355</u>
Total Amortization of Equipment Costs	<u>11,121,500</u>		
Total Processing and Collection Costs	\$179,028,700		\$65,112,070
Number of Notices Collected - Full or Partial Payment of Administrative Fee			652,977
Net Processing and Collection Costs Per Notice			\$100

EXHIBIT C

Page 1

New Jersey Turnpike Authority
 Analysis of Cost to Process And Collect Violations
 For the year ended December 31, 2016 and December 31, 2017

	<u>2017 Budget</u>		
<u>Payments to Outside Vendors</u>	<u>Total Costs</u>	<u>Allocation Percentage</u>	<u>Allocated Amount</u>
Xerox/Conduent			
Fees labeled as Violations	\$12,170,900	100%	\$12,170,900
Fees labeled as CSC/Other	31,938,100	50%	15,969,050
Fees Labeled as Lane Maintenance	730,200		
Total Xerox/Conduent		\$44,839,200	
Fiber Maintenance Contractor	1,413,800	5%	70,690
Transponder Vendor	7,224,800	5%	361,240
Credit Card Companies, Processor and IAG	28,819,100	0%	0
Armored Car/Money Counting Vendors	2,310,100	0%	0
Toll Ticket Vendors	<u>321,300</u>	0%	0
Total Payments to Outside Vendors		84,928,300	
Costs Not Part of Violation Processing and Collections			
Credit Card Companies, Processor and IAG	(28,819,100)	0%	0
Armored Car/Money Counting Vendor	(2,310,100)	0%	0
Toll Ticket Vendor	<u>(321,300)</u>	0%	0
Total Costs Not Part of Violation Processing and Collections		(31,450,500)	
Net Payments to Outside Vendors		53,477,800	
<u>NJTA Internal Costs</u>			
Toll Technicians/Maintenance Staff	14,937,800	5%	746,890
Customer Service Department	822,600	5%	41,130
Toll Audit Section	1,153,400	5%	57,670
Financial Analysis Section	364,200	5%	18,210
Toll Collection Department	65,544,900	5%	3,277,245
Toll Write-off's	<u>22,957,000</u>	100%	<u>22,957,000</u>
Total NJTA Internal Costs		105,779,900	
<u>Amortization of Equipment Costs</u>			
Toll Collection System (20 year life)	7,854,400	5%	392,720
Fiber Network (20 year life)	3,267,100	5%	<u>163,355</u>
Total Amortization of Equipment Costs		<u>11,121,500</u>	
Total Processing and Collection Costs		\$170,379,200	\$56,226,100
Number of Notices Collected - Full or Partial Payment of Administrative Fee			718,300
Net Processing and Collection Costs Per Notice			\$78

EXHIBIT C

New Jersey Turnpike Authority
 Analysis of Cost to Process And Collect Violations
 For the year ended December 31, 2016 and December 31, 2017

	<u>2017 - Estimated/Actual</u>		
<u>Payments to Outside Vendors</u>	<u>Total Costs</u>	<u>Allocation Percentage</u>	<u>Allocated Amount</u>
Xerox/Conduent			
Fees labeled as Violations	\$8,983,400	100%	\$8,983,400
Fees labeled as CSC/Other	25,163,700	50%	12,581,850
Fees Labeled as Lane Maintenance	730,200		
Total Xerox/Conduent		34,877,300	
Fiber Maintenance Contractor	830,000	5%	41,500
Transponder Vendor	6,237,000	5%	311,850
Credit Card Companies, Processor and IAG	25,116,500	0%	0
Armored Car/Money Counting Vendors	2,310,100	0%	0
Toll Ticket Vendors	<u>321,300</u>	0%	0
Total Payments to Outside Vendors		69,692,200	
Costs Not Part of Violation Processing and Collections			
Credit Card Companies, Processor and IAG	#####	0%	0
Armored Car/Money Counting Vendor	(2,310,100)	0%	0
Toll Ticket Vendor	(321,300)	0%	0
Total Costs Not Part of Violation Processing and Collections		(27,747,900)	
Net Payments to Outside Vendors		41,944,300	
<u>NJTA Internal Costs</u>			
Toll Technicians/Maintenance Staff	12,747,100	5%	637,355
Customer Service Department	822,600	5%	41,130
Toll Audit Section	1,153,400	5%	57,670
Financial Analysis Section	364,200	5%	18,210
Toll Collection Department	65,544,900	5%	3,277,245
Toll Write-off's	<u>31,000,000</u>	100%	<u>31,000,000</u>
Total NJTA Internal Costs		111,632,200	
<u>Amortization of Equipment Costs</u>			
Toll Collection System (20 year life)	7,854,400	5%	392,720
Fiber Network (20 year life)	3,267,100	5%	<u>163,355</u>
Total Amortization of Equipment Costs		<u>11,121,500</u>	
Total Processing and Collection Costs		\$164,698,000	\$57,506,285
Number of Notices Collected - Full or Partial Payment of Administrative Fee			718,300
Net Processing and Collection Costs Per Notice			\$80

EXHIBIT C

REGISTER INDEX OF RULE PROPOSALS AND ADOPTIONS

- ◆ The **Register Index of Rule Proposals and Adoptions** lists by New Jersey Administrative Code (N.J.A.C.) Citation all pending Proposals: those published within the past 12 months, but not adopted by the proposing agency and filed with the Office of Administrative Law. If unadopted one year after publication in the **Register**, an agency Proposal expires and is noted as “Expired” in the **Index**. The Proposal Notice N.J.R. Citation for each Proposal entry is the **Register** page number where that Proposal was published. Use the **N.J.R. Citation Locator** at the head of the **Index** to find the issue of publication.

- ◆ The **Index** also shows the **Rule Adoptions** promulgated in **this issue** of the **New Jersey Register**. The Proposal entry for each Adoption has been completed by the addition of an Office of Administrative Law Document Number (R.2017 d.) and an Adoption Notice N.J.R. Citation (**Register** page number). Previous adoption entries are deleted from the **Index** with each new **Register**. An Emergency Adoption and certain Exempt adoptions, however, remain listed until either the adoption of a Concurrent Proposal or the expiration of the regulatory effective period.

- ◆ **Rule Adoptions** in each semi-monthly **Register** are published concurrently as a **New Jersey Administrative Code Supplement** with the same date as the **Register** of promulgation. See **Administrative Code** historical notes and section annotations for a record of rule changes. See, also, previous **Register Indexes**.

- ◆ The **Index** also notes the **Register** publication of administrative changes and corrections to the **Administrative Code** and extensions of the public comment period on pending Proposals.

NEW JERSEY ADMINISTRATIVE CODE RESEARCH NOTE: The **Official Edition** of the **New Jersey Administrative Code** is published and distributed under the direction of the Office of Administrative Law by LexisNexis Matthew Bender, Charlottesville, Virginia. **Administrative Code Supplements** are published concurrently with the promulgation of new rules and amendments in the semi-monthly **New Jersey Register**.

Supplement November 6, 2017 is the current update to the **Administrative Code**. Below is a list of the **most recent Supplement for each Title** of the Administrative Code.

1	October 16, 2017	6A	November 6, 2017	11	November 6, 2017	15A	February 21, 2017
2	November 6, 2017	7	November 6, 2017	12	November 6, 2017	16	October 16, 2017
3	October 16, 2017	8	October 2, 2017	12A	February 21, 2017	17	October 16, 2017
3A	November 6, 2017	9	February 21, 2017	13	November 6, 2017	18	October 2, 2017
4A	July 17, 2017	9A	October 2, 2017	14	August 7, 2017	19	November 6, 2017
5	October 16, 2017	10	November 6, 2017	14A	February 21, 2017	19K	February 21, 2017
5A	November 6, 2017	10A	October 16, 2017	15	April 17, 2017	EO/Index	November 6, 2017
6	February 21, 2017						