WA RUC

WASHINGTON STATE ROAD USAGE CHARGE
STEERING COMMITTEE MEETING
July 27, 2017 | Meeting Summary

ATTENDEES

Steering Committee Members

Chair Joe Tortorelli, WSTC Commissioner

Curt Augustine, Alliance of Automobile Manufacturers

Rep. Judy Clibborn

Rep. Jake Fey

Rob Johnson, Puget Sound Regional Council (PSRC)

Rep. Mark Harmsworth

Tom Hingson, Washington State Transit Association

Pat Kohler, Department of Licensing (DOL)

Scott Lindblom, Counties

Sharon Nelson, Consumer Representative

Rep. Ed Orcutt

Frank Riordan, Becker Trucking, Inc.

Hester Serebrin, WSTC

Ted Trepanier, INRIX

Doug Vaughn, WSDOT

Brian Ziegler, Pierce County Public Works

WSTC Staff

Reema Griffith, Executive Director

Paul Parker, Deputy Director

Carl See, Senior Financial Analyst

Other Attendees

Ben Bakkenta, PSRC

Anthony Buckley, WSDOT

Jeff Finn, Seattle Electric Vehicle Association

Jennifer Harris, House Transportation Committee

Mark Matteson, House Transportation Committee

Jackson Maynard, Senate Staff

Sadeeq Simmons, DOL

Haiping Zhang, DOL

NOTE: Presentation materials are available on the Washington State Road Usage Charge website (https://waroadusagecharge.org/steering-committee-archives/). Responses to questions and comments are in *italics*.

WELCOME

Chair Tortorelli called the meeting to order.

MEETING OVERVIEW & OBJECTIVES

Jeff Doyle of D'Artagnan introduced the consultant panel and presented an overview of the meeting agenda.

2017 UPDATES

Reema Griffith of WSTC presented on the 2017 Legislative Session and the Round 2 STSFA Grant Application.

Discussion

The Steering Committee was commended for making the policy issues front and center.

UPDATE ON RUC ACTIVITIES IN OTHER STATES

California

Travis Dunn of D'Artagnan presented the update. California's pilot program was completed in March. Caltrans and the California State Transportation Agency are assembling a report that is due to the legislature later this year. Many participants were satisfied with the mechanisms and approach upon completing the pilot. California also enacted short term policies for fuel tax and registration fee increases.

Discussion

Was the question clear that RUC is a replacement and not an addition to the fuel tax?

Yes, they were careful to make it clear and indicate it both in general communications and on monthly participant invoices.

Was this test statewide?

Yes, this was focused on the fuel tax being replaced with the road charge. They did not address how funds raised would be distributed among the state regions.

Eight methods were used. Were there any that received negative customer feedback?

The most popular method was the plug in device. Participants had access to additional services such as expense reports. Other methods were less popular such as self-reporting by taking a picture of the odometer or purchasing a permit. Smartphone apps and telematics posed technical challenges for some participants.

Were heavy vehicles a last minute add on, how heavy were they, and were they satisfied?

They were added in May 2015 during pilot design. The representative from the trucking industry on the panel determined they wanted to participate. Participating heavy trucks were Class 7 and Class 8 vehicles. They did not receive the standard surveys, but they were interviewed by the independent evaluation team. Of the eight firms participating, four continued the telematics after the pilot because of the additional services offered.

The report by the evaluation team is expected to include additional detail on the surveys and their results.

Oregon

Travis Dunn of D'Artagnan presented. OreGO became active July 1, 2015. A report was recently published reviewing the status of the program over its first two years.

Colorado

Paula Hammond of WSP presented. Colorado used federal funds on a relatively small pilot to educate the public about the decline of the gas tax and subsequent challenge paying for some services.

RUC West

Paula Hammond of WSP presented. Thirteen small projects were conducted, allowing states to learn from one another. A recent federal grant will help develop a regional system so that the various states' programs can be integrated. Transfer of revenues and billing processes are of special interest. Common communication materials and language will be useful in maintaining consistency across states.

Discussion

Are we looking at opportunities to take advantage of the purchasing power of the western states?

Yes, Account Managers having multiple states as clients allows for economies of scale, and monies are dispersed to the appropriate states.

It was suggested that the additional elements investigated by states, such as congestion pricing, be kept separate from the messaging surrounding RUC. It should be clear that states make their own policy issues and that the emphasis here is the test of per-mile charges as a replacement for gas taxes.

STATUS REPORT ON WASHINGTON'S RUC PILOT PROJECT PREPARATIONS

Jeff Doyle of D'Artagnan Consulting presented. We are fully funded for Stage 1, our current stage, all but the live pilot itself. We are hopeful that we will receive funding to implement the pilot project. The work is centered on four major tasks.

Jeff provided a high-level overview of the four tasks:

Task 1: Pilot Design and Set-up

Task 2: Comprehensive Public Attitude Assessment

Task 3: Project Communications and Engagement

Task 4: Policy Development and Oversight

Later presentations will provide more detail on Task 2-4.

Task 1: Pilot Design and Set-up

This task addresses the blueprint of how the pilot would work from the user perspective. Technical documentation is complete, and we are in the procurement process. Construction of the clearinghouse is in progress. Subtasks underway include setting up the help desk to support pilot participants, establishing licensing agreements with agents and subagents (i.e. for odometer verification), and finalizing the pilot evaluation plan. These tasks should be completed by the November meeting.

Discussion

What is the status regarding the selection of participants?

The interested persons list is open and an email was sent to confirm list subscription. Moving forward regularly scheduled contact will occur.

Reconciling RUC Charges Among Multiple Jurisdictions

Shannon Crum of D'Artagnan presented. British Columbia and 14 state are involved in active research, testing, or legislatively enacted programs. Many states are testing a closed system within their state, with bilateral agreements with border states and provinces. The RUC Hub model is a clearinghouse which

would allow each jurisdiction to hold only one agreement. This would assist with quality assurance, reduce costs, and diminish barriers of entry for additional entities and jurisdictions. The Hub is under construction and will be an open system; it will be ready to test by the end of the year. It will directly collaborate with the OreGO program, with 20 participants from Oregon involved in the test.

Discussion

Who would own the Hub?

The model is a nonprofit with a Board composed of the participating entities. If the federal government becomes involved there are other options.

Why not consider private industry and put it up to bid?

This is under consideration but with no federal mandate to participate it would be difficult to get all states to agree to a provider.

Why not create a process with standards and a certification process and allow those who want to participate to apply? This could harness the private sector, and leverage the technology that will exist by the time this reaches production level.

At present this is in a "back of the envelope" proof of concept stage.

The model resembles the ORCA process, which faced similar challenges keeping up with technology. A non-governmental clearinghouse is appealing.

The clearinghouse will collect the data, not necessarily the money, so net due will be calculated and the jurisdictions may then transfer funds as necessary.

Did you look at the IFTA (International Fuel Tax Agreement) and IRP (International Registration Plan) which outlines revenue sharing based on miles in different states? We could capture opportunities that exist.

Yes, this was part of the model.

INTRODUCTION TO RUC SERVICE PROVIDERS FOR WASHINGTON'S PILOT

Roshini Durand of D'Artagnan presented. Proposals were solicited from the private sector for account management. Three finalists were selected. Account Management services must be provided for the users/participants as well as overall RUC administration.

Discussion

In-person reporting is necessary as not all people are online; how would it be managed without making people drive a long distance to report miles?

If people do not want to use a technology option such as a smartphone app, the DOL subagents may support mileage reporting. In the most likely scenario, participants would visit a service office for mileage verification, and the agent would check the vehicle personally or send the user back to their car with a special device or camera.

Would gas stations serve as subagents?

No, it would be existing licensing agents.

Is there a reason that one service provider would cover only 3 operational concepts?

Having two service providers allows for redundancy in the system, particularly in case of technical issues. This is also to test the notion that there may be competition in the private sector. The smartphone app option is new, and we would like to have one service provider focused on providing this option.

If payment occurs quarterly or annually, could low-income individuals spread payments out to mitigate impacts?

With manual methods, payment frequency must be defined and the payments would be based on periodic reporting. Reconciling RUC and gas tax would have the gas tax serve as a pre-payment, as any tax paid would be credited toward the road charge and be deducted from the total upon billing.

If the monthly reporting group will spend an hour a month to pay the RUC charge, could you consider automating this process. Oregon has a pay at the pump option.

Oregon no longer has that option, but California is researching systems to make the pay at the pump model work.

It was noted that the suburbanization of poverty is causing low-income people to drive farther out to find housing and needs to be accounted for in recruiting and what options we offer. It was also suggested that we could build off the transit agency policies regarding low income fares, as they may disproportionately pay a larger share of their income.

Service Providers Finalists

All three shortlisted providers have previous experience with RUC projects (Oregon, California, and Colorado). Negotiations are underway to select two service providers for the Washington pilot, and we hope to announce the firms soon.

Discussion

Do we know what the administration costs will be, inclusive of the service provider and staffing? If we have revenues per mile we should provide cost per mile as well?

As we learn more about the cost, the business case analysis will include details - both gross and net. With inputs from California and Oregon, we can build out the model. Early projections from prior years of business case analysis suggest from less than 5% of the revenue collected to up to 15% depending on implementation scale and the design of the system.

What security is in place to prevent the blocking of transmissions?

These are primarily used in the insurance industry, and they connect directly to the diagnostic board of the vehicle, and minimize the chances of successful tampering.

Are you also evaluating their performance in other states, regarding service response time, etc.? Are those included in the criteria? Are you considering their performance on previous projects?

Yes, we have called references to vet the firms. Customer service and interactions with previous RUC administrations has been considered.

What about participants with limited English proficiency, who may not have a smartphone, or do not have a credit card? How will they participate? Does the app work in different languages, or on a computer?

The customer service must be able to address different demographics and levels of experience with technology.

Is there a method to link the reporting option to manual odometer readings to test accuracy?

There is a method in which the odometer may be a primary method of reporting mileage. Accuracy of collection/recording methods was one of the criteria for service provider selection.

Can you speak more to the plans for end to end testing? Could you share more about your process between now and the pilot launch?

End to end testing involves the units themselves, installation, calculation and reporting of mileage. Unit and integration testing will occur in advance, so end to end testing should just be fine tuning.

What about stress testing given the low number of participants? What are the penetration tests and such for security to ensure the data is safe?

System and security requirements are included in the specifications as a fail/pass requirement. Load, stress, and security tests must be passed and certificates must be provided. We are considering using white hat hackers to probe the system in search of loopholes we haven't predicted. The partnership with Canada resulted in additional security requirements that must be met.

WASHINGTON'S SMARTPHONE INNOVATION CHALLENGE RESULTS

Jeff Doyle of D'Artagnan presented. Four teams of student volunteers from across three university departments were asked to design a prototype solution which would allow the driver to use their own smartphone and retain control over location based services and reporting.

Electrical Engineering Department Team

The toggle on and toggle off GPS mileage reporting system was a feature of interest. The plug-in device, by contrast, has the GPS on at all times. Another feature was border proximity detection, intended to combat phone battery drain. This feature would send a notification to remind the driver to turn on or off the mileage reporter as borders were crossed.

The Information School (iSchool) Team

This team developed an iOS app called WARUC. The phone pairs to a device plugged into the vehicle, much like options already on the market. One unique feature is activating or deactivating features without having to look at the phone –particularly important considering our new distracted driving law.

Human Centered Design and Engineering Team 1

This team took a strong UI/UX approach. The public was solicited to incorporate feedback. They also created a brief explanation video that simply explains RUC and the app to members of the public.

Human Centered Design and Engineering Team 2

This team took a participatory design approach, incorporating user values and opinions as the design principles. This group won the department's competition, as well as the RUC competition. Their features allow drivers to categorize trips, such as for business or personal trips.

BASELINE PUBLIC ATTITUDE ASSESSMENT

Michelle Neiss of DHM Research presented results and findings from the statewide survey.

Statewide Survey Results

This is separate from the pre- and post-pilot participant surveys. The intent was to gain an understanding of where the public stands. A telephone (landlines and 30% cell) survey was used to collect input from a representative sample around the state.

Discussion

Do we conclude that the term "government" is just the state, or is it Sound Transit or local government?

We cannot assume what level they interpret it at. The question did include "in Washington" as a guide, but respondents answered in line with their own interpretation.

Was the type of dissatisfaction parsed out?

Not in the survey, but the focus groups had more in-depth conversations.

Were questions open ended? Particularly the top concern question.

The selection of the top concern question was from a list with one selection allowed.

Regarding "the government manages transportation spending well," were responses aligned with differences in respondent geography?

This information is available, the answer can be found in the full data which will be provided later.

STATUS REPORT ON FOCUS GROUP SESSIONS

Shannon Crum of D'Artagnan and John Horvick of DHM Research (the Focus Group moderator) presented. The focus groups sought to discover the reasoning behind some survey responses. The Vancouver focus group results have yet to be included in the analysis, as these only just wrapped up.

Discussion

Was there testing around terminology used? Were there messages or phrases that resonated?

We didn't test specific terms or phrases, but participants were asked to explain the RUC concept in their own words after reading the description. Many got close, and about a third interpreted it as the state not having any or enough money.

How were volunteers recruited?

The team reviewed communities and identified types of people they wanted at the table, then phone numbers were called at random.

Were refreshments provided? How was the space set?

Seattle and Spokane had professional focus group facilities. The other communities used hotels and a camera man. Participants were paid a $100 honorarium and were given food and beverages.

PARTICIPANT RECRUITMENT PLAN

Alison Peters of EnviroIssues presented. This polling and research opportunity is different from the norm since it is longitudinal, and this difference will impact the types of volunteers we seek to recruit. Best practices from other state pilots are being incorporated to maximize participation interest and minimize drop-off.

Discussion

Minority populations were underrepresented in the survey, what strategies do we have to address that?

There will be more discussion on this later in the afternoon, but there will be active and intentional investments made in recruiting these groups.

What about adding proponents to the point about opponents impacting participation?

This will be added and addressed going forward.

All people on the Steering Committee need firsthand knowledge of the participant experience. Can members be included in the pilot?

Yes.

Should we tap our networks to sign up?

Yes.

How many milestones are you expecting to align incentives with?

We are in the process of scheduling and are seeking to align incentives with activities such as enrollment and reporting.

Did Oregon or California use incentives?

Oregon incentives were not used in the recruitment process. California used a $50 reward at the end of the pilot to entice people to finish the program.

How would incentives play in attracting the mildly interested to skeptical participants?

The incentives would be spread out, not just at the beginning or end. It is important to meet participant expectations with the incentives; be clear and transparent, under promise and over deliver. If an incentive is promised for enrollment it should be available instantaneously, not arrive in the mail two weeks later.

To ensure participation from a broad range of citizens, particularly those to whom the gift card may mean more, might it be more useful to incentivize those in need. If it's important to reach certain populations, you may need to sweeten the deal.

Generally, the best practice is the same incentive for all volunteers. We do not generally offer incentives that vary by income or geography. One differentiator may be an early bird incentive. If we have respondents who turn in reports like clockwork, we may have an incentive for that. A better way to increase participation is to increase advertisement in those communities.

If we cannot give different incentives, maybe working with community liaisons or organizations would be more useful than increased advertising.

Could you donate your incentive? For those that don't want it is there a way that they could swap it for a sweepstakes or give to a charity?

The answer is not yet determined; we could do whatever is decided upon, within the bounds of time and resources. The ROI of something like that tends to be minimal.

COMMUNICATIONS ACTIVITIES AND MATERIALS

Allegra Calder of BERK Consulting and Ara Swanson of EnviroIssues presented. The Communications Plan remains in place as the umbrella plan with guiding goals, but the strategy has become more targeted.

Discussion

The news report didn't address why we are doing this, or how what we are doing will replace the gas tax. Are we not clarifying this because we aren't getting rid of the tax right away during the pilot? Is there a way to describe that so we aren't fighting this interpretation of it being a new method of taxation?

Yes, our current FAQs are clear that this would replace the gas tax and not be in addition to it. We will continue to make that point.

Concern was expressed that people who are not on the web, or of lower income, elderly, or underserved communities will not be reached. Perhaps we could advertise where they buy or register cars. If we are really seeking to educate the public we cannot rely on social media.

We are trying to leverage partnerships with trusted sources such as community organizations that do a lot of outreach to the populations that have been mentioned.

POLICY ISSUES WORK PLAN

Travis Dunn of D'Artagnan presented. There are 18 items, organized into three tiers based on when the items will be tackled. Tier one items will be addressed in conjunction with pilot preparation and launch. Some technological aspects must be addressed prior to addressing the policy issue associated with them. Tier two items will be addressed using information from the pilot. Tier three items can be addressed at any time.

Discussion

Rate setting has been an item of limited discussion. Many questions surround institutional roles. Do these need to be done in parallel with tier 2 rather than afterward?

Tier three is comprised of items that can occur at any time independent of the pilot.

Dividing the SC into smaller groups would be a good option, as well as very concise briefing reports.

The fuel tax is taxed at the rack (distributor) level, so it may be difficult to filter out heavy duty and box trucks that are not running on diesel.

The taxed entity is the fuel distributor, and they recover it from the retailers. It is passed on almost immediately and completely, so if the tax rate changes, it is reflected in prices at the pump within a day or so.

How is the rate being set?

In the business case analysis, we set a revenue neutral rate of about 2.4 cents per mile. It has not been coded into any software yet. This is an important question for our communications team, and for the overall clarity of message. This is a test rate, not a policy established by the legislature.

Is there a broad set of guiding principles, goals, or values that we can use to evaluate options?

Yes, there are 13 guiding principles for the steering committee. These can be shared with members again.

The SC spent time ensuring that the guiding policies were not too broad to allow for all issues to be considered at once. This body is about replacing the gas tax.

Privacy was discussed for years in the early stages, and now we are discussing fraud and data security. Issues continue to be raised, and we may see future discussion of environmental policy issues among others. The tolling industry is discussing this as well.

Have we addressed if this replacement is an 18th amendment issue?

No, but it is part of tier three and will be covered both in the legal issues topic and the bonding topic.

"Save today so we can afford tomorrow."

The gas tax revenue that is referred to is the state and not federal tax. It will be important to acknowledge that the federal tax will remain.

PREVIEW OF UPCOMING ACTIVITIES AND NOVEMBER MEETING

Jeff Doyle of D'Artagnan noted the next meeting is November 9, 2017. Project updates may be shared in the interim.

PUBLIC COMMENT

Jeff Finn representing the Seattle Electric Vehicles Association noted he was impressed by the process and the work the Steering Committee has done over the last five years. The discussion of trusted messengers brought to mind having the meeting presentation slide deck accessible on the website, and allowing groups to access the media kit if they want to discuss the topic with their members.

The slides will be on the website after the meeting, but the slides could be put online the night before and materials could be shared with interested groups.

ADJOURN

Chair Tortorelli adjourned the meeting.