

A stylized graphic of a road with a dashed yellow center line and solid blue outer lines, curving upwards and to the right against a light green background.

WASHINGTON STATE ROAD USAGE CHARGE

Cost of Collection Spotlight Briefing



**Washington State
Transportation Commission**

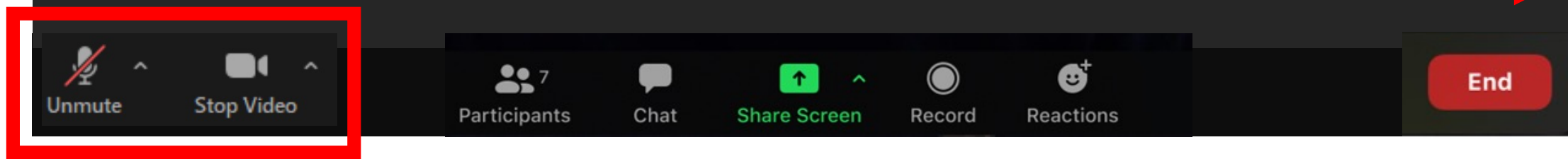
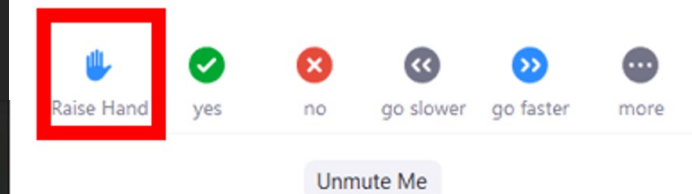
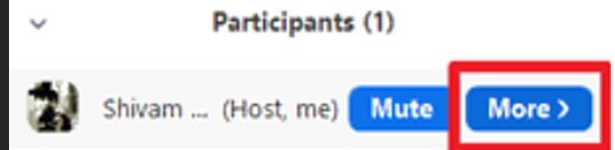
June 4, 2021
Virtual Meeting
James Whitty, Travis Dunn

Zoom Interface and Controls

Update your Zoom name if needed

Remain on mute when not speaking

Raise your hand to speak



Technical difficulties? Call or text Anneliese Gill, 206-708-9185

Cost of collection spotlight session

AGENDA

- Welcome
- Cost analysis framework
- Workshop structure
- Challenge statements
- Discussion

Thought questions

- What challenge statements are most interesting?
- Are there other topics you would like to explore with partners from other states?
- What is an acceptable cost of collection for RUC in the
 - Near term (<5% of fleet)?
 - Long term (>50% of fleet)?
- What trade-offs are acceptable if they reduce costs?

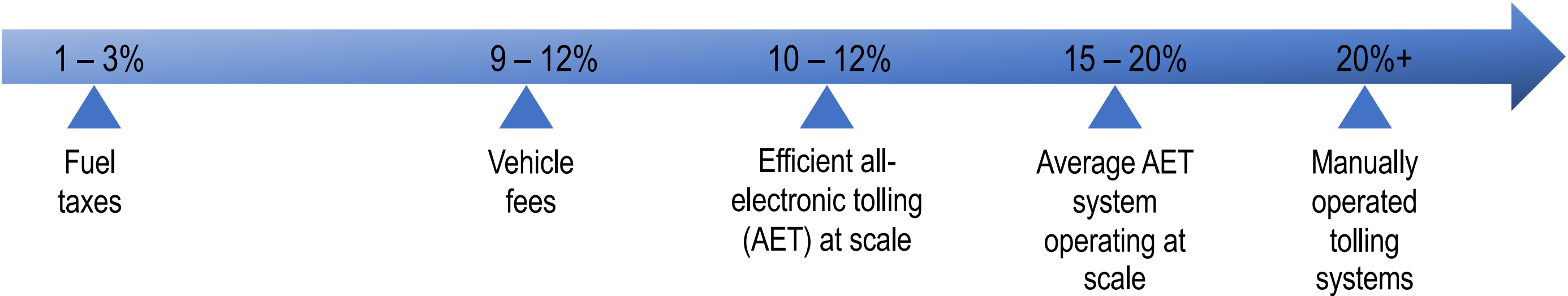
Why cost of collection matters

- RUC is a funding policy tool; efficient collection leaves more for investment
- Small-scale RUC systems and pilots to date have high unit costs
- Policy and design choices influence final costs for at-scale systems

How *Forward Drive* addresses cost of collection

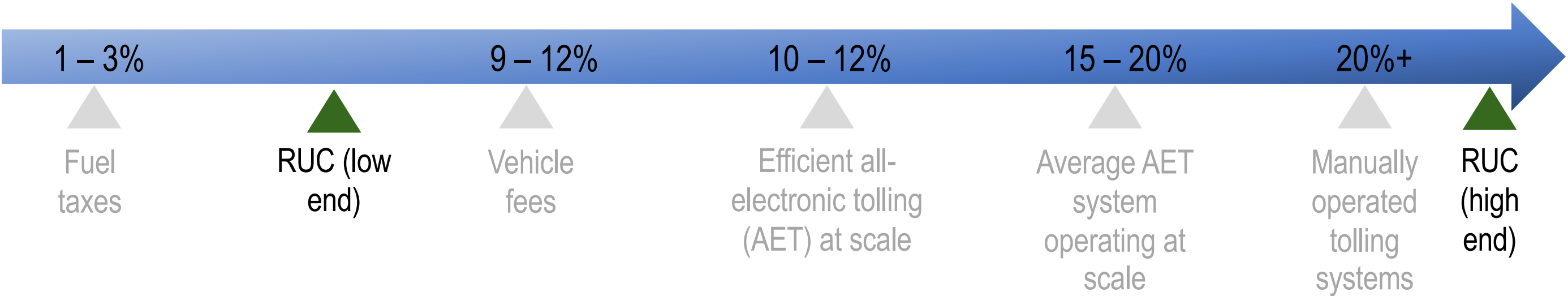
- Develop a cost analysis framework
- Explore multi-state partnerships, system configurations, and design approaches that reduce costs
- Provide inputs to the design of a low-cost Washington RUC system

Transportation cost of collection* benchmarks



*As a percentage of revenue collected

Transportation cost of collection* benchmarks



*As a percentage of revenue collected

Cost Analysis Framework

RUC functions



Identify subject vehicle & owner/lessee—connect with vehicle registry & set up account



Generate road usage data for subject vehicle over designated time—report data



Access road usage data—receive reporting of road usage data



Apply per-mile charging rates—process data to determine amount of charges



Provide invoice to owner/lessee—issue notice of the charge



Collect payment—provide one or more ways to pay



Issue acknowledgement of payment—create a receipt



Enforce payment—apply mechanisms for ensuring everyone pays



Remit revenue to appropriate fund—integrate revenue collection with financial systems

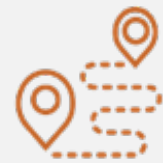
1. Identify vehicle and create account



Identify subject vehicle & owner/lessee—connect with vehicle registry & set up account

- Utah and Oregon RUC systems connect to the state vehicle registry to identify/confirm eligible vehicles
- Enrollment requires end users to select an account manager and/or mileage reporting method and set up a RUC account
- In pilots, including WA RUC, enrollment is the biggest “pain point” for participants

2. Generate road usage data



Generate road usage data for subject vehicle over designated time—report data

- Oregon's RUC system relies on plug-in devices (with or without GPS), while Utah's relies on plug-in device with GPS or in-vehicle telematics to report mileage data
- New Zealand relies on pre-purchased distance licenses enforced at annual safety checks
- Washington's pilot tested a dedicated smartphone app, manual odometer verification, and smartphone odometer image capture methods

3. Access road usage data



Access road usage data—receive reporting of road usage data

- Utah and Oregon rely on private sector account managers to access data generated by mileage reporting methods
- Other options exist, including direct mileage reporting to a public agency like DOL

4. Apply per-mile charge rates



Apply per-mile charging rates—process data to determine amount of charges

- Utah and Oregon rely on private sector account managers to calculate charges based on road usage data collected
- Other options exist, including a public agency like DOL calculating the charges

5. Invoice motorist for RUC



Provide invoice to owner/lessee—issue notice of the charge

- Utah and Oregon rely on private sector account managers to provide invoices, statements, or access to real-time charges and “wallets” with flexibility as to format and design
- Other options exist, including direct invoicing by a public agency like DOL

6. Collect payment for RUC



Collect payment—provide one or more ways to pay

- Utah and Oregon rely on private sector account managers to collect payments for RUC from vehicle owners
- Other options exist, including other third-party collectors like retail partners, auto insurers, automakers, and direct payments to a public agency like DOL
- Costs depend on the payment methods (e.g., credit card) and channels (e.g., online, in person)

7. Provide a receipt for payment



Issue acknowledgement of payment—create a receipt

- Utah and Oregon rely on private sector account managers to provide payment records for end users
- Other options exist, including a public agency like DOL providing receipts

8. Enforce payment



Enforce payment—apply mechanisms for ensuring everyone pays

- Oregon relies on private sector account managers to pay for all miles driven by their customers, regardless of whether customers make payments; the agency is empowered to enforced other violations including tampering
- In Utah, by rule, if customers are noncompliant with RUC, the agency reverts them to the annual flat fee surcharge
- In general, the need for enforcement depend on the mileage reporting methods used and the ease of compliance designed into the system

9. Remit revenue to appropriate state fund



Remit revenue to appropriate fund—integrate revenue collection with financial systems

- Oregon and Utah rely on private sector account managers remitting funds directly to the state periodically
- If RUC is collected directly by a public agency like DOL (and subagents), existing processes for remitting funds can be followed

RUC functions



Identify subject vehicle & owner/lessee—connect with vehicle registry & set up account



Generate road usage data for subject vehicle over designated time—report data



Access road usage data—receive reporting of road usage data



Apply per-mile charging rates—process data to determine amount of charges



Provide invoice to owner/lessee—issue notice of the charge



Collect payment—provide one or more ways to pay



Issue acknowledgement of payment—create a receipt



Enforce payment—apply mechanisms for ensuring everyone pays



Remit revenue to appropriate fund—integrate revenue collection with financial systems

Workshop Structure

Purpose

- Convene experts in RUC, including staff from agencies who are currently building and operating RUC systems, to share insights and work together to design cost-effective solution components

Format

- Participants: WSTC, DOL, Oregon DOT, Utah DOT, Virginia DMV
- 3 sequential workshops (“sprints”)
- Each workshop is organized around a **challenge statement**
- Schedule for each sprint:
 - Background briefing
 - 1-2 weeks intensive work in small groups (4-5, including “drop-ins”)
 - Report-out of findings and solutions concepts
 - 2-4 week break

Cost of Collection Challenge Statements

Purpose of challenge statements

Stimulate discussion and generation of ideas about cost reduction through:

- System design
- Business rule design
- Technology
- Operational practices

Challenge statements subject areas

- Enforcement
- Customer service
- Enrollment
- Account management
- Procurement and certification

Enforcement challenge statement



Identify subject vehicle & owner/lessee—connect with vehicle registry & set up account



Generate road usage data for subject vehicle over designated time—report data



Access road usage data—receive reporting of road usage data



Apply per-mile charging rates—process data to determine amount of charges



Provide invoice to owner/lessee—issue notice of the charge



Collect payment—provide one or more ways to pay



Issue acknowledgement of payment—create a receipt



Enforce payment—apply mechanisms for ensuring everyone pays



Remit revenue to appropriate fund—integrate revenue collection with financial systems

Enforcement



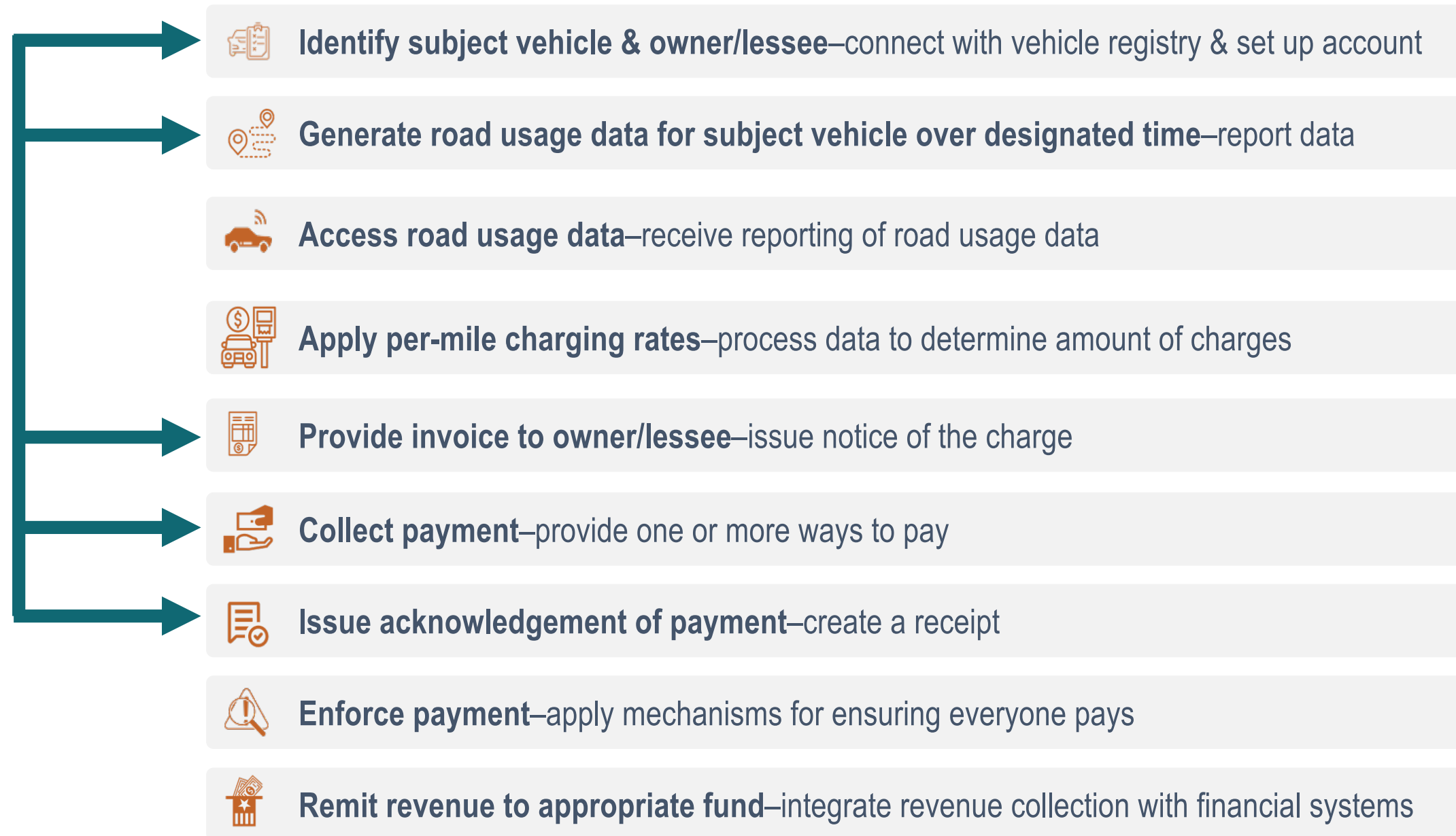
Enforcement

Design a low-cost enforcement regime that captures a relatively high percentage of violation events.

- Assess effectiveness of your design at capturing every dollar
- Improve design functions at reasonable cost
- Assess efficiency and effectiveness of multi-state enforcement systems
- Identify the changes required in enabling law

Customer service challenge statement

Customer service



Customer service

Design a customer service center at low-cost of operations

- Assess effectiveness of your design at maintaining customer satisfaction and compliance
- Improve design functions at reasonable cost
- Assess functionality of multi-state cooperation

Enrollment challenge statement

Enrollment →



Identify subject vehicle & owner/lessee—connect with vehicle registry & set up account



Generate road usage data for subject vehicle over designated time—report data



Access road usage data—receive reporting of road usage data



Apply per-mile charging rates—process data to determine amount of charges



Provide invoice to owner/lessee—issue notice of the charge



Collect payment—provide one or more ways to pay



Issue acknowledgement of payment—create a receipt



Enforce payment—apply mechanisms for ensuring everyone pays



Remit revenue to appropriate fund—integrate revenue collection with financial systems

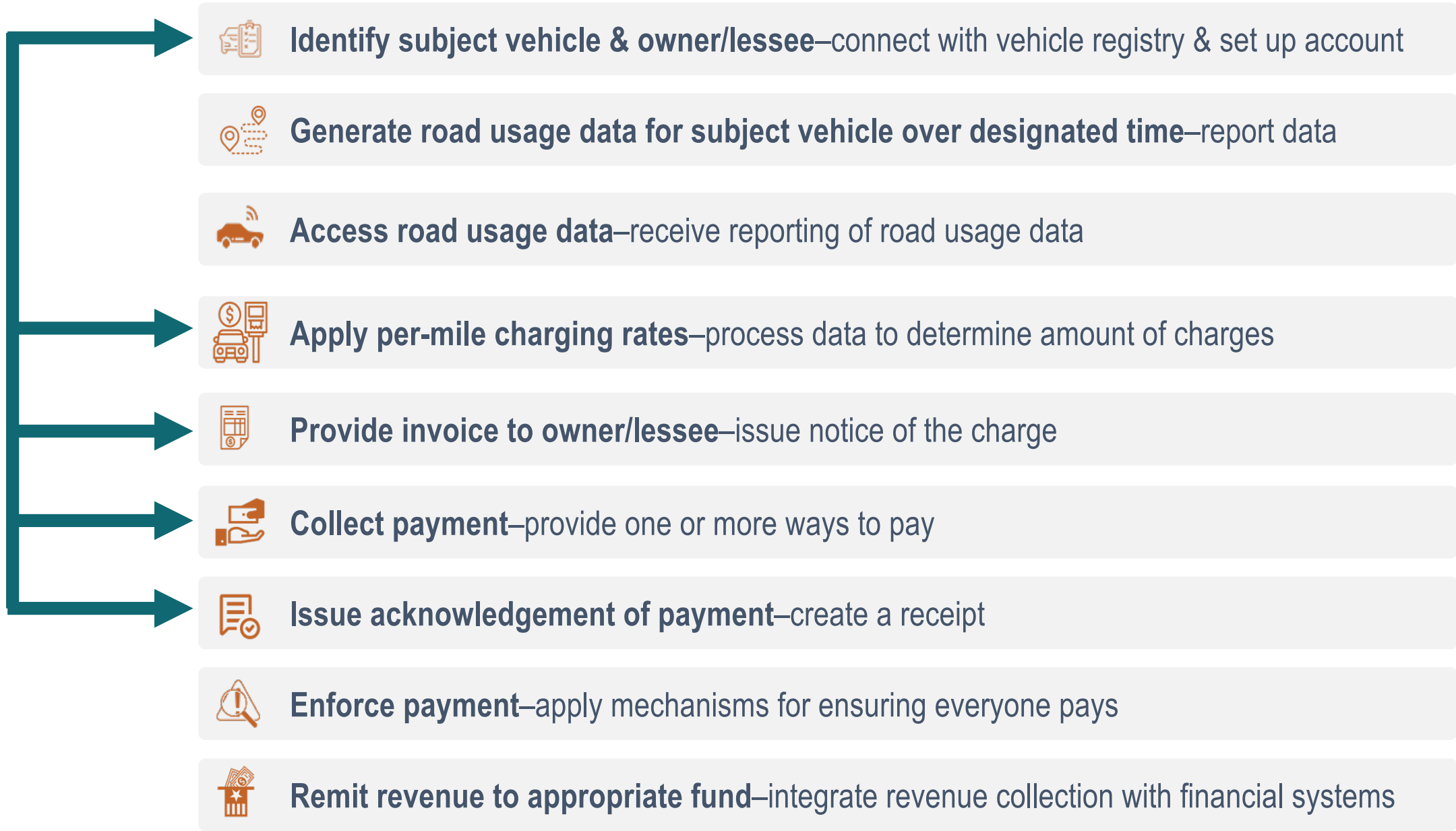
Enrollment

Design a low-cost enrollment system that relies primarily on private sector administration

- Compare cost of your design with government enrollment
- Compare cost of using private sector account managers for enrollment with government enrollment
- Calculate cost of government oversight of automobile dealerships for first-time enrollment

Account management challenge statement

Account management



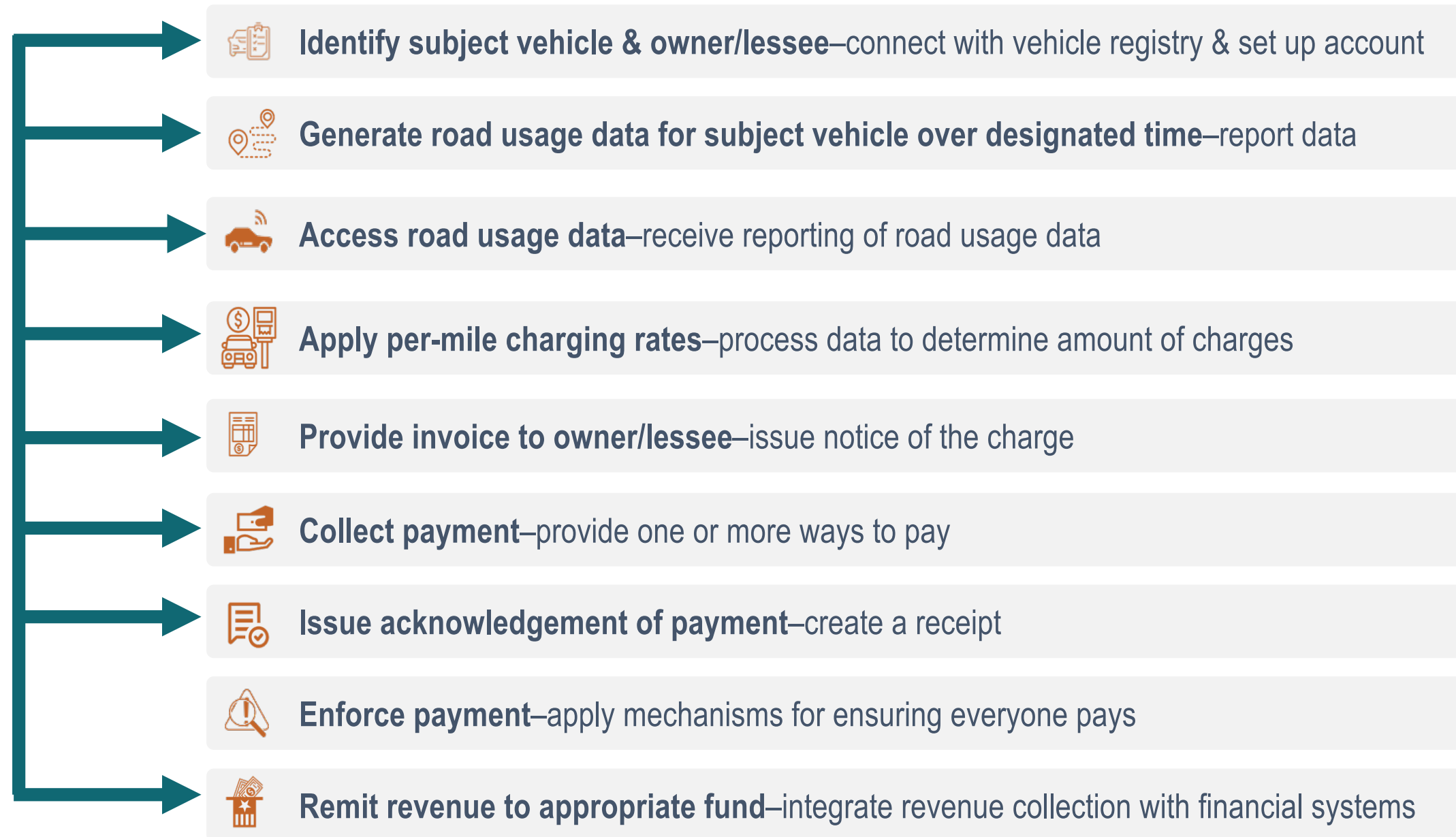
Account management

Design a cost-effective RUC system that builds upon already-existing products in the marketplace

- Identify product or product built upon
- Compare marginal cost of your design with building from scratch
- Viability of getting necessary agreements with existing supplier

Procurement & certification challenge statement

Procurement
&
certification



Procurement and certification

Design regional procurement and certification process for RUC vendors with a market contract accessible by multiple states through service level agreements

- Compare market contract negotiated by participating states versus board negotiating individual vendor purchase contracts
- Consider region certifying only vendors, leaving procurement and contracting to individual states
- Consider region certifying account managers, elements of system, or both
- Would open market improve competition among vendors

Alignment

Do your designs for enforcement, customer service, enrollment, account management, and procurement and certification align with one another?

If not, can you adjust your designs to make them align with one another, without a prohibitive cost increase or loss of a design advantage?



Q&A and Discussion

- What challenge statements are most interesting?
- Are there other topics you would like to explore with partners from other states?
- What is an acceptable cost of collection for RUC in the
 - Near term (<5% of fleet)?
 - Long term (>50% of fleet)?
- What trade-offs are acceptable if they reduce costs?

Next Steps

- Down-select to top three challenge statements
- First sprint being scheduled for late June
- Findings will be presented at December Steering Committee meeting and incorporated into pilot concept designs as appropriate

Task	June	July	August	September	October	November	December
Orientation							
Sprint 1							
Sprint 2							
Sprint 3							
Final report							



Upcoming Steering Committee Meetings

July 28, 9:30am-Noon via Zoom

December 13, 10am-2pm at SeaTac

July Steering Committee Virtual Agenda

- Welcome & Introductions
- Recap of 2021 Legislative Session
- Project update focusing on spotlight session topics:
 - Equity
 - Innovation
 - Cost of collection
- Steering Committee discussion

December Steering Committee In- Person Agenda

- Welcome & Introductions
- Update on RUC around the U.S.
- Project update:
 - Financial Model
 - Equity
 - Innovation
 - Cost of collection
- Break-out groups to discuss draft demonstration plans
- Moderated discussion
- Next steps