



## WASHINGTON ROAD USAGE CHARGE STEERING COMMITTEE MEETING November 9, 2016 | Meeting Summary

### ATTENDEES

#### Steering Committee Members

Chair Joe Tortorelli, WSTC Commissioner  
Amy Arnis, WSDOT  
Curt Augustine, Alliance of Automobile Manufacturers  
Rep. Jake Fey  
Don Gerend, City of Sammamish Councilmember  
Charlie Howard, PSRC (for Rob Johnson)  
Tom Hingson, Washington State Transit Association  
Roy Jennings, WSTC Commissioner  
Rep. Linda Kochmar  
Pat Kohler, Department of Licensing  
Sharon Nelson, Consumer representative  
Rep. Ed Orcutt  
Janet Ray, AAA  
Frank Riordan, Becker Trucking, Inc.  
Neil Strege, Washington Roundtable  
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  
Andrew Devlin, TransLink  
Jeff Finn, Seattle Electric Vehicle  
Jennifer Harris, House Transportation Committee  
Doug Klunder, ACLU  
Jackson Maynard, Senate Majority Coalition Caucus  
Andrew McCurran, TransLink  
Hester Serebrin, WSTC  
Sadeeq Simmons, DOL

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

### WELCOME

Chair Tortorelli called the meeting to order.

### MEETING OVERVIEW & OBJECTIVES

Jeff Doyle of D'Artagnan Consulting presented an overview of the meeting and objectives. Topics to cover include: evaluation, proposed changes to pilot operation; volunteer recruitment; and communication to the public, media, and key stakeholders. The meeting objectives include: feedback on the recommended approaches; generate suggestions for recruiting volunteers; and input on the Communications Plan.

## Discussion

Is the hackathon the method for developing new technology?

*The hackathon was proposed to solve a very narrow question – whether a smart phone app can allow drivers to toggle on and off their location information.*

## PILOT PROJECT EVALUATION MEASURES

Travis Dunn from D’Artagnan presented. The purpose of the pilot project is to evaluate the performance of a prospective road usage charge, and to learn what can’t be learned otherwise and answer the key remaining questions. The most important output (of the pilot project) is finding out what people think, and direct surveying is the best way to get that information. We will also analyze objective data from the pilot, and use that to make improvements.

### Inputs to Evaluation Measures

Travis explained that there are three inputs for the evaluation measures: the Steering Committee’s guiding principles, FAST Act criteria, and criteria used elsewhere.

## Discussion

Will the pilot demonstrate the scalability of a road usage charge?

*Cost information will inform scalability.*

Learning about efficiency is important, including the relative costs of administration versus the gas tax. Travis agreed. One example is examining the costs of using Department of Licensing (DOL) sub-agents for the manual odometer reading method.

Is educating participants about the difference between paying gas tax and road usage charge part of the purpose? How would this be accomplished if participants are not charged?

Charging volunteers would produce a better indication of behavior change.

*Different pilots have worked differently. What is proposed for Washington is that participants receive an invoice, so they can view the difference, but wouldn’t have to pay the money.*

## Evaluation Measures

There are 23 proposed evaluation measures across 13 categories: transparency, complementary policy objectives, cost-effectiveness, equity, privacy, data security, simplicity, accountability, enforcement, system flexibility, user options, interoperability and cooperation, and phasing.

The full list of measures can be viewed in the presentation on the Washington State Road Usage Charge website (<https://waroadusagecharge.wordpress.com/materials/>). The measures that were discussed in the meeting are described below, along with discussion points.

### Complementary Policy Objectives, two proposed measures

- 3) Impact of pilot on driving habits of participants
- 4) Impact of pilot on stated vehicle purchasing preferences of participants

### Equity, four proposed measures

- 5) Total and per-mile RUC vs. gas tax paid by urban, suburban, vs. rural status of participant
- 6) Total and per-mile RUC vs. gas tax paid by participant income

- 7) Total and per-mile RUC vs. gas tax paid by in-state vs. out-of-state participants
- 8) Participant expectations and before-and-after perceptions of RUC equity relative to gas taxes

#### **Discussion**

Will infrastructure costs per mile be considered when examining the equity impacts on participants. A mile of roadway in an urban center is more expensive than a rural mile, yet participants pay the same tax.

*The direction from the Committee was to stay away from how the money is spent. There may be other ways to look at that topic during the pilot, such as a briefing memo, but it will not be tested in the pilot.*

#### **Privacy, two proposed measures**

- 9) Participant perception of privacy protection, including any changes in perception during pilot
- 10) Relative ability of mileage reporting methods to protect participant privacy

#### **Discussion**

Payment Card Industry (PCI) security compliance is a big issue. Who will take responsibility for that? Even though real money will not be collected in the pilot, it will be a cost during implementation.

*The issue can be added to the list of items to test with Oregon, because those participants are paying real money. PCI compliance is a requirement for entities that are collecting real money in the pilot.*

#### **Accountability, two proposed measures**

- 15) Clarify of assignment of responsibility and oversight
- 16) Accuracy of reported road usage, revenue collected, and revenue distributed

#### **Discussion**

Explaining which agencies are in charge of the pilot and what accountability is in place will be important given the distrust of government.

How will revenue collection and distribution be analyzed if participants don't actually pay?

Rep. Orcutt recommended including participants from the Longview/Kelso area.

*The idea is to have a small pool of drivers from each state; both pools would have some cross-border travel; both would pay the per-mile Washington rate for miles driven in Washington and the per-mile Oregon rate for miles drive in Oregon. It would be collected by a single agency and sent to the correct state. This will more of a proof of concept of the ability to do interstate fund and transfer.*

What is the target number of participants for the Oregon/Washington border?

*The number is in the tens, as a proof of concept.*

If this is implemented cooperatively with Oregon and it doesn't matter where participants buy gas (because they pay the same amount), they will buy gas where it's cheaper, which is likely to be in Oregon.

*A survey question could be added asking where participants bought fuel.*

#### **Enforcement, two proposed measures**

- 17) Participant perceptions of relative effectiveness of enforcement methods in maintaining compliance
- 18) Relative level of effort of enforcement methods (if tested) to implement and operate on a small-scale basis.

### Discussion

Should participants [who are not complying] be asked what caused the noncompliance. A pilot participant isn't likely to be willfully non-compliant, but they could have a misunderstanding, which speaks to how simple the system is to understand. How would #18 be measured in a pilot?

*The level of effort for enforcement is not directly measurable. We could remove measure #18, and add a survey question asking why individuals didn't comply. There are several ways to detect noncompliance, such as incorrect mileage reporting or unplugging the device. In a pilot environment, it's probably negligence or confusion, since you can't commit fraud if there is no payment.*

### User Options, two proposed measures

19) Participant overall satisfaction and relative satisfaction with choices available in the pilot project

20) Reason for participant preferences of various mileage reporting methods

### Discussion

Will participants be able to change their mind on the method they use?

*It's likely. California is doing open enrollment right now, and participants have two weeks to switch to a new method or account provider.*

### Interoperability and Cooperation, three proposed measures

21) Relative level of effort (staff time and direct costs) to achieve interoperability with (Oregon) and without (British Columbia) real money transactions

22) Participant understanding of interoperable RUC

23) Relative ease of compliance for interoperability test participants vs. others

### Discussion

Can the pilot examine whether there is an impact on registered vehicles? If people have to pay to register their vehicle, are they going to refuse to register?

*It would be interesting to know the baseline level of compliance, and whether this would increase the numbers, and how much.*

### Revisions to Evaluation Measures

Based on the discussion, the following changes were made to the evaluation measures:

- Delete measure #15 and replace it with: "Description of assignment of responsibility and oversight for Washington agencies and other entities involved in pilot"
- Remove measure #18 and replace it with: "Reasons for non-compliance expressed by participants (e.g., confusion, negligence, fraud)"
- Add new measure #19: "Participant-stated locations of fuel purchases (potentially only for interoperability participants)"
- Delete measure #21 and replace it with: "Description of assignment of responsibility and oversight for Washington agencies and other jurisdiction agencies involved in pilot"

## PROPOSED PILOT OPERATIONS AND TECHNOLOGY

Matthew Dorfman of D'Artagnan presented on the proposed pilot operations and technology.

### Results of Survey of Emerging Technologies

Emerging technologies (such as 5G, pay-at-the-pump) will not be ready for a 2017 pilot. The MVerity app is a good way of reporting odometer readings. The GPS smartphone option needs work – a hackathon could generate useful ideas. OBD-II devices work well. In-vehicle telematics have limited availability and provide odometer readings only.

**No discussion.**

### Interoperability with Oregon and British Columbia

A limited number of Washington and OReGO participants will test real money payments. In addition, the City of Surrey, British Columbia has agreed to partner in the Washington RUC pilot.

#### Discussion

Will the exchange rate be factored in?

*Invoices could be designed to include the exchange rate on the date of the invoice to make sure it's clear.*

### Hackathon

Matthew explained that the goal of the hackathon is to develop a mileage reporting solution for smartphones.

#### Discussion

Can enforcement be addressed in the hackathon, including finding ways that people could cheat?

*The idea can be looked into, potentially through a second hackathon focused on hacking the system. The pilot will try to detect anomalies or potentially fraudulent behavior. This could include unplugging a device for a long period of time, sending in fraudulent pictures to the smartphone app, or allowing a time permit to expire and not purchasing a new one. Our proposal is to detect those instances, notify users, and urge them to make correction.*

What is the cost of the hackathon?

*Details are still being worked out. We are working with the University of Washington for venue and co-sponsorship. Typically, an award is given to the winning app, and that would be a cost to the pilot project but people are not paid to participate. The hackathon was mentioned in the grant proposal and can be paid for by the grant.*

Is the app only for the pilot program?

*The hope is to use it for the whole program but the success of the hackathon in developing a product is yet to be determined.*

### Operational Concepts

Matthew presented three concepts: a) time permit; b) odometer charge; and c) automated distance charge.

#### A) Time Permit: Unlimited driving for specific period.

Under this option, the participant chooses a time period and drives without limitation during that period.

## Discussion

How will gas tax payments be reconciled with an unlimited mileage plan if participants do not provide the current odometer reading?

*If people choosing the time permit received a refund on all gas taxes paid, the refund could exceed the cost. Depending on how rate is structured, you would wind up taking a loss.*

Will participants report their gallons used?

*The proposal is to take a flat deduction to represent the fuel tax credit, which would not be proportional to actual use. Participants pay a flat fee for the time permit, and receive a flat deduction for the gas tax.*

*Matthew noted that they are looking at pricing the time permit based on the 98<sup>th</sup> percentile of driving, which is 35,000 miles/year, then multiply that by the final per-mile rate, and divide it over the period of time for the permit. Deduct an average fuel tax credit.*

*Roughly two percent of drivers drive that far. Because the time permit allows unlimited driving, it could be subject to over-use if it were based on the average. All of the other operational concepts are by number of miles. If people want to pay something proportionate to actual usage, they would choose the odometer reading.*

Does California allow buying blocks of time, as opposed to a flat permit, with different pricing if people want to buy 30 days of miles?

*Any length of time is feasible but we don't want people to pay once for the pilot as it wouldn't generate much data.*

*The intention was not to set rates, but to describe operational concepts. Given the feedback on whether we have the right period of time and price point, we'd like to bring back more information to the Steering Committee.*

## B) Odometer charge

Under this option, road charged would be based on odometer readings. No discussion.

## C) Automated distance charge

Under this option, distance would be determined through one of several methods: OBD-II device, telematics, or smartphone. Road charges are automatically recorded and posted to a participant account.

No discussion.

## Pilot Design Questions

Ten questions about the pilot design were presented, along with the assumed answer and the reason. Only those questions that generated discussion are listed below. The full list can be viewed in the presentation on the RUC website at <https://waroadusagecharge.wordpress.com/materials/>.

### Question #1: Who operates accounts?

The assumption is that a state account manager operates Time Permit and Odometer Charge, and a Commercial Account Manager operates Automated Distance Charge.

## Discussion

Would the account manager be paid by the driver or by the state?

*They will be paid by pilot project funding. Participants will not have a financial obligation.*

What about implementation costs?

*Provision of value-added services could offset some costs. There will be a cost to operate, but I wouldn't want to guess.*

*Some of these questions will be answered through pilot operations and some will need deeper analysis. The team is cataloguing the policy-related issues, and will confer with the WSTC on a work plan for Phases 1 through 3 to address these issues in white papers.*

Will there be a competitive process for pilot vendors?

Yes, with terms, conditions, and performance metrics subject to negotiation.

**Question #2: Should RUC enforcement be simulated in the pilot?**

The assumption is that there should be violation detection and compliance reminders.

**Discussion**

There was a suggestion to use the term audit rather than enforcement. Matthew noted that the words on the slide are not necessarily how we'll describe it to the public.

**Question #5: Should there be an option for private roads to be automatically credited as free travel?**

The assumption is yes, as an option.

**Discussion**

There was discussion about how many private roads exist in the state, and how both counties and cities regard private roads. The availability of data on which roads are private is imperfect.

**Question #8: Which technologies should support Automated Distance Charge: on-board diagnostic (OBD-II) devices, telematics, smartphone?**

The assumption is that OBD-II and smartphone would be used, and telematics is only supported by limited number of vehicles and doesn't include location awareness for interoperability.

## **PILOT PROJECT PARTICIPATION: TARGET NUMBER AND CHARACTERISTICS OF PARTICIPANTS**

**Presentation by Shannon Crum of D'Artagnan.**

There are five pilot features that are relevant to volunteer recruiting, described below.

**1) Test International Interoperability with Surrey, BC**

No discussion.

**2) Test Interstate Interoperability with OREGO**

No discussion.

**3) RUC As An Alternative To Special Surcharges (on electric vehicles)**

**Discussion**

The Seattle Electric Vehicle Association (SEVA) has been identified as a partner for the pilot project, to help test RUC for plug-in electric vehicles.

**4) Partner With DOL To Assist In Administering The Odometer Charge**

DOL is a key partner. The pilot will use DOL's network of subagents to support the manual odometer read option. Every county has at least one location [for DOL subagents].

### **Discussion**

Some counties do not have DOL subagents, just the county auditor.

Has self-reporting odometer reads been discussed?

*The mVerity app uses photos of the vehicle dashboard and VIN – this is the same app that DOL agents might use. It is possible individuals could register and self-report odometer readings eliminating the need to drive to a location and have a third party record the reading.*

### **5) Represent the Geographic Diversity of the Entire State.**

Shannon discussed the importance of representing the state's diversity.

**No discussion.**

### **Recommended Geographic Distribution of Pilot Recruiting Regions**

Five regions are recommended for targeted recruitment:

- Central Puget Sound – has majority of state's population and includes urban and suburban drivers. Also has largest concentration of electric vehicle drivers.
- Eastern Washington – includes mixture of urban, suburban, and rural residents.
- Northwest Washington – primarily rural residents, and a special focus on international interoperability aspects.
- South-Central Washington – includes a mixture of urban (Tri-Cities) and rural drivers.
- Southwest Washington – primarily urban drivers, high volume of cross-border travel with Oregon.

### **Discussion**

Reema Griffith noted that anyone in the state can sign up to be in the program.

There was a comment that younger people may be more likely to sign up.

*In other pilots, over half the participants were over 45. There is a generational split on acceptance of technology applications, and it's important to have all ages involved.*

How will impacts on urban vs rural, people of different incomes, age, etc. be determined if a representative sample isn't targeted? If key groups like low-income households aren't captured in the pilot, then the results may be questioned.

*There are ways to target, so if a group is underrepresented, more outreach can be done. The most important people in the pilot are those with influence in their communities that talk to friends and neighbors and share their experiences.*

Will miles traveled on a ferry be charged through RUC?

No, not under this pilot because miles on the ferry do not affect the odometer.

What about using language other than English as an additional selection criterion?

*Language can be tied to relevant evaluation measures. To the extent possible, the goal is to recruit people to tie to evaluation measures.*

## PARTICIPANT RECRUITMENT PLAN

Presentation by Shannon Crum, D'Artagnan Consulting.

The goal is to recruit up to 2,000 vehicles from diverse locations in Washington to participate in a test of RUC methods. In addition, up to 200 vehicles from Surrey, BC will be invited to participate in the pilot, and approximately 20 from Oregon's OreGO program.

### Key Recruiting Activities

Key activities include defining channels, identifying key partners, raising public and stakeholder awareness about the need for a transportation funding solution, and providing basic information to volunteers.

### Recruiting Pipeline

The pipeline generates participants from a potential pool, then an interest list, then prospects, then qualified prospects.

### General Discussion on Participant Recruitment

Does the 5-15% conversion rate (moving people from interest list to participation) assume no cost reimbursement?

*Yes, as a starting point assumption.*

How do we keep people interested for six months – from sign up to pilot.

*There will be several tactics. The schedule includes asking participants for demographic data in the spring, and then starting enrollment over the summer.*

I would like the option of combining his three vehicles into a single unlimited permit or having one vehicle unlimited and then paying per month or quarterly.

*There is a preference for having one person with three cars using the same OBD2 dongle in each car, because they aren't providing different feedback. If someone with two or three vehicles wants to test a different payment option for each, that's probably desirable.*

If a person has several vehicles, it's desirable to have one bill.

*One bill is the goal. In California, people could enroll as many vehicles as they wanted, but 90% enrolled one vehicle.*

Can cash rewards be given to participants.

*The terms of agreement with the federal government would need to be examined.*

## PILOT PROJECT COMMUNICATIONS

### RUC Communications Plan

Presentation by Allegra Calder, BERK Consulting.

The Communications Plan was sent to Steering Committee members in September. This is the umbrella plan which provides guiding principles. For key messages, feedback has been received that there should be a greater focus on fairness, as opposed to only emphasizing transportation funding.

## General Discussion on Communications Plan

Declining gas tax revenue is the primary reason for considering the RUC and has been from day one. Messaging now seems focused on “fairness” rather than the funding issue.

*Agreed. We’ll need to include multiple reasons in the messaging.*

PSRC did polling for its Transportation Futures work and found that the public doesn’t think there’s a problem with the gas tax. They accept it as way to pay for roads, but don’t recognize any threat. The only thing people disliked more than RUC was system tolling. Unfortunately, the public doesn’t accept there is a problem with the gas tax and doesn’t like the RUC concept.

The Commission, WSDOT, and PSRC coordinate on consistent scenarios that illustrate the timing for the gas tax decline.

A statistically significant survey of the public should be done before the program is started, and another after the program.

*Pre- and post-surveys are included as part of the Communications Plan.*

## RUC Website

### Presentation by Priya Singh, PRR.

Priya walked the group through the new website, which is located at [waroadusagecharge.org](http://waroadusagecharge.org).

### General Discussion

Most people don’t know that the gas tax pays for repaving roads and bridges – that should be the first message. We should talk about increased vehicle fuel efficiency, which people understand because they all see it – and how this erodes gas tax revenue. Then talk about fairness. The message should be tied back to what people care about – roads and bridges. They don’t care about sustainability of funding.

*Messaging on the website will be re-worked to reflect these suggestions.*

Will the list of participant names and contact information be subject to public disclosure?

*The Attorney General’s Office is looking into this issue.*

## Interagency Communications.

### Presentation by Paula Hammond, WSP | Parsons Brinckerhoff.

Paula described the coordination group with WSDOT and DOL noting that they are providing input on issues like subagents. There is also a larger consultation group which includes the State Treasurer, Department of Revenue, and others.

### General Discussion

Will department directors be recruited for the pilot?

*Yes.*

Some education within agencies about the pilot, RUC, and the program goals should be done. Many transportation agencies are funded by gas tax, and jobs could be impacted by it if gas tax revenues decline.

*Excellent idea.*

Reema Griffith stated that the federal highways division in Olympia will be briefed. She welcomes participation from DOL, WSDOT, State Patrol, and others.

## PILOT PROJECT DELIVERY TASKS AND NEXT STEPS

Presentation by Jeff Doyle, D'Artagnan Consulting.

Jeff discussed the status of other activities in the work plan and next steps, which include finalizing the Pilot Project Implementation Plan and transmitting it to the Governor and legislature.

### General Discussion

Does the legislature need to take any action between now and the pilot launch?

*I don't think anything is required, but interests and needs will be discussed with the committee Chairs and ranking minority members.*

Rep. Orcutt stated that from a legislative standpoint, language will probably need to be included in the budget to authorize use of the money.

## PUBLIC COMMENT

Doug Klunder, representing the ACLU of Washington, provided public comment.

Mr. Klunder brought up the importance of privacy, and concern over several issues. First, he urges that an option be included under automated payment with the state handling account management, rather than commercial vendors.

He also raised concerns about GPS location reporting. Under one approach, the dongle or phone would report detailed location information to the server, which then filters whether the location is inside Washington state. Some people may object to providing that location information. An alternative would be to have the state location boundaries downloaded to the dongle or phone, and filter at the device level, which would provide more privacy protection.

Mr. Klunder is also concerned about the frequency and granularity of information provided by the dongle or phone. All that is needed is the miles traveled over a period of time. That would be preferable to providing highly detailed information more frequently, which could result in leaked information.

Mr. Klunder also mentioned that if information is required to be disclosed under the public records act, it would include not just participant names and contact information, but potentially odometer readings and location information as well. Unless the information is exempt, it will have to be disclosed.

**Joe Tortorelli adjourned the meeting.**