Washington State
Road Usage Charge
Assessment
Steering Committee Meeting #12

November 17, 2014
WELCOME AND INTRODUCTIONS
What We Need to Accomplish Today

• Update on the ConOps
• Update on the financial evaluation
• Updates on multi-jurisdiction issues, and the Treasurers work on bonds
• Discuss the proposed work plan for the next two years, and Steering Committee recommendations to the Commission
NEXT STEPS
Next Steps

• Implement report changes based on comments today and comments to come through Friday, November 21 (this Friday)
  » Work with Commissioners and other volunteers

• Develop the proposed work plan for next fiscal biennium
  » Work with Commissioners and other volunteer

• Prepare complete draft report for Commission review on December 9

• Finalize report and send to Legislature in early January

• Present to transportation committees of Legislature in January or February
CONOPS REVISIONS
We Received 104 Comments on the Conops

- Comments were from
  - Steering Committee members Rod Brown, Scott Creek, Don Gerend, Ed Orcutt
  - WSTC Staff Reema Griffith, Paul Parker
  - DOL
  - DOT

- 57 of the comments resulted in some modification to the ConOps document
  - Of the comments that did not result in modification, in most cases it was because they dealt with issues that were too detailed for inclusion in a ConOps

- Today we will present responses for six comments of interest
  - But all comments and responses are up for discussion
1 – Complementary Policy Objectives

• Commenter – Rod Brown

• Abridged comment
  » ConOps does not describe where or how the road usage charge design will be aligned with Washington’s energy, environmental, and congestion management goals

• Abridged Revision
  » ...complementary policy objectives relating to energy, environmental, and congestion management goals will best be addressed through rate setting
2 – Cost of Implementation Would Be High

• Commenter – Scott Creek

• Paraphrased Comment
  » The overall cost of implementation would be very high if we try to offer all methods up front, and it would take a long time to recover”

• Abridged Response
  » Costs are addressed in the companion financial analysis. The judgment as to whether the anticipated cost and revenue stream is 1) reasonable, and 2) worth doing is for the Steering Committee to decide
3 – Start with Method B Only, Hold a One-year Exercise

• Commenter – Scott Creek

• Paraphrased comment
  » To introduce the road usage charge to the public, the first year could be a paper exercise – motorists would be directed to submit their odometer readings at each license renewal, and they would be shown what road usage charge they would be paying for the year

• Abbreviated response
  » Providing only Method B as the first step in implementing a road usage charge is possible, and could be discussed with the remainder of the Steering Committee at the November meeting
4 – Challenge of Keeping the Fuels Tax

• Commenter – Don Gerend
• Paraphrased comment
  » Keeping the fuels tax and offsetting fuels taxes paid from road usage charges would be very cumbersome. Dropping the fuels tax would also increase tourist dollars
• Abbreviated response
  » We decided to keep the gas tax for the following reasons
    – So that out of state drivers would still pay for the roads
    – So that the road usage charge could be phased in, and not forced to be introduced in one year
    – As an extra defense against evasion in the early years
    – Because the Treasurers draft report suggested that eliminating that tax in the near term could be troublesome
  » Offsetting by EPA fuel economy is not difficult
  » When it comes time to eliminate the fuels tax, the point about increased tourist dollars is valid
5 – DOL’s Current System Does Not Support Periodic Billing

• Commenter – DOL

• Comment
  » DOL does not currently have a quarterly or monthly billing process associated with vehicles

• Abridged Response
  » There will be tradeoffs between providing convenience to Principals and costs and complexity of implementation. The next phase of work should involve close coordination with DOL to fully explore these tradeoffs
6 – Who Will Perform Odometer Checks?

- Commenter – DOL

- Comment
  » DOL’s business model does not currently facilitate vehicle inspections. Who will perform the spot checks?

- Abridged Response
  » Much of the road usage charge system would require changes to DOL’s current business model. New staff will have to be employed for odometer inspections, paid for out of the road usage charge operational budget
FINANCIAL ANALYSIS REVISIONS
The Future is Uncertain

Demographics

Light Vehicle Fleet Population

Millions of light vehicle registrations

- Historical
- TRFC September 2014 Forecast
- Consultant Revised Forecast

Historical data shows an increasing trend in light vehicle registrations from 1990 to 2040, with forecasts indicating a continuation of this trend. The TRFC September 2014 Forecast projects a steady increase, while the Consultant Revised Forecast suggests a slightly more conservative growth rate.
The Future is Uncertain

Behavior

Statewide Light Vehicle VMT

- Historical
- EIA High Case
- EIA Reference Case
- FHWA
- EIA Low Case
- Climate Change Scenario
- TRFC September 2014 Forecast
The Future is Uncertain

Technology

Washington Light Vehicle Fleet Fuel Economy

- Historical (estimated)
- EIA Adjusted for WA
- Consultant Revised Forecast

Miles per gallon (MPG)

1990 2000 2010 2020 2030 2040
The Future is Uncertain
*So We Created Economic Scenarios*

<table>
<thead>
<tr>
<th>Economic Scenario</th>
<th>Characteristics</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>VMT grows and fleet fuel economy improves</td>
</tr>
<tr>
<td>2</td>
<td>VMT grows and small improvement in fleet fuel economy</td>
</tr>
<tr>
<td>3</td>
<td>Flat/declining VMT and fleet fuel economy improves</td>
</tr>
<tr>
<td>4</td>
<td>VMT grows and fleet fuel economy improves, but fewer vehicles</td>
</tr>
</tbody>
</table>
Estimated **Light Vehicle** Fuel Tax Revenues in Four Economic Scenarios

![Graph showing fuel tax revenues from light vehicles over time](image)

- **Historical (estimated)**
- **Scenario 2**
- **Scenario 1**
- **Scenario 4**
- **Scenario 3**

- **2015:** 1.9 cents per mile (cpm)
- **2043:** 1.3 cpm
- **2043:** 1.1 cpm
Fuel Tax Revenue for All Vehicles (Light + Heavy) in Four Economic Scenarios

Fuel Tax Revenues from All Vehicles

- **Historical**
- **Scenario 2**
- **Scenario 1**
- **Scenario 4**
- **Scenario 3**

2015: 2.2 cents per mile (cpm)

2043: 1.7 cpm

2043: 1.4 cpm
Other Uncertainties Relate to Policy Choices

• **Policy choices for fuel tax**
  » Which vehicles will remain on the fuel tax only
  » Per-gallon rate

• **Policy choices for road usage charging**
  » Transition approaches
  » Vehicles that will be subject to the road usage charge
  » Per-mile rate
  » Road usage charge collection methods
  » Whether to continue collecting fuel tax upstream
  » Whether to use commercial account managers
We Analyzed 11 Policy Alternatives Under Each of the Four Economic Scenarios

• Policy Alternatives
  » One fuel-tax only option with fuel tax holding steady at 37.5 cents per gallon
  » Ten road usage charge options
    – Rate of ~1.9 cents per mile (revenue neutral with fuel tax in 2015)
    – Options vary in terms of
      • Vehicles subject to charge
      • Transition strategy
      • Adoption of various charge methods
Economic Scenario 1
Road Usage Charge Net Revenue Outperforms Fuel Tax if MPG Improves as Expected

Annual Net Revenue: Economic Scenario 1

 Millions of nominal dollars

2019 2025 2031 2037 2043

Policy Alternative 1 (Fuel Tax Only)  Policy Alternative 2
Policy Alternative 3  Policy Alternative 4
Policy Alternative 5  Policy Alternative 6
Policy Alternative 7  Policy Alternative 8
Policy Alternative 9  Policy Alternative 10
Policy Alternative 11
Scenario 2

Road Usage Charge Net Revenue Outperforms Fuel Tax with More Modest Fuel Economy Improvements

Annual Net Revenue: Economic Scenario 2

Millions of nominal dollars

Policy Alternative 1 (Fuel Tax Only)
Policy Alternative 2
Policy Alternative 3
Policy Alternative 4
Policy Alternative 5
Policy Alternative 6
Policy Alternative 7
Policy Alternative 8
Policy Alternative 9
Policy Alternative 10
Policy Alternative 11
Scenario 3

Road Usage Charge Net Revenue Outperforms Fuel Tax if VMT Declines

Annual Net Revenue: Economic Scenario 3
Scenario 4

Road Usage Charge Net Revenue Outperforms Fuel Tax if Fleet Growth is Slower Than Expected

Annual Net Revenue: Economic Scenario 4

- Policy Alternative 1 (Fuel Tax Only)
- Policy Alternative 2
- Policy Alternative 3
- Policy Alternative 4
- Policy Alternative 5
- Policy Alternative 6
- Policy Alternative 7
- Policy Alternative 8
- Policy Alternative 9
- Policy Alternative 10
- Policy Alternative 11

Millions of nominal dollars

$0 $200 $400 $600 $800 $1,000 $1,200 $1,400 $1,600

2019 2025 2031 2037 2043
Road Usage Charge Net Revenue Expected to Outperform Fuel Tax Despite Higher Costs

• Light vehicle fuel tax collection cost is <1% of revenue

• Road usage charge cost estimates vary
  » Total operational costs over 25 years range from 3.2-9.7% of revenue
  » All costs over 25 years (capital + operations) range from 3.4-11.0%
  » All costs above include cost of continuing to collect fuel tax

• Policy choices that drive road usage charge costs
  » Whether to continue collecting fuel tax
  » How to enforce, including penalties
  » Whether to allow commercial account managers
What Fuel Tax Increase Would Result in the Equivalent Cash Flow of Road Usage Charge?

• If rates were increased annually
  » Road usage charge on light vehicles preserves revenue at ~1.9 cents per mile driven
  » If fuel economy increases in line with EIA forecast, road usage charging accomplishes the same thing as raising the fuel tax
    - An average of 1.2 cents per gallon per year on light vehicles, 2019-2043; or
    - An average of 0.9 cents per gallon per year on all vehicles, 2019-2043.
What Fuel Tax Increase Would Result in the Equivalent NPV of Road Usage Charge?

- One time increase
  - If fuel economy increases in line with EIA forecast, road usage charging accomplishes the same thing as
    - Raising fuel tax 10.0 – 21.5 cents per gallon on light vehicles; or
    - Raising fuel tax 7.5 – 16.5 cents per gallon on all vehicles.
  - However, a one-time increase of fuel tax does not resolve the declining revenue curve
    - Rates would need to rise again in 2043
    - Requires a conceptual “trust” to save excess revenue in early years to be made available in later years

Annual net revenue curves that generate equivalent NPV: economic scenario 1, road usage charge policy alternative 4

- Raise fuel tax to 50.5 cents per gallon
- Keep fuel tax at 37.5 cents per gallon and transition to road usage charge of 1.9 cents per mile under policy alternative 4
Key Takeaways

- Fuel economy improvements (and alternative fuel adoption) threaten to undermine fuel tax revenues
- Under all scenarios we created, fuel tax revenue is expected to be flat or declining
- Road usage charges are estimated to be more costly to collect than fuel tax
- However, road usage charges are estimated to generate more net revenue than fuel tax under all scenarios and policy alternatives analyzed, by a margin of 21-57% more, measured in NPV
- If fuel economy increases in line with expectations, road usage charging accomplishes the same thing as raising fuel tax about 1.2 cents per gallon per year on light vehicles or 0.9 cents per gallon per year on all vehicles, 2019-2043
BREAK
REPORT FROM THE TREASURER’S OFFICE
Numerous Questions Still Remain

- Our “parking lot” is pretty full
  - Eight pages in the draft report – 17 questions
  - Many more likely to follow if this work continues

<table>
<thead>
<tr>
<th>How to operationalize the four road usage charge methods.</th>
<th>How will people react to the proposed road usage charge system?</th>
<th>Public understanding and acceptance of a proposed system.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Per-mile rate setting.</td>
<td>Rate setting for time-based permit.</td>
<td>Vehicles subject to charge.</td>
</tr>
<tr>
<td>Charging out of state drivers.</td>
<td>Exemptions.</td>
<td>Refunds.</td>
</tr>
<tr>
<td>Dedication of road usage charge revenue.</td>
<td>Motor fuel tax bonds.</td>
<td>Legal issues.</td>
</tr>
<tr>
<td>Institutional roles.</td>
<td>Private account managers?</td>
<td>Interoperability with other states.</td>
</tr>
<tr>
<td>Interoperability with toll system.</td>
<td>State IT needs.</td>
<td></td>
</tr>
</tbody>
</table>
We Identified A Few that Will Help Decide Whether To Proceed

- Most can wait till “later”
- But these will help with a go/no-go decision

<table>
<thead>
<tr>
<th>How to operationalize the four road usage charge methods.</th>
<th>How will people react to the proposed road usage charge system?</th>
<th>Public understanding and acceptance of a proposed system.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Per-mile rate setting.</td>
<td>Rate setting for time-based permit.</td>
<td>Vehicles subject to charge.</td>
</tr>
<tr>
<td>Charging out of state drivers.</td>
<td>Exemptions.</td>
<td>Refunds.</td>
</tr>
<tr>
<td>Dedication of road usage charge revenue.</td>
<td>Motor fuel tax bonds.</td>
<td>Legal issues.</td>
</tr>
<tr>
<td>Institutional roles.</td>
<td>Private account managers?</td>
<td>Interoperability with other states.</td>
</tr>
<tr>
<td>Interoperability with toll system.</td>
<td>State IT needs.</td>
<td></td>
</tr>
</tbody>
</table>
• Within the context of what you want to recommend to the Commission and the Legislature…

• And considering what might generally be accomplished in the next biennium…

• And considering that the Steering Committee and Commission seems inclined to have the next phase include a demonstration…

• Are these the right questions to create a work plan around?
MULTI-JURISDICTION EVALUATION UPDATE
WORK PLAN PARAMETERS
At this Juncture, We Need Guidance to Scope A Work Plan

• Key questions
  » How to operationalize the four road usage charge methods
  » How will people react to the proposed road usage charge system
  » Public understanding and acceptance of a proposed system

• Parts of some of the other questions could also be included in this upcoming phase, such as
  » Interoperability with other states
  » Interoperability with existing toll collection systems
  » Upgrades to the State’s IT system
To Move Road Usage Charge Closer to Implementation, We Propose A Three-pronged Work Plan For FY2015-2017

<table>
<thead>
<tr>
<th>Demonstration</th>
<th>Public attitude assessment</th>
<th>Public communications and engagement</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Field trial of administrative systems and technology – especially those that are not being used in Oregon.</td>
<td>• Evaluate how well the public understands the need for a new system.</td>
<td>• Communicate the work being done.</td>
</tr>
<tr>
<td>• Real-world exposure of drivers to the proposed system to build confidence among stakeholders and the public.</td>
<td>• Identify public understanding of potential road usage charge systems.</td>
<td>• Respond to press &amp; public inquiries.</td>
</tr>
<tr>
<td>• Better understanding of costs.</td>
<td>• Identify public concerns with potential systems.</td>
<td>• Stimulate public discussion of transportation funding options.</td>
</tr>
</tbody>
</table>

At the end of this work plan, policy-makers should be in a position to decide whether road usage charging is right for the Washington, and then tackle the numerous details, both large and small, needed to implement, if that is their decision.
A Demonstration Will Accomplish the Following Objectives

• Evaluation and analysis of the demonstration provides proof of concept(s), and we will gain a better handle on
  » Implementation costs
  » Administrative requirements
  » Technology limitations and opportunities

• Participants in a demonstration will “experience” the functioning and potential benefits of the system concept(s), which will provide
  » Feedback on the administrative and technical systems
  » Feedback on concerns related to system usability
  » Feedback on user acceptance concerns
  » Information on behavioral changes that might emerge from being exposed to direct billing for road use (if the demonstration is long enough)
  » A population that can describe their experiences to friends, family, colleagues and the press, aiding public acceptance if the decision is made to move forward
If A Demonstration is Desired, We Suggest A Four-Step Process

Step 1: Approved work plan and budget
- Develop budget, demonstration plan, and communications plan

Step 2: Preplanning and preparation for RUC demonstration. Assess attitudes

Step 3: RUC demonstration and evaluation

Step 4: Findings and recommendations report

Outputs:
- Specifications, demonstration test plan and communications plan with focus groups
- Predemonstration preparations, procurement, and attitudinal surveys/focus groups
- Demonstration and evaluation with attitudinal surveys
- Demonstration and evaluation report and attitudinal assessment

Total time – 22-42 months
What Input Does the Steering Committee Need to Provide?

- Confirmation that we have identified the correct questions needing answers in order to consider an implementation decision
- Reaction to overall approach to answering questions and guidance with respect to areas that should be emphasized, deemphasized, eliminated, or added
- Guidance to the formulation of the work plan
- Guidance with respect to the different components of the work plan
  - Demonstration, including procuring the vendors and equipment that would enable it
  - Public attitude evaluation
  - Public communications and engagement
Work Plan Components – Key Guidance to Help Formulate a Responsive Work Plan

- **Demonstration**
  - Methods to be tested
  - Geographic distribution
    - Statewide
    - Selected regions, and if so, how do we best represent the different populations of the state
    - A single representative area
  - Time line, with implications relating to
    - Enough time to test a full annual cycle of a charge system involving initial estimation on final reconciliation
    - Seasonal differences in travel behavior
    - The longer the time line, the more data we will have to provide reliable answers
  - Evaluation requirements
    - Frequency of surveying participants
    - Evaluation of objective data such as number of miles driven, number of transaction errors, etc.
  - Number of participants necessary to ensure statistical reliability
Work Plan Components – Key Guidance to Help Formulate A Responsive Work Plan (Continued)

• Public attitude assessment
  » How frequently should we assess attitudes, reflecting increasing public information over time
  » Desirability of focus groups to precede statistically valid surveys and geographic coverage
  » Topics to cover, including broader transportation funding questions, recognizing other funding efforts that might be proceeding in parallel
  » Leverage the VOWS platform

• Public communications and engagement
  » How widespread should communications be?
    – Proactive or reactive?
    – Speakers bureaus, forums and public meetings?
  » Handling press coverage
  » How to handle with respect to the broader funding issues?
Oregon and California are Both Advancing Road Usage Charges – This Provides Both Opportunities and Challenges

• **Opportunities**
  - Potential cost savings
  - Potential times savings
  - A head start at addressing out of state travel issues

• **Challenges**
  - The alternative contracting mechanisms and legal authority is unclear
  - Working with other states will take time and effort, potentially leading to delays
  - Syncing work plans could mean adopting a less than optimal schedule
There are three generalized approaches to demonstrations that have occurred nationally –

» A single jurisdictional demonstration
» One large and a few smaller representational jurisdictional test
» A statewide test of major and smaller representative regions
What are Characteristics of A Single Jurisdictional Demonstration?

- Participants – 80 to 250
- Test Region – One (1)
- Time
  - Time to Plan – 3 months
  - Time to Execute – 3-4 months
  - Total Time = 6-7 months
- Number of Technology Options – 1-4
- Number of Evaluation Surveys: 2-3

Example – Oregon Legislative Pilot Test in 2012-2013
What are Characteristics of A Large and A Few Smaller Representational Jurisdictional Test?

- Participants – 500 to 2000

- Test Region – One (1) major & multiple smaller regions that represent distinct characteristics or differences in state attitudes

- Time:
  - Time to Plan – 6 months
  - Time to Execute – 6-7 months
  - Total Time = 12-13 months

- Number of Technology Options: 4-5

- Number of Evaluation Surveys: 3-4

**Example** – Minnesota technology testing & Oregon “Pay at the Pump” testing in 2005-2007
What are Characteristics of A Statewide Test of Major and Smaller Representative Regions?

- Participants – 5,000 to 6,000
- Test Region – Two (2) major & multiple smaller regions
- Time:
  - Time to Plan – 9-10 months
  - Time to Execute – 12 months
  - Total Time = 21-22 months
- Number of Technology Options: 5-6
- Number of Evaluation Surveys: 4-6

Example – University of Iowa GPS testing and the proposed California Demonstration planned for 2017
What are the Costs?

- It depends on the desired objectives, and
- Procurement methods employed.
We See Several Potential Procurement Options
There May Be Others

1. **Washington State RFP**: Washington State separately procures technology vendors through their typical agency contracting process.

2. **Washington-Oregon Agreement**: Washington State enters into a one-to-one agreement with Oregon for use of their road usage charging vendor contracts.

3. **Washington-Caltrans Agreement**: Washington State enters into a one-to-one agreement with California for conducting joint demonstration and uses California’s RUC vendor contracts and equipment suppliers.

4. **Washington Master Contract RFP**: Washington State uses a master contract approach, requiring its consultant team to provide technology vendors for the demonstration.

5. **Multi-State Purchasing Cooperative**: Washington State, Oregon and California agree to collectively procure technology vendor contracts for a regional approach and interoperability.

6. **Western Road Usage Charging Consortium (WRUCC) RFP**: Oregon posts their road usage charging technology vendor contracts on the existing Western Purchasing Cooperative to be accessed by other states (currently 11) in the Western Road Usage Charging Consortium (WRUCC).
The Optimal Procurement Method Will Depend Upon Several Factors

- Factors affecting procurement, in order of decreasing importance
  - Satisfy Washington State’s legal requirements for entering into contracts
  - Ensure leadership by an organization of proven capability
  - Have the flexibility to adjust to changing circumstances, preferences or goals of the project sponsors (management agility)
  - Minimize project delivery and reputational risk
  - Expedite procurement and contracting of the technology vendors
  - Realize project cost savings
The Proposed Work Plan Will Incorporates A Four-step Process with Defined Outputs

- **Step 1**: Approved work plan and budget
  - Develop budget, demonstration plan, and communications plan
  - 3-6 months
  - Outputs: Specifications, demonstration test plan and communications plan with focus groups

- **Step 2**: Preplanning and preparation for RUC demonstration. Assess attitudes
  - 3-14 months
  - Outputs: Predemonstration preparations, procurement, and attitudinal surveys/focus groups

- **Step 3**: RUC demonstration and evaluation
  - 3-12 months
  - Outputs: Demonstration and evaluation with attitudinal surveys

- **Step 4**: Findings and recommendations report
  - 2-9 months
  - Outputs: Demonstration and evaluation report and attitudinal assessment

Total time – 22-42 months

**Note**: These timelines are likely more than a single fiscal biennium
**Goal**

To Agree On A Work Plan, Use SC Guidance and Develop A Budget for A Demonstration

**Work Plan and Strategy**

- **Initial work** – use SC guidance and CONOPS to develop demonstration plan, budget and comms plan
- **Overall methodology** to approach a demonstration and assess attitudes
- **Evaluate the demonstration** on the agreed objectives, guiding principals and the test methodology
- **Evaluation report provides** decision-makers with quantifiable results of what works, what didn’t and what was acceptable.

**Outputs**

- **Specs, Demo test plan, comms plan w/ focus groups**
- **Pre-demo prep, procurement & attitudinal surveys/ focus grps**
- **Demo & Eval with attitudinal surveys**
- **Demo/Eval Rpt & Attitudinal Assessment**

**Demo & Eval Based on Objectives, Criteria & Allowed budget/time constraints.**

**Conclusions**

- **Total time = 22-42 months**
Next Steps

Preparation of Work Plan

1. Use Steering Committee guidance to finalize the work plan
2. Create detailed work plan and costs for next fiscal biennium
3. Discuss any changes from the today’s meeting and detailed work plan with a Steering Committee sub-group
4. Circulate for comment to full Steering Committee (will have a short turnaround time)
5. Incorporate into draft report and develop recommendations to WSTC for presentation on December 9/10 (but delivered to them the week before)
NEXT STEPS
Next Steps

• Implement report changes based on comments today and comments to come through Friday, November 21 (this Friday)
  » Work with Commissioners and other volunteers

• Develop the proposed work plan for next fiscal biennium
  » Work with Commissioners and other volunteer

• Prepare complete draft report for Commission review on December 9

• Finalize report and send to Legislature in early January

• Present to transportation committees of Legislature in January or February
## Timeline

<table>
<thead>
<tr>
<th>Item</th>
<th>Schedule</th>
</tr>
</thead>
<tbody>
<tr>
<td>Steering Committee comments on draft report</td>
<td>Friday, November 21</td>
</tr>
<tr>
<td>Draft work plan for review by Commissioners and Committee volunteers</td>
<td>Monday, November 24</td>
</tr>
<tr>
<td>Check draft report, including work plan</td>
<td>Monday, December 1</td>
</tr>
<tr>
<td>Submit final draft report to Commission</td>
<td>Wednesday, December 3</td>
</tr>
<tr>
<td>Commission meeting</td>
<td>Tuesday, December 9</td>
</tr>
<tr>
<td>Finalize report</td>
<td>Wednesday, December 31.</td>
</tr>
</tbody>
</table>
DISCUSSION: WORK PLAN AND REPORT COMMENTS
• Have we communicated the message clearly and correctly?
• Is there anything missing?
• Do you have any concerns about the findings?
Work Plan
Discussion Guide

• Have we selected the right focus areas?
  » Demonstration
    – How to operationalize?
    – How will people react
    – Public understanding
  » Public attitude assessment
    – Focus groups
    – Surveys
  » Public Communications and engagement
    – Communicate what’s being done
    – Respond to inquiries
    – Stimulate discussion
THANK YOU

- Based on the current situation, the following components would be needed for Washington State to procure the major elements of a demonstration; and,

- This is the base case and all other cases and savings in time/budget should be measured against this base case.

[Need Graphic placed here]

- Increase planning and coordination with Oregon;
- Savings by eliminating specification and document – use Oregon’s documentation & specifications;
- Modest savings in procurement time;
- Savings in equipment costs and transaction process and customer relations; and,
- Overall saving in time and budget due to the above.

[Need Graphic placed here]

- Increase program coordination and synchronization of separate programs;
- Elimination of specifications and documents – use California’s;
- Savings in evaluation, equipment costs and transaction processing for customer relations – more negotiating power;
- Savings in procurement by joint procurement and letting California take lead in procurement;
- Increased time to execute because of the potential size and complexity of California’s demonstration; and,
- Savings to the overall budget based on the above factors.

[Need Graphic placed here]

- Major increase in consultant budget;
- Elimination of State specifications and documentation;
- Elimination of separate procurement packages and gain in flexibility;
- Savings in equipment costs by commercial contracting;
- Savings in transaction processing and customer relations by commercial contracting; and,
- Overall savings in time and budget by having single source of responsibility and the above factors.

[Need Graphic placed here]
5. Multi-State Purchasing Cooperative Procurement Option.

- Decrease in state program coordination, but increase in synchronization of three programs;
- Elimination of specifications and documents – use California’s or Oregon’s specifications;
- Savings in evaluation, equipment costs, transaction processing and back office / account management by having regional vendors and centralized clearing house operations for customer relations;
- Increased procurement workload getting agreed and joint procurement acceptance by all parties;
- Increased time to execute because of the potential size and complexity of a three state demonstration; and,
- Savings to the overall budget based on the above factors.

[Need Graphic placed here]
6. Western Road Usage Charging Consortium (WRUCC) RFP Procurement Option.

- Decrease in state program coordination, but increase in synchronization of multiple programs;
- Elimination of specifications and documents – use WRUCC specifications;
- Savings in evaluation, equipment costs, transaction processing and back office / account management by having WRUCC vendors and WRUCC centralized clearing house operations for customer relations;
- Increased procurement workload due to multi-state agreement in joint procurement and acceptance by all members of WRUCC;
- Decreased time to execute because of it is merely extending existing vendor’s business areas; and,
- Savings to the overall budget based on the above factors.

[Need Graphic placed here]
Backup Slide

*Raising the Fuel Tax Exacerbates Inequities*

Fuel tax paid per 10k miles driven (at 37.5 cents per gallon)
• What do you believe about future fuel economy?
  » Write down a number in miles per gallon
  » Multiply it by 1.92
  » The result is the fuel tax rate in cents per gallon required to match today’s revenue levels, in 2014 dollars
'Which is worse for fuel tax revenue

» A truck improving its on-road fuel economy from 6 to 8 MPG, or
» A car improving its on-road fuel economy from 20 to 50 MPG
» Assume they both drive the same number of miles

• Answer – It depends whether you’re measuring percentage decline or dollars

• Assume they both drove 12,000 miles
  » At 6 MPG, the truck paid $750 in fuel tax. At 8 MPG, it paid $562.50, a decline of 25% or $187.50
  » At 20 MPG, the car paid $225 in fuel tax. At 50 MPG, it paid $90, a decline of 60% or $135

• The state lost more money from the truck, but saw a bigger percentage decline from the car

• Cars buy a lot more gallons in Washington than trucks!