

Washington State Road Usage Charge Steering Committee

Meeting #5

Meeting Notes | April 4, 2013

Attendees

Steering Committee Members

Tom Cowan, Vice Chair, WSTC Commissioner

Curt Augustine, Alliance of Automobile Manufacturers

Rod Brown Jr., Cascadia Law Group PLLC

Pete Capell, Clark County Public Works

Cynthia Chen, University of Washington

Scott Creek, Washington Trucking Association

Don Gerend, City of Sammamish Councilmember

Anne Haley, WSTC Commissioner

Tom Hingson, Everett Transit

Sharon Nelson, Board of Records

Lynn Peterson, WSDOT Secretary

Charles Royer, WSTC Commissioner

Washington State Transportation Commission Staff

Reema Griffith

Paul Parker

Washington State Department of Transportation Staff

Jeff Doyle

Consultants

Jeff Buxbaum, Cambridge Systematics

Jack Opiola, D'Artagnan Consulting

Matthew Dorfman, D'Artagnan Consulting

Travis Dunn, D'Artagnan Consulting

Allegra Calder, BERK

Gary Simonson, BERK

Other Attendees

Jeff Finn, Volt

Doug Klunder, ACLU

Carl See, Department of Licensing

Ted Trepanier, INRIX (on behalf of Kush Parikh)

NOTE: As presentation materials are available on the Washington State Road Usage Charge website (<https://waroadusagecharge.wordpress.com/meetings/>), this meeting summary focuses on the discussion and not the presentation content.

Agenda Overview and Introductions

Tom Cowan, Steering Committee Chair, welcomed the group and Committee members introduced themselves. Tom Cowan reviewed the purpose of the meeting and discussed the agenda.

Public Comment

Tom Cowan provided an opportunity for public comment. There were no public comments.

Legislative Update

Jeff Doyle of WSDOT and Reema Griffith of WSTC then provided a legislative update. Jeff Doyle noted that, in December, the Steering Committee sent their recommendations to the WSTC, who in turn sent a proposed budget (\$1.6 million) and two-year work plan to the State Legislature. The Legislature requested a scaled down work plan and budget. The WSTC revised the two-year work plan to \$800,000.

Jeff Doyle noted that no funding has been provided in the recently released Senate Transportation Budget, but that the House has provided \$400,000 for one year, with a reporting requirement at the end of the year and a directive describing what would be needed in the following year. If this bill were to pass, all of the funding would be channeled through the WSTC, with some parameters placed on the expenditure of the funds. The House bill asks the Steering Committee and the WSTC to develop a business case for a road usage charge. Tom Cowan noted that in order to develop the business case, the Committee must work through several operational issues.

Tom Cowan introduced WSDOT's new Secretary of Transportation, Lynn Peterson, who provided brief remarks and stated that she was glad to be participating in the process.

Discussion

- Was there any Federal funding allocated for the road usage charge assesement?
 - No, there was not.
- Lynn Peterson noted that in WSDOT's comments to the Office of Financial Management, WSDOT requested that a minimum of \$400,000 be provided through the Senate or House Transportation Budget.

Peer, Colleague and Constituent Feedback

Tom Cowen asked Committee members to describe what they have been hearing from peers, colleagues and constituents regarding a road usage charge. Jeff Buxbaum of Cambridge Systematics emphasized that the Steering Committee is essentially the first round of public outreach, and that it would be helpful to understand what people are hearing so the work plan can be shaped around key issues being discussed in the public realm.

Discussion

The discussion covered an array of topics related to what Committee members have heard and how potential issues should be addressed.

Lack of Understanding of Transportation Funding

- People are intrigued, but most do not understand how transportation is funded since the gas tax is bundled with the purchase of gas.
- Transportation infrastructure and gas are viewed by much of the public as necessities that they are entitled to. They do not have a good understanding of the externalities involved in providing them. We should do more to help people understand that they are driving on subsidized roads that must be paid for.
- People have a basic lack of understanding of how transportation is funded. Surveys indicate that people say they are not willing to pay even \$25 a month for transportation infrastructure, yet we know they are willing to pay significant amounts for internet, telephone, and cable service.
- We need to do a better job of explaining where the dollars are going and why they are so important to preserving our transportation system. There is a clear disconnect. Currently people will gladly pay for other services, but not for transportation. We need to make the connections more obvious.
- We have not educated people enough to understand the economic externalities. Because drivers' usage is being subsidized, they are unaware of the costs.
- Perhaps there is a psychological cost. Even though people are paying in several ways every time they drive, they are not always aware of those costs. With a usage charge, it is obvious to the driver that they are incurring a cost.
 - In many ways, a usage charge turns the "freedom of the open road" into the "charged road" in people's minds. But the fact is that the costs are already there. People need to recognize that they are using and paying for a utility, and that a usage fee is not such a radical concept.
- People often have an "aha" moment when they recognize that the gas tax is also a by-the-mile usage-based fee that covers the operating cost for burning fuel. Once they recognize that, they should have a better understanding that a road usage charge operates on the same principle.

Educating the Public

- We need a campaign to explain the costs of driving and transportation funding to the general public. It is not in the driver's manual or on the driver's test. We should require that the gas tax be displayed on receipts for fuel purchases at gas stations. People assume the tax is proportional to the cost of gas, so they do not understand why transportation revenue is declining as gas prices are increasing. We need more transparency.
- It is a challenge to educate people who are not in the industry on this issue. People do not read the transportation funding pieces in the newspaper and they do not typically engage in conversations about transportation funding. The big lift is the education piece. Everyone understands that we need to pay, but the key question is around the best way to pay.
 - It is worth noting that the main purpose of a pilot program is to educate people – this is a key way of getting information out.

Apprehension and Confusion

- Some people on the Eastside (of the Central Puget Sound region) already have strong negative feelings towards tolling SR 520, so there is hesitancy to accept the idea of a new road usage-based tax. Some have also mentioned privacy concerns.
- In Clark County, people have expressed apprehension and are concerned about a new tax.
- The rural community may be more difficult to persuade. A rural legislator stated that they do not support a road usage charge since their constituents drive a lot and would be upset about having to pay an additional tax.
- People in urban areas feel that a road usage charge unfairly penalizes electric/hybrid vehicle owners who are trying to “do the right thing”.
- Some people have expressed confusion between road usage charging and bridge tolls. Others have concerns about privacy issues in relation to the data collection technology.
- Many people are unsure of what a road usage charge means initially. Once they recognize that the gas tax is not bringing in enough transportation funding, they typically support some type of new program or action to address the issue, although they are ambivalent about whether a road usage charge is the right approach. Once people have a better understanding of what it entails, they will be more likely to support it.
- People want to know if the road usage charge is a replacement of or a supplement to the gas tax.
- Some people involved in transportation issues do not understand why we should switch to a different system that costs more administratively when the gas tax is so efficient to collect and already essentially charges “by the mile”. They ask “why do we not just increase the gas tax?”
- Speculation on the tax rate of a road usage charge, which is often unfounded, can kill a proposal. People think in terms of dollars per mile, not cents per mile, and do not recognize that the yearly total of a road usage charge is actually far less than they might imagine, particularly compared to other utilities.

Generational Differences – Importance of Choice

- Most students whom I've spoken with are receptive to the idea of a user-based road charge. Although privacy concerns do arise, the younger generations' view of privacy is different than older generations', given the popularity of social media and other forms of information sharing.

- Research has shown there is a generational difference. Between the ages of 17-31, there is widespread acceptance that user-based charges are fair and logical. However, older generations recall a time when services were not as expensive and feel they have already “paid their dues”, so they are less accepting of new fees and costs.
- In the Oregon pilot, we’ve seen that the younger generation is very concerned with choice, and that they prefer a range of options to pay a charge. They also want the process to be easy.
- We often talk about the large bulge in demographics from baby boomers. However, currently the 17-31 age group exceeds the baby boomers. The younger generation looks for choices and has different values. They are more likely to accept a road usage charge as long as it is done in a way they view as acceptable.
- Choice is especially important to the younger generation, but resistance from *all* generations is likely when people feel they do not have a choice.

Timing and Transition

- We need to consider timing and ask if we are ahead of our time. Currently, it does not seem like the general population will be able to get behind something like this. We have education to do, and it may also make sense to wait from a generational perspective and a technological perspective. Perhaps it makes sense to increase the gas tax in the near term. We need to think about transitioning as well.
 - In other ways Washington is ahead of its time - consider gay marriage and marijuana legalization. Ultimately, people are saying yes to choice. There is a timing issue with every question we face, but in the end, someone has to lead.
- Is it a timing issue or are we simply not paying attention to the different market segments?

Values

- There are deeply rooted value questions, not just policy concerns, so we need to figure out some responses that speak to how a road usage charge addresses the values people see as important.
- We need to be clear about what values we are putting forward. For example: equity, transparency, choice, consumer protection, and environmentalism seem like critical values. We need to separate the values from the issues and be clear about what our values are.

Other Comments

- People I’ve spoken with in Seattle feel we should be doing more to pay for infrastructure, so they understand the rationale behind a road usage charge.
- Would it be possible to develop an inter-state EZPass that would allow this system to function across state boundaries?
- One rural Senator suggested raising sales tax as a way of increasing transportation funding.
- We should consider an “all of the above” policy. Let’s not make it “either/or”.
- There is a recent IMF energy [subsidies paper](#) that might be of interest to the Committee. There is also a much [shorter presentation](#).

Oregon Road Usage Charge Pilot Update

Travis Dunn and Matthew Dorfman of D'Artagnan provided an update on the Oregon Road Usage Charge Pilot Program.

Update of Washington State Participation

Travis described Washington State's participation in the program.

Discussion

- Some Committee members who participated in the program shared their experiences. They were generally positive, although there were a couple of relatively minor installation and usage issues.
- Are the necessary ports required on all foreign built vehicles as well?
 - For domestic they were required by 1996, for foreign it was by 2002.
- How close were the readings between the device and the odometer?
 - We do not have a comprehensive answer to that, since we did not get responses from everyone and where we did the timing did not always match up correctly. From the information we do have, there was a 2-3 percent error. Overall, that is considered an acceptable number within the standard range of error.

Update on Technology Options

Matthew Dorfman provided a brief presentation on the technology options and mileage plans offered during the pilot program.

Discussion

- Did anyone care about the aesthetics of the device or feel like it was cluttering up their dashboard?
 - It sits in the port under the wheel so people do not typically see it.
 - I did not care how it looked, but in my vehicle the port was right in my dash, so the dongle was not in the ideal spot. In one instance my knee knocked it out.
- What happens if the dongle falls out but you are not aware?
 - The service provider will call to let you know that has occurred.
- Is the auto industry moving to where the technology would be built directly into the vehicle and we would not even need a device?
 - Currently, there are regulations against the "black box" holding onto any data for longer than 5 seconds. In other words, the technology exists, but it is not being applied and is certainly not mandatory. However, there are services like OnStar where people can capture this type of information.
 - Also, vehicle manufacturers cannot keep up with the technology. It is more likely they will be relying on a mobile device. I would anticipate there will be less installed directly and more that rely on mobile devices.
 - It is important to consider that the more prolific these types of applications and telematics platforms become, the more acceptance there will be among the public of this type of technology.

- There is also the issue of who the data belongs to – the driver or the data collector>
- What are compatibility issues between the technology and hybrid vehicles?
 - Early hybrids did not have the engine sounds that cue the device.
- How sensitive is the GPS to where you are? For example, what if you are on a frontage road next to the highway?
 - Within a few hundred feet, it would work. But it would be a challenge to differentiate two parallel roads that are right next to each other. Ultimately, it's dependant on the type of technology used.
 - Currently, we are talking about pricing the roads similarly, so it may not matter.
- Travis Dunn noted that the Oregon pilot has concluded and acknowledged the various companies that contributed and provided help. He noted that there was a wide range of participation.

VMT and Revenue Forecasts

Jeff Buxbaum provided a brief presentation on the 2012 and 2013 fuel consumption forecasts.

Discussion

- Did you model what would happen to fuel consumption if VMT did not return to the normal rate of growth? Some transportation planners argue that the flattening of the curve is more about driving behaviors than the recession. Wouldn't that cause the fuel growth rate to be even lower?
 - Yes, but the argument there is that maintenance needs would decrease as well.
 - Another dimension that's missing is if we cross-correlate VMT with the price of fuel, as the price of fuel spikes people cut back on discretionary trips.
- The argument could be made that you could just increase the gas tax to correlate with the increase in VMT instead of implementing a road usage charge. Some are arguing this exact point.
 - In the short term you could adjust the gas tax based on VMT, but it's not actually that easy to do and it may not be a long-term solution.
 - Also, as the price of fuel goes up people have more incentive to buy fuel-efficient vehicles. Along with greater efficiencies from electric and hybrid vehicles, gasoline vehicles are also becoming far more efficient.

Facilitated Discussion of Core Policy Issues

Jeff Buxbaum stated that the consultant team has chosen three core policy issues, raised in previous meetings, to discuss in greater detail with the Committee: out-of-state driving, urban vs. rural equity, and privacy. He noted that the purpose of the discussion would be to hear Committee members' thoughts and to gauge the importance of these issues to the Committee overall as the Consultants developed a few concept proposals to bring back to the Steering Committee in June.

Out-of-State Driving

Jeff Buxbaum then provided a brief presentation on out-of-state travel and posed several questions to Committee members.

Discussion

Jeff Buxbaum asked the group: given the relatively low VMT by out-of-state drivers is it worthwhile to establish a system to charge them? How much does it matter and how much does the group care?

- I think it's very important, especially if people presume that they will still pay Washington State taxes even when they're driving in other states. Ultimately, it's about fairness and equity. If we don't charge them, it will be viewed as unfair.
- Is it possible that charging out-of-staters could discourage tourism? We encourage tourists to come to our state and spend money, yet we would create a disincentive by forcing them to pay a road usage charge.
- It really depends on the cost of the technology. We need to weigh the cost of tracking and collecting funds from out-of-state drivers with how much revenue we are actually collecting.
 - We're not sure yet about how the costs compare – that's where the business case analysis comes in.
 - The only basis we have is to look at some of the European systems. License plate-based collection can be done at a lower cost, but if printed materials are required it becomes more expensive
- If the purpose is to replace revenue, we cannot assume that Oregon drivers are buying their gas in Washington, especially those coming in for the day. A decrease in VMT may not actually signify a proportional decrease in revenue from the gas tax.
- We should consider developing interoperability with nearby states, as that would resolve many of these issues. The number of people coming into Washington from non-adjacent states is likely far less.
 - Yes, we would have to prioritize – Oregon would be the most important, while California, Idaho and Canada may be a tier below.
- We should ensure that our policy on this is similar to Oregon's. For instance, if they charge Washingtonians driving in Oregon, but we do not charge Oregonians driving in Washington, it would be unfair to Washingtonians and would negatively affect driving behaviors.
 - Oregon's current bill has no provisions to charge out-of-staters, although keep in mind it is only a starting point.
- How do we determine allocation of revenue to local cities?
 - That's a challenging question that will need to be addressed. In Oregon, they looked at distributing from a state fund to the local level. However, no decision has been made. Ultimately, if the pot increases, everyone on the distribution chain will be happier, so determining allocation doesn't need to happen immediately.

Jeff Buxbaum then asked the group how important the issue of Washington drivers being charged for out-of-state driving was.

- Road usage charge opponents have already begun to harp on this issue, arguing that they believe it is unfair for residents to pay Washington State for miles driven in other states.
- The importance largely depends on trip distance and the duration of time spent out-of-state. For short trips it is not a significant issue. But when you consider people being out of the area for extended periods of time, it needs to be addressed.
 - If drivers were not comfortable with the GPS technology, they would likely have to keep logs and records of mileage driven, and then request a reimbursement.

- This bolsters the argument for providing choices, so that those who simply want to plug in a device can do so. However, we do not want to appear as if we are coercing people into choosing a particular option by creating significant disadvantages for all other options.
- This issue is of particular importance to communities close to the border, such as Vancouver, WA and Spokane.
- We should consider a quid pro quo model depending on what Oregon does.
 - It may not pencil out in terms of costs, but the fairness issue is paramount to people.
 - There could be potential litigation around enforcing an out-of-state card.
- Let's start with a simple system and learn as we go. We can make our decisions in coordination with Oregon, so the two systems are compatible.

Urban/Rural Driving

Travis Dunn provided a brief presentation on urban and rural road usage charge impacts, focusing on a telephone survey conducted for Oregon DOT.

Discussion

Jeff Buxbaum noted that questions about urban vs. rural equity are raised frequently by legislators and the public. He asked the Committee to discuss their thoughts on the issue and to consider effective responses to those questions.

- Has this group already covered equity more broadly?
 - We've identified it as an issue but are not focusing on it today. There are many different components to equity, and the urban/rural aspect is one of them (along with income, type of vehicle, and others). Trying to understand the root of equity issues is challenging, so today we are focusing on one aspect.
- This is obviously an issue of fairness, but the challenge we are contending with is around people's perceptions, not actual facts.
- With the current gas tax, rural residents are paying approximately the same percentage as urban residents. Also, studies have shown that urban tax dollars often subsidize rural transportation infrastructure.
 - However, the reason rural residents pay a similar amount is because they drive less fuel efficient vehicles, not necessarily because they drive similar distances.
 - Some studies indicate that urban dollars subsidize rural infrastructure, but they are controversial and difficult to discuss for political reasons.
- There appears to be a desire to keep money in the area where it was raised. However, we also need to consider a systems approach to transportation funding. There is a question of minimal need for the rural road network. Ultimately, we need to recognize the difference in fairness issues between where the money is being raised and where it is being spent.
 - Sound Transit has a sub-area equity model, and it has led to a terrible model for regionalism. It is ultimately not a systems approach.
 - It's also worth noting that freight travels across the state and ties the state together economically. We need to look at this from a systems perspective.

- One of the critical questions is: how do we present and package this data effectively? Urban and rural driving habits are crucial to the story we are trying to develop, and it is important that we get this information out to residents in all rural areas of the state.
 - Is data gathered in Oregon applicable to Washington?
 - They are similar, but there are differences in geography and the urban/rural composition of the two states that may require new data to be collected in Washington.
 - We should consider whether we want to gather similar data for Washington State to include in the work plan.
 - Have you looked into the correlation between miles travelled and travel time? We have data on travel time, so we could see if there enough correlation to validate the Oregon data.
- When considering urban dollars subsidizing urban infrastructure, there is a question of who should be taxed. Our attempts to provide incentives to develop infrastructure in the past have not been successful.
- It's important that we disseminate this information as soon as possible, but let's not use it to make any decisions yet.
- There is still the issue of clarifying the difference between tax collection and tax investment policies in regards to urban vs. rural issues.
- How does this conversation inform the work plan?
 - It is less about the work plan and more about gauging the importance of these concepts. The feedback we received from the Legislature was to focus on the concepts. We want to get a sense of whether the Committee views these issues are important or not. The work plan is a separate effort.

Privacy

Jack Opiola of D'Artagnan provided a brief presentation on the issue of privacy, focusing on the principles and language from the contract in Oregon.

Discussion

- The Good to Go! Pass is a great model, and the language in the Oregon contract provides principles to build on.
- Data security is an issue. We need to make a strong promise to the public regarding the robust nature of our security system.
 - We can make the guarantee for the core data, but not necessarily for the value added services that vendors may provide separately.
- Consider expanding RCW 42.56, the Public Records Act, to include this type of data gathering.
- Did Oregon retain an option that does not require reporting? I think that will be critical since a significant portion of the population will not accept a device in their car. We need to have some way to participate that does not involve vehicle tracking.
- We should consider providing privacy policy communications to drivers on an annual basis.

Summary of Action Items and Next Steps

Jeff Buxbaum noted that the next meeting will be on June 11 in Seattle. He stated that the consultant team will come back with a handful of sketch concepts and that the Committee will decide whether these concepts should move forward into more detailed analysis. The team will also provide a work plan based on any legislation that may pass between now and then.

The meeting adjourned at 4:30.