

**California Road Charge Pilot Program Technical Advisory Committee (TAC)
Minutes
January 23, 2015**

**Lincoln Plaza Auditorium, 1st Floor
400 P Street
Sacramento, CA**

<http://www.catc.ca.gov>

1. Roll Call

Jim Madaffer, Chair, convened the inaugural meeting of the Road Charge Technical Advisory Committee (TAC) at 10:00AM. Chair Madaffer introduced Will Kempton, Executive Director of the California Transportation Commission (CTC), to address basic housekeeping issues and to conduct the roll call.

Chair Jim Madaffer	Present	Richard Marcantonio	Absent
Senator Jim Beall	Present	Pam O'Connor	Present
Assemblymember David Chiu	Absent	Eshwar Pittampalli	Present
David Finigan	Present	Robert Poythress	Present
Stephen Finnegan	Present	Eric Sauer	Present
Scott Haggerty	Present	Lee Tien	Present
Gautam Hans	Present	Martin Wachs	Present
Loren Kaye	Present		

2. Welcome and Introductions

Chair Madaffer gave a brief background and overview of the TAC formed in response to SB 1077. He introduced the CTC staff that will provide day-to-day support to the TAC to ensure objectives and statutory deadlines are met. He also introduced Caltrans staff that will provide support to the TAC as requested.

TAC member attendees made self-introductions and gave their individual perspective.

Chair Madaffer announced that Stephen Finnegan will act as Vice-Chair of the TAC.

3. Senate Bill 1077 Overview

Carrie Pourvahidi, CTC Staff, provided an informational overview of SB 1077 (click [here](#) for a link to the bill).

4. Technical Advisory Committee Role & Responsibilities

a. Mission Statement

Chair Madaffer presented the TAC Mission Statement, which reads, "Through an open forum, identify and design an equitable gas tax replacement pilot program that examines a potential sustainable funding solution to meet California's transportation system needs."

b. Operating Procedures

Laura Pennebaker, CTC staff, presented the draft Operating Procedures for adoption.

Motion: Mr. Finigan Second: Mr. Haggerty Action Taken: Approved
Vote Result: 13-0
Absent: Chiu and Marcantonio

c. Bagley Keene Open Meeting Act

George Spanos, CTC Legal Counsel, provided pertinent highlights of the Bagley Keene Open Meeting Act.

d. 2015 Meeting Schedule

Laura Pennebaker, CTC staff, presented the proposed 2015 meeting schedule for adoption.

Motion: Mr. Haggerty Second: Mr. Sauer Action Taken: Approved
Vote Result: 13-0
Absent: Chiu and Marcantonio

5. Transportation Funding Overview

Steven Keck, Division Chief, Caltrans Division of Budgets, provided an informational overview of Transportation Funding and Fuel Excise Taxes (click [here](#) for a link to the presentation).

6. California Transportation Infrastructure Priorities Workgroup on the Road Usage Charge

Brian Annis, Undersecretary of the California State Transportation Agency, provided an informational overview of the California Transportation Infrastructure Priorities (CTIP) Workgroup efforts on exploring Road Usage Charge as an alternative to the gasoline tax (click [here](#) for a link to the CTIP report).

7. Road Usage Charge – Washington State Planning and Policy Experiences

Reema Griffith, Executive Director of the Washington State Transportation Commission, provided an informational presentation on the Washington State Road Usage Charge Assessment (click [here](#) for a link to the presentation).

Ms. Griffith answered TAC member questions/comments during her presentation.

Mr. Finnegan - With respect to the use of a smart phone application in the pilot program, how does the phone know if you are driving or are a passenger in the car?.

Ms. Griffith responded that between vehicle and smart phone technology, who is actually driving the car can be determined.

Mr. Sauer - How has the Washington pilot addressed issues resulting from antiquated systems (such as outdated vehicle registration systems) and what type of upgrade would be needed to support a road charge?

Ms. Griffith responded that Washington also has antiquated systems and they are considering utilizing the private sector for implementation purposes. They estimate the need for a \$40M to

\$50M investment to modernize their systems. They will need to coordinate with the Washington Legislature for that process.

Supervisor Haggerty - How is privacy ensured when using a smart phone in the pilot program?

Ms. Griffith responded that this is an ongoing challenge with government utilizing technology. They need strong, clear laws about usage and collection of data and disposal of the data, with associated consequences for violation. The protection of public data is critical.

Mr. Hans - Not everyone can afford a smart phone and some people choose not to use one, how has Washington considered this in their effort?

Ms. Griffith responded that Washington is committed to offering non-technology options in the pilot that are simple and do not require the purchase or use of a smart phone.

Mr. Pittampalli – When do you plan to communicate with the public regarding the pilot program?

Ms. Griffith responded that Washington currently has limited engagement with the public, as they have been on academic study mode, waiting for the green light to demonstrate the four operational concepts. Once they go into demonstration mode they will have something specific and tangible to discuss with the public and will engage at that point. Until then, Washington does not want to speculate which direction the program will ultimately go.

Mr. Sauer – What type of enforcement mechanisms are in place to address possible evasion issues?

Ms. Griffith responded that auditing/spot checking will be the main mechanism. They will need to obtain the authority to do that which is another political debate. Keeping the gas tax in place will minimize the ability for evasion; Washington will collect the revenue at the pump through the gas tax or through the road charge system.

Mr. Sauer – What type of input has been provided from the trucking industry in Washington?

Ms. Griffith responded that the trucking industry is on the steering committee. The trucking industry has been positive since the study is for vehicles under 10,000 lbs. Heavy weight fees and diesel taxes already exist in Washington.

8. Road Usage Charge – Oregon State Implementation Experiences

James Whitty, Program Manager, Office of Innovative Partnerships and Alternative Funding of the Oregon Department of Transportation, provided an informational presentation on Oregon's Road Usage Charge Program (click [here](#) for a link to the presentation).

Mr. Whitty answered TAC member questions/comments during his presentation.

Mr. Hans – Regarding the exceptions for data destruction including consumer consent to keep data, is there a mandate for how this information must be communicated to the consumer? Also, what enforcement provisions exist for violation of the data destruction rules or other provisions to protect personally identifiable information?

Mr. Whitty responded that consent information has to be separate and clear for the consumer. ODOT will enforce this through its oversight of the Commercial Account Managers who will be penalized for violations.

Mr. Finnegan commented that cost is going to be one of the most significant issues facing the pilot effort in California. The cost of both a pilot and a fully operational road charge system, including the number of users needed to achieve the most efficient program should be discussed in detail during the TAC process.

Mr. Tien – Is there anything in the law or regulations for the Oregon pilot which governs law enforcement access to data that is gathered and held by the Commercial Account Managers?
Mr. Whitty responded that specified within the law, there are specific warrant requirements for law enforcement to access data.

Mr. Finnegan – Are the requirements for Commercial Account Managers (CAM) as specified in Slide 17, in particular the CAM's ability to screen and choose participants which could be detrimental to consumers, intended to apply just to the SB 810 pilot beginning in July 2015, or will these provisions apply to future, more wide-spread pilot efforts in Oregon as well?
Mr. Whitty responded that the features of the current pilot system are intended to apply to future pilot efforts. Right now there are only two commercial firms providing account management services; however, it is envisioned that the number of CAMs will continue to grow therefore ensuring competition and choice for consumers in the future.

Supervisor Finigan – Did you ever explore, on the commercial side, having a person's auto insurance carrier do the monitoring and the billing and if so what were the pitfalls?
Mr. Whitty responded that auto insurance carriers did not respond to the initial request for qualifications (RFQ) to provide commercial account management services for the 2015 pilot study. However, later this year ODOT intends to issue a permanent RFQ which will remain open and provide additional opportunity for other firms and entities (such as auto insurance carriers) to apply to become commercial account managers.

Mr. Pittampalli – What standards are the CAMs required to adhere to?
Mr. Whitty replied that the CAMs are subject to standards developed by ODOT for how the system must work, including requirements for security and privacy, system specifications, interface control, etc. There are 302 requirements total in 3 published documents that are readily available to promote an open system. Oregon's system requirements are currently undergoing peer review by the Western States Road Usage Charge Consortium (WRUCC) in an effort to gain other state perspectives and promote inter-state operability.

Mr. Kaye – How is the fuel tax reported, and can off-road and out of state use be considered?
Mr. Whitty responded that the devices utilized in the pilot study have the ability to measure fuel consumption which is then multiplied by the fuel tax rate. The advanced and switchable reporting options in the pilot allow for the consideration of off-road and out of state driving so that participants are not charged for this usage, this function is not available with the basic manual reporting option.

Supervisor Haggerty – Could “at the pump” technology be required for vehicle manufacturers and service stations as a way to measure both mileage and fuel consumption?
Mr. Whitty responded that in Oregon it would not be politically feasible to impart requirements of that nature on auto manufacturers or fuel distributors; however, there may be a different political climate in California for such requirements. That type of reporting could work though it would have some limitations, for example it would not capture the mileage reporting of fully electric vehicles.

Professor Wachs – When the cost was quoted as a function of the size of the pool of participants, were value added services assumed to be driving those costs down or was that model independent of the presence of value added services?
Mr. Whitty responded that the model could have been done several different ways. The model on the slide assumed value added services. A government only system would provide a different answer.

Professor Wachs – The TAC are directed to develop a pilot program which recognizes diversity and classes of travelers (rural and urban, and so forth). In the two states of Washington and Oregon, my presumption is that there will be relatively few volunteers who are driving electric vehicles because they will be volunteering to pay for something they are getting for free now. I don't know about volunteers who are truckers and how both states address the diversity of road users who include goods movement and motorcyclists and so on. I'd like to know more about the discussion which led to your choices with respect to these many different classes of travelers who use roads.

Mr. Whitty responded that the Oregon program will not involve trucks, it is limited to vehicles under 10,000 lbs and only vehicles with four wheels are included so motorcycles will not be involved in the program. The only real demographic requirements in the bill are that only 1,500 of the 5,000 participant vehicles can be below 17 mpg and the next 1,500 can be between 17-22 mpg, and the remainder will be about 22 mpg. Oregon's objective is to have the pilot demonstrate a good cross demographic with geographic representation. However, this was not a requirement of the bill and it will not be an easy thing to do. The legislature only gave one way to coax people to participate, getting a gas tax refund that exceeds their mileage charge.

Ms. Griffith responded that Washington is also not looking at heavy trucks, only vehicles 10,000 lbs and under. Their request right now to the legislature is to move into the design phase of the demonstration where these questions will be answered. Washington does not have the details ironed out yet as to whether motorcycles will be included or not. Washington is hoping to include electric vehicle drivers in the pilot. The question as to how to provide incentives to participate may be a challenge.

Mr. Tien – Why the emphasis on road usage when the fundamental issue, at least for California, is simply a revenue issue? There appears to be a mismatch between road usage as a solution to the revenue shortfall problem when the more straight forward and potentially cheaper way to address this is simply to raise money through various ways that don't have anything to do with this complicated, technological infrastructure of tracking cars.

Mr. Whitty responded that if you have observed the problem of the fleet moving to highly fuel efficient vehicles, which is a policy of the federal government and in the state of Oregon, and possibly in the state of California, then you end up in a situation where the "pay as you drive" notion, which has been in place since Oregon enacted the gas tax in 1919, is disappearing. While it is possible to raise revenue by other means, a revenue system outside of the road fee concept would essentially abandon the user pay principle, which has been fundamental to the road finance system for nearly a hundred years in the United States. The simplest way to not have a road usage charge is to go with a flat fee, where everybody pays the same, similar to a licensing fee; however, this concept does have equity implications as members of the travelling public who own vehicles but utilize roads very rarely (such as the elderly) may pay just as much for the system as users who utilize roads extensively. The idea of a flat fee concept was raised in Oregon; however it was rejected by the Legislature.

Professor Wachs – Motor fuel tax was adopted as a fee for the use of the road. Fuel tax revenues are now eroding. Here in California, 24 counties have sales taxes earmarked for transportation uses. Through SB 1077, the Legislature directed us to specifically explore a new form of user fee.

Mr. Tien responded that he is merely pointing out that we fund certain services not on a user basis in acknowledgement that those services provide a greater public good. One example would be the public school system, to which all residents contribute taxes, not just parents. It could be argued that all residents in our state benefit from our roadway network, not just

vehicle users. He acknowledged that transportation funding is different than other general fund revenues.

Mr. Finnegan – This is good dialogue for us to have as the TAC has a responsibility to look at the road charge and yet at the same time, there is inherent complexity and cost associated with moving from something that has been long established to something new. The question then becomes of when, and how, to deal with all of these complexities and that is our charge.

Supervisor Finigan – It will be important to offer options for users in the pilot program, and also we may need to consider multi-faceted ways to pay for the program including the concept of addressing costs upfront. For example, when somebody buys tires, a TV, or a light bulb, there is an upfront charge for disposal. We may want to consider that kind of recommendation for an electric car, so that there is a combination or option of usage and upfront cost to fund the system.

9. Work Plan Development

Chair Madaffer explained that at each meeting the TAC will take up a policy issue, engage in discussion and provide direction to staff regarding policy decisions and recommendations. Each meeting will build upon the last and essentially the TAC will be writing the report as the process moves forward, with ample opportunity for review and revision along the way.

Carrie Pourvahidi, CTC Staff, provided a Preliminary Work Plan chart.

Professor Wachs - How will the actual proposed demonstration be written? Will it be written by staff for members to review and comment or will consultants be involved? What is the production process to come up with a product?

Ms. Pourvahidi responded that it is envisioned that the TAC will make policy decisions which will inform the recommendations for the pilot program. These pilot program recommendations will then be submitted in a report to the Agency Secretary. The Agency Secretary and Caltrans, will then flesh out the system details including the concept of operations, and system design. That work will not be done at the CTC staff level.

Mr. Pittampalli – Who will be doing the design part?

Susan Bransen, CTC Chief Deputy Director, responded that staff will be bringing to you at each meeting, the policy questions that the TAC will need to answer in order to develop recommendations for the design of the pilot program. As the TAC makes decisions at each meeting, staff will formulate recommendations (working with Caltrans) which will be put into writing and brought back to the next meeting for committee consideration.

Chair Madaffer concluded that as the TAC discusses issues and makes policy decisions, those decisions and any resulting recommendations will be revisited as needed before they are finalized at the end of the TAC process. We will strive for a consensus based process to formulate the recommendations and report, yet we may find that at times it is necessary to vote on certain matters and any dissenting votes and opinions will be recorded.

10. Other Matters/Public Comment

The Sierra Club submitted an email looking forward to participating and will submit formal comments in the future. Also, a member of the public submitted initial comments on the design of the pilot program. These comments will be posted on the Committee website.

CTC Staff will send out the adopted 2015 meeting schedule, including meeting times and locations, to all TAC members.

Meeting minutes will be available on the website, as will the recorded webcast of the meeting.

11. Adjourn

Meeting adjourned at 3:04pm.