

Washington State Road Usage Charge Assessment

California Road Charge Pilot Program Technical Advisory Committee



**Washington State
Transportation Commission**



**Washington State
Department of Transportation**

**CAMBRIDGE
SYSTEMATICS**



**ARTAGNAN
CONSULTING**

BERK
STRATEGY ■ ANALYSIS ■ COMMUNICATIONS

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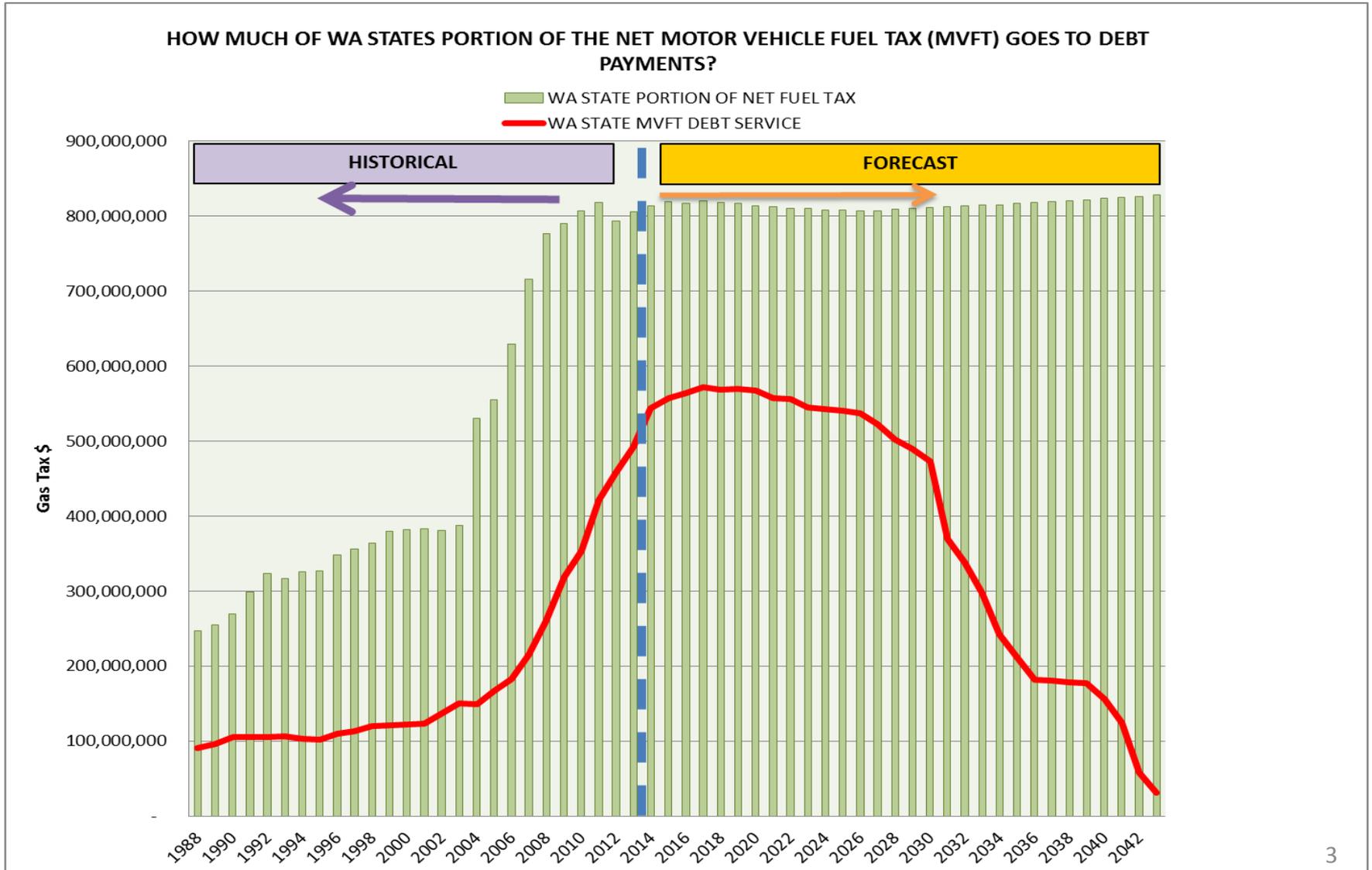
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Washington State Transportation Commission

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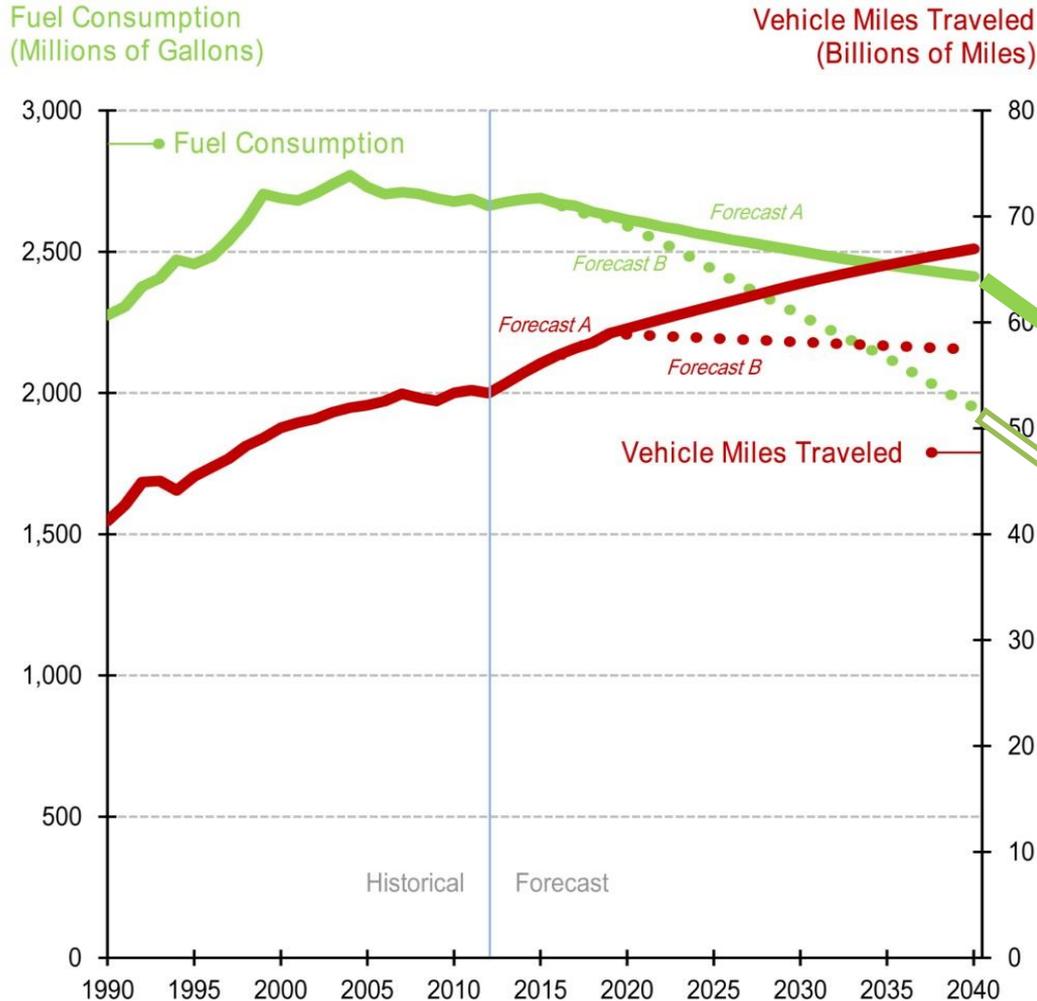
**WHY WASHINGTON STATE
IS CONSIDERING A
ROAD USAGE CHARGE**

Over the next 13 years, approximately 70% of Washington State's current net portion of fuel tax revenue is obligated to pay for the long-term debt associated with financing past transportation projects.



The pace of fuel economy improvements will determine the level of risk associated with doing nothing

It's not a matter of "if" – it's a matter of "when" will we need to make a change



Fuel Economy Assumptions

Scenario	2040 Average mpg
2013	19.5
2040 Implied state forecast (A)	27.7
2040 Alternative forecast (B)	34.3

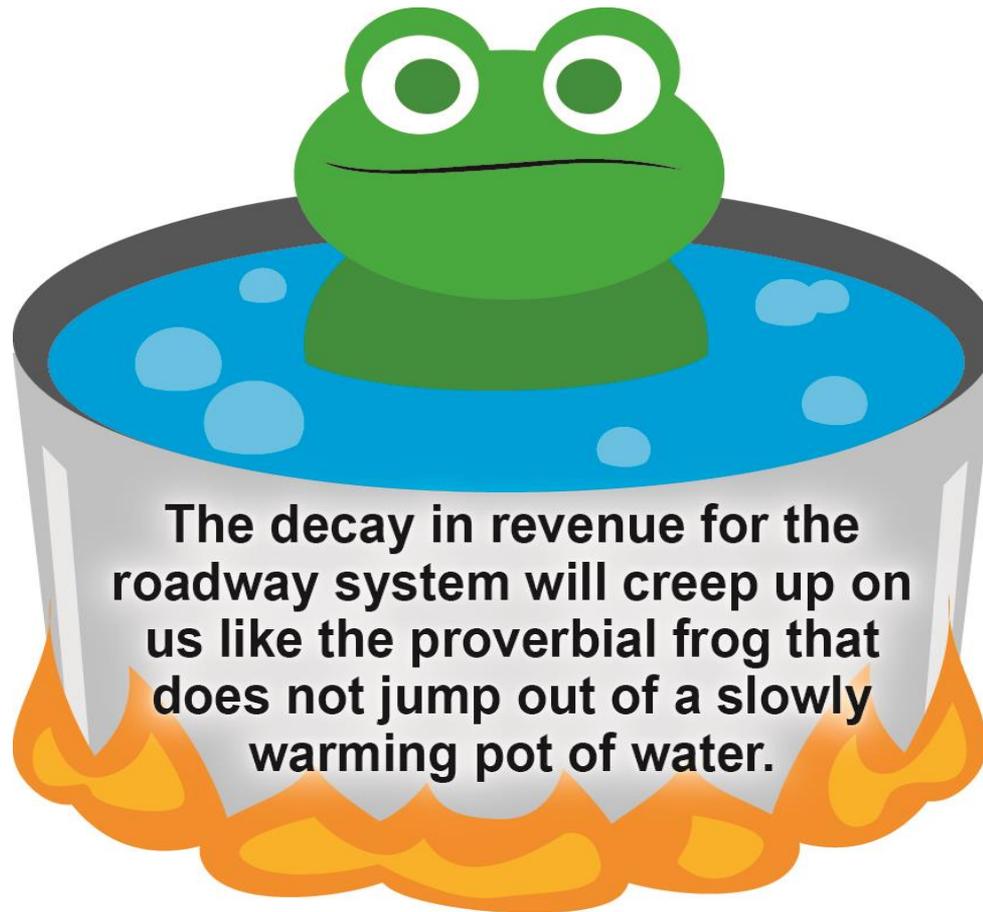
Note:

Implied state forecast = the state forecast of VMT/state forecast of fuel consumption.
The state did not independently forecast mpg.

Alternate forecast based on the US Energy Information Agency and Global Insight forecasts.

The current average fuel efficiency of vehicles is 20 mpg.

**FORESIGHT AND LEADERSHIP IS A MUST WHEN
THE WATER IS NOT BOILING!**



**WASHINGTON HAS MOVED FORWARD
IN A SEQUENTIAL MANNER**

The Sequence, So Far....

2012 Legislature directs:

- Transportation Commission to **assess the feasibility** of transitioning from the fuel tax to a road usage charge – informed by a stakeholder steering committee.



OUTCOME: Road usage charging is feasible; identified a laundry list of policy and fiscal issues to be resolved.

2013 Legislature directs:

- Transportation Commission to **evaluate the business case** for road usage charging – with ongoing guidance from the steering committee.



OUTCOME: The business case for road usage charging was made; a policy framework was developed.

2014 Legislature directed:

- Transportation Commission to **develop a work plan** that: refines & advances the policy analysis; develops a concept of operations; and conducts a financial analysis of the concept of operations. Steering committee continues in its role. Report due January 2015.
- **Washington DOT to work with other western region states** on interstate travel/ interoperability.
- **State Treasurer to assess implications** of replacing or modifying the gas tax.

Why the Transportation Commission?

The Transportation Commission is a seven member body appointed by the Governor and members come from all over the state – four from areas west of the Cascade Mountains (urban/Puget Sound), and three from areas on the east side (rural).

Key Responsibilities:

- Serves an independent and objective role in transportation statewide.
- Advises the Governor & Legislature on transportation policy and fiscal matters.
- Serves as the State Tolling Authority for all tolled facilities – sets toll rates and policies.
- Sets the fares and policies for the Washington State Ferry system.
- Authors the state's 20-year transportation plan.
- Leads statewide public involvement and outreach efforts & conducts regular online surveys of Washington residents.
- Conducts special studies as directed by the Legislature on topics that tend to be controversial and/or complex.

The Challenge of Change

The path of a paradigm shift is long, tedious, challenging, and fraught with misinformation, confusion and fear.

The way to attenuate this is through ongoing education & communication.

Key Political Issues:

- Fairness/ equity
- Privacy
- Choice
- Security
- Cost-effectiveness
- Sustainability
- Interoperability with other states



Education & Expertise Building

- **Established a 25-member steering committee** comprised of eight legislators and various stakeholders representing a variety of interests.
- **The steering committee reports to the Transportation Commission** and has three primary responsibilities:
 - (1) Provide advice and guidance on the assessment of a potential road user charge system that could serve as a replacement for the current gas tax.
 - (2) Provide advice on whether such a system merits further exploration and testing.
 - (3) Provide advice and guidance on the development of future work plans and direction.
- **The membership composition is designed to be inclusive of major interest groups** with a most direct interest in the work.
- **The members of the committee over time become representatives on the topic** and help spread the facts to their constituencies and communities.

Committee Membership

- **Three Commissioners** – One Serves as Chairman
- **Eight Legislators** – four from Senate, four from House of Representatives

Representatives from:

- Auto and light truck manufacturers
- Ports
- Environmental
- Counties
- Trucking industry
- Cities
- Public transportation
- Consumer/Public
- WSDOT
- Department of Licensing
- Motoring public
- Business
- User fee technology
- Treasurer's Office

Communications Approach

Phased communications approach – talk about what we know:

- **Phase 1:** limited proactive press interaction; presentations to interest groups and associations; steering committee members serve as connection to interest groups.
- **Phase 2:** limited media interaction – “reactive” in nature; continued interest group presentations; first pulse of public taken in 2014 - conducted statewide survey on make-up of vehicles in use statewide (make/model/mpg), and gathered opinions on fairness/support of gas tax vs road usage charge.
- **Phase 3 (when demonstration occurs):** focus groups; public meetings, more detailed survey data gathering; active media engagement.



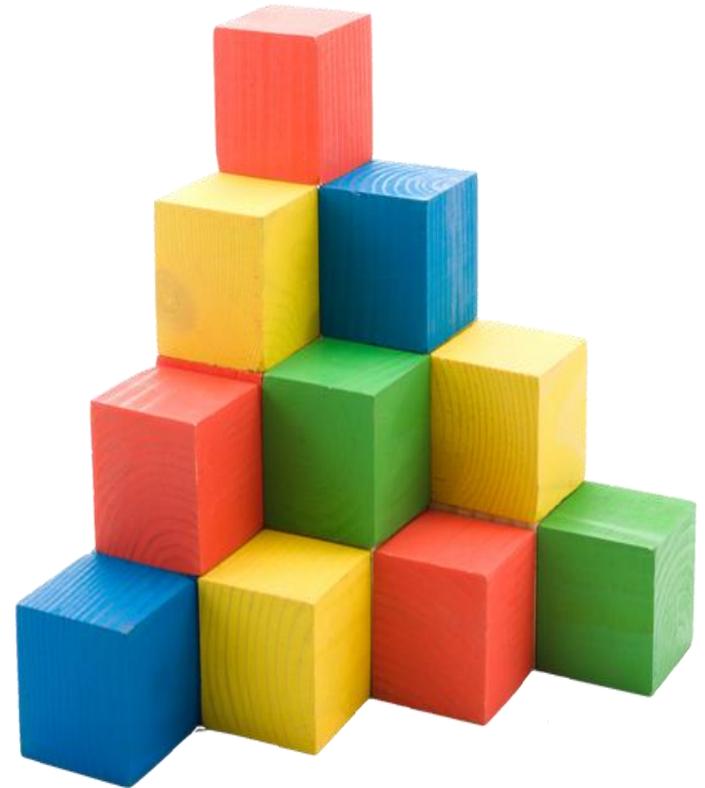
Learning by Planning – “Doing” Comes Later

What we have learned from our approach:

- Following a sequential and deliberative process in which the first step is building a foundation of knowledge with decision makers and influential stakeholders, allows for smooth progression informed by data & facts.
- Determining “what” we want before we test or transition, allows us to set the policy parameters by which the system will function and operate.

Working out reasonable, functional solutions makes it easier to discuss specifics with the public.

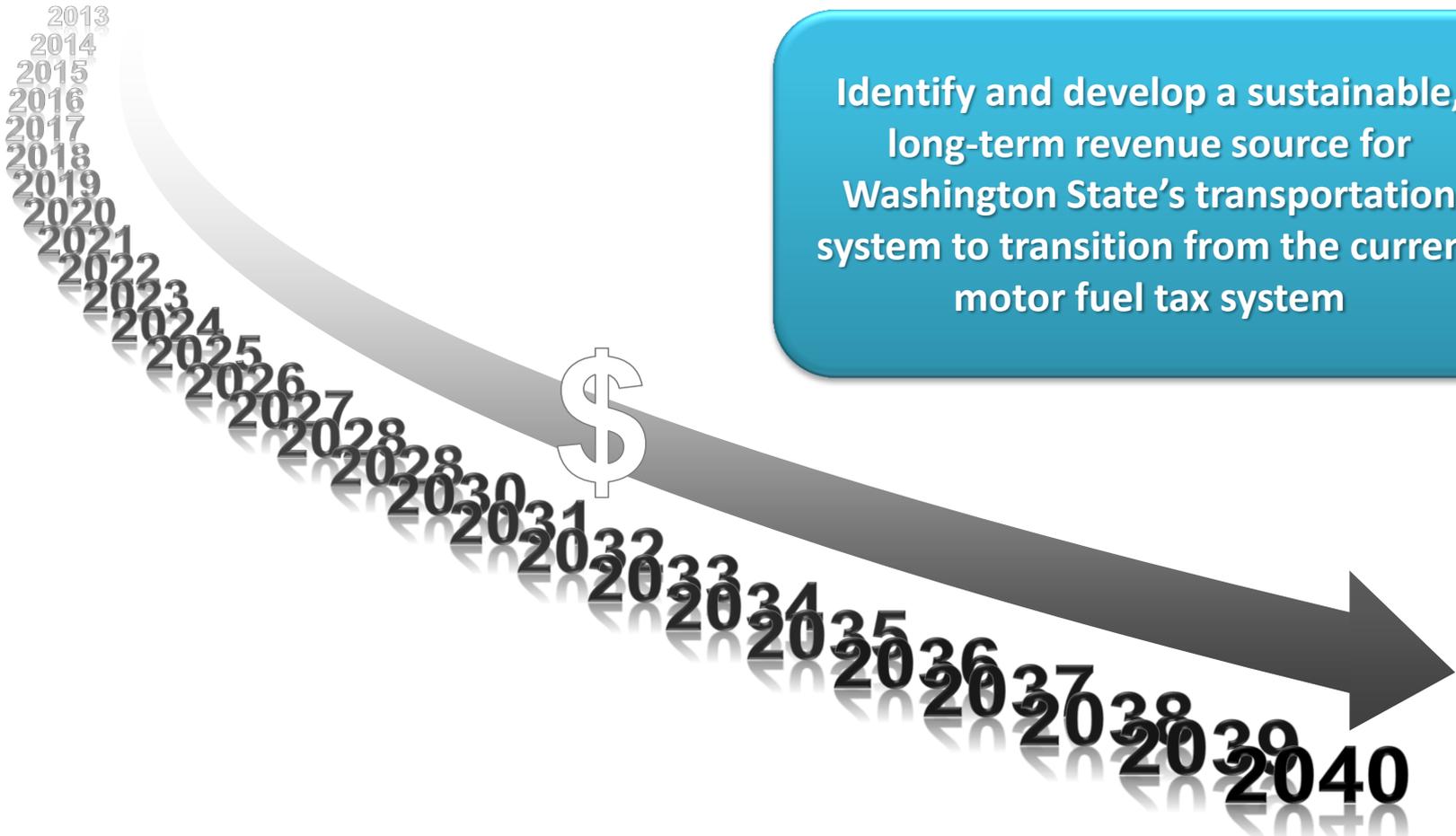
- Assessing the risks, costs, and net revenues as we continually refine “what” the system will be and how it will function, allows for informed decision making at critical stages.



OUR EVALUATION TO DATE

Overarching Goal of Road Usage Charge Assessment

Identify and develop a sustainable,
long-term revenue source for
Washington State's transportation
system to transition from the current
motor fuel tax system



Achieving the Goal

To achieve the overarching goal, guiding principles are continually being refined to address the priority policy topics below *(not in priority order)*:

- | | | |
|---|--|--|
| <ul style="list-style-type: none">• Privacy• Transparency• Cost-effectiveness• Complementary policy objectives | <ul style="list-style-type: none">• Equity• Simplicity• Accountability• Enforcement• Data Security | <ul style="list-style-type: none">• User Options• System Flexibility• Interoperability and Cooperation• Phasing |
|---|--|--|

Other important factors being addressed:

- Need to distinguish between travel on Washington public roads and other roads (e.g., outside the State).
 - Will require the use of locations based technology.
- Need to be able to charge people from out of state for use of roads.
 - Will achieve this by keeping the gas tax in place as a parallel system to the road usage charge.
 - Drivers will pay either the gas tax or the road usage charge – but not both.

Operational Concepts Moving Forward

We are focusing on four operational concepts to test a road usage charge system:

- **Time Permit:** a flat fee to drive an unlimited number of miles for a given period of time (month or year).
- **Odometer Charge:** A per-mile charge measured by odometer readings.
- **Automated Distance Charge:** A per-mile charge measured by in-vehicle technology that can distinguish between in-state and out-of-state travel with periodic billing.
- **Smart Phone Application:** a smartphone application would be used for total mileage collection.



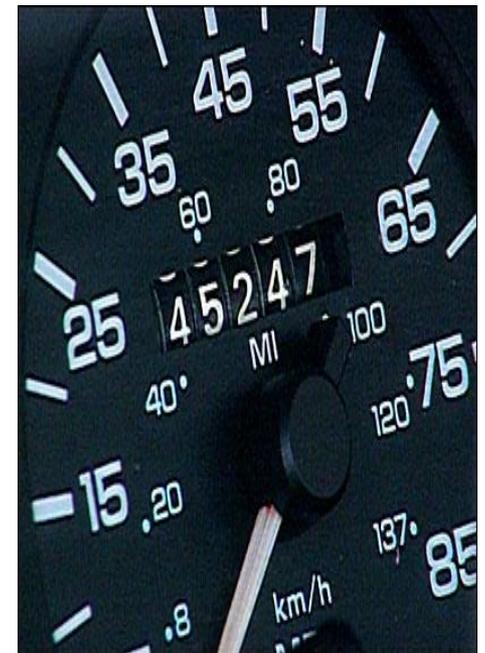
Key Decisions & Findings To Date



- Based on our business case analysis and further financial analysis, we determined a road usage charge system makes sense for Washington State
- Road usage charging ensures everyone pays their fair share for their usage of the roads.
- Drivers must have a choice for how they will pay a road usage charge.
 - Must have payment options for a road usage charge that do not involve technology.
- Road usage charges will be more costly to collect than fuel taxes
 - Operating cost range from 3.2 to 9.7 percent of revenue, compared with 0.5 to 0.6 percent for collection of light vehicle fuel tax, over 25 years.

Key Decisions & Findings To Date, continued...

- Fuel tax increases can raise more net revenue in the short-term than the road usage charges evaluated, but over the long-term, the fuel tax will continue to erode in value thus requiring frequent increases by the Legislature – a politically daunting task.
- Must develop a Concept of Operations that is fluid and flexible.
 - Serves as the technical basis for the financial analysis.
 - Is the starting point for designing a demonstration.
 - Provides an opportunity for stakeholders to understand at a high-level how the system works.
- The Concept of Operations assumes that the fuel tax will remain in place - when drivers pay the road usage charge, they would be credited for their estimated fuel tax payments.



Proposed Demonstration

The Transportation Commission has submitted a proposed approach to a demonstration project to the Governor and Legislature.

- Takes a three-prong approach:
 - **Demonstration Project** – test and evaluate options and identify challenges (details below).
 - **Public attitude assessment** – surveying, focus groups, research & analysis.
 - **Public communications & Engagement** – communicate the purpose, address questions, educate, and stimulate discussion.

- **Demonstration Project:**
 - **12-month duration** of the demonstration itself, with more time required for advance planning and evaluation.
 - **Involve up to 2,000 Washington State residents from up to five regions** within Washington State to ensure urban, rural, and border areas are included in the test.
 - **Test all four road usage charge payment options** that have been part of the Commission study: 1) Annual Permit; 2) Odometer Read; 3) Automated Distance Charge; and 4) Smartphone Application.
 - **Will take approximately 41 months** total from start to finish.
 - Will look for **opportunities to collaborate with other states.**

THANK YOU

CONTACT INFORMATION

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