

Memorandum

To: CHAIR AND COMMITTEE MEMBERS
CALIFORNIA ROAD CHARGE TECHNICAL
ADVISORY COMMITTEE

TAC Meeting: September 16, 2015

Reference No.: 7.a.
Information Item

From: NORMA ORTEGA
Chief Financial Officer

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Road Charge Pilot Program

Subject: **Follow-Up Questions from August 26, 2015 Meeting**

ISSUE:

The purpose of this memorandum is to clarify the project team's responses to questions that were posed by the committee members during the August 26, 2015 Technical Advisory Committee (TAC) meeting. Below, the questions and corresponding responses are grouped under general category headings.

UPDATE:

Inter-agency Work Group

Q – Does the inter-agency work group referenced in the organizational design presentation refer to the State Account Manager function of road charging or the Account Management Oversight function?

A – As referenced in the organizational design presentation, the inter-agency work group members will provide input to and observe all aspects of the pilot that may be relevant to their tasks, including how Commercial Account Managers and a State Account Manager operate. However, during the pilot, the inter-agency work group will not be actively completing those functions. In a potential future road charging system, the functions that could ultimately be performed by a state agency or agencies, including those represented on the inter-agency work group, may include all of the Account Management Oversight functions and some or all of the State Account Manager functions.

Rate Setting

Q – What per-mile rate is required to generate the same gross revenue as one cent of gas tax?

A – As of 2015, according to the Air Resources Board, the average California vehicle fuel economy for gasoline-powered vehicles is approximately 20 miles per gallon. For the purpose of this illustration, 1 cent per gallon of gasoline excise tax is equivalent to 0.05 cents per mile on average.

OReGO

Q – What is motivating motorists in Oregon to volunteer for OReGO, particularly those motorists who will have to pay more in net taxes?

A – Oregon DOT has not reported any reaction from or motivations of volunteer motorists. There have been media reports quoting volunteers about their participation and experience, as well as blog and forum posts by volunteers at the project website: www.myorego.org. From these anecdotal reports, several volunteers have expressed interest in learning about how the system functions first-hand. At least two electric vehicle owners have indicated a desire to contribute their share to the Oregon road system based on their usage.

Q – What are Oregon’s policies and procedures for securing and protecting the privacy of wireless data handled by commercial account managers?

A – All account managers (commercial and state-run) in Oregon are required to complete a certification process to demonstrate their compliance with state-developed data security standards and privacy requirements, including requirements in statute and requirements developed separately by Oregon DOT. To read more about the certification process, visit the FAQ at <http://www.myorego.org/frequently-asked-questions/> (click on the Privacy/Security tab).

Q – If a participant chooses not to disclose personal mileage data, will Oregon’s commercial account managers still accept him or her as a customer?

A – Yes, Oregon’s commercial account managers accept customers even if they opt not to provide anonymized mileage data for commercial purposes.

Q – What are the ways in which the California pilot will be different from OReGO?

A – The project team is developing a table to compare the two programs for distribution at the October TAC meeting.

Q – How are OReGO volunteer enrollments tracking with expectations?

A – Oregon DOT did not publish any expectations or targets for sign-ups. They have noted that the 5,000-volunteer number is a statutory *limit* on participants, not a target.

Focus Groups and Telephone Surveys

Q – Did focus groups explore operational aspects of road charging such as reporting mileage and making payments?

A – Focus group participants were provided a one-page handout that explained five operational concepts for road charging as recommended by the TAC thus far: time permit, mileage permit, odometer charge, automated mileage reporting with no location data, and automated mileage reporting with general location data. After reading this handout, participants discussed the pros and cons of each concept and ranked their initial preference of concept from first to last. See Handout #2 on page 5.

Q – What were the demographics of the focus group participants?

A – See Tables 1-5 on the following two pages summarizing education level, household income, age, gender, and ethnic group of focus group participants.

Table 1. Education Level

	OAKLAND	SAN DIEGO	LOS ANGELES	FRESNO	REDDING	TOTAL
Less than high school grad (1-11)	0	0	0	1	0	1
HS graduate	1	1	0	1	2	5
Some college/2 year degree	5	4	8	5	4	26
College degree/4 year degree	2	3	2	3	4	14
Post college	2	1	0	1	0	4

Table 2. Household Income

	OAKLAND	SAN DIEGO	LOS ANGELES	FRESNO	REDDING	TOTAL
\$0 - \$15,000	1	0	0	1	1	3
\$15,000-\$29,999	2	0	3	4	3	12
\$30,000-\$49,999	1	3	4	1	1	10
\$50,000-\$74,999	0	4	0	3	2	9
\$75,000-\$99,999	2	0	2	1	1	6
\$100,000 +	4	2	1	1	2	10

Table 3. Age

	OAKLAND	SAN DIEGO	LOS ANGELES	FRESNO	REDDING	TOTAL
18-24	2	1	3	3	0	9
25-34	1	3	3	3	2	12
35-44	3	1	2	1	3	10
45-54	2	1	1	2	3	9
55-64	1	3	1	2	2	9
65+	0	0	0	0	0	0

Table 4. Gender

	OAKLAND	SAN DIEGO	LOS ANGELES	FRESNO	REDDING	TOTAL
Male	5	3	6	6	6	26
Female	5	6	4	5	4	24

Table 5. Ethnic Group

	OAKLAND	SAN DIEGO	LOS ANGELES	FRESNO	REDDING	TOTAL
White/ Caucasian	4	6	4	5	9	28
Black/ African American	3	2	2	2	0	9
Spanish/ Hispanic	2	1	4	3	0	10
Asian or Pacific Islander	1	0	0	1	0	2
Native American	0	0	0	0	1	1

Handout #2

1. Time Permit

Motorists buy a permit to drive an unlimited number of miles for a given period of time (such as a year, half-year, quarter, or month). Permits might be sold at retail outlets like gas stations or grocery stores, or could be purchased on-line.



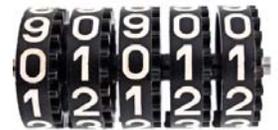
2. Mileage Permit

Motorists buy a permit to drive a set number of miles (1,000 miles, for example). When they get close to their mileage limit, they purchase a new permit. Permits might be sold at retail outlets like gas stations or grocery stores, or could be purchased on-line. Roadway use is recorded by the vehicle's odometer and the driver reports an odometer reading periodically using a website, smartphone app, postcard, or in person at the DMV. You have the option of pre-paying for the year (or in quarterly installments) or paying as you go on a quarterly or annual basis.



3. Odometer Charge

Roadway use is recorded by the vehicle's odometer and the driver reports an odometer reading periodically using a website, smartphone app, postcard, or in person at the DMV. You have the option of pre-paying for the year (or in quarterly installments) or paying as you go on a quarterly or annual basis.



4. Automated Mileage Reporting with No Location Data

You would either install a small after-market device in your car (you can do it yourself – no mechanic required) or download an app to your smartphone and then pair it to your car. The device and app measure how many miles you have driven and send that number to an account manager. You would receive a bill by email or USPS and would have the option of paying on-line by credit card or by cash or check. Because no location data is captured or recorded, you will be billed for all the miles you drive, but there could be a way for you to request a deduction for miles you drive outside California or on private property.



5. Automated Mileage Reporting with General Location Data

You would either install a small after-market device in your car (you can do it yourself – no mechanic required) or download an app to your smartphone and then pair it to your car. The device and app measure how many miles you have driven and whether those miles are inside California or outside the state or on private roads. An account manager would send your bill by email or USPS. You would have the option of paying on-line by credit card or by cash or check. This option is different from option 4 because it does use location data to automatically deduct any miles you drive outside California or on private roads and you are not billed for them.