



NAPA VALLEY TRANSPORTATION AUTHORITY TAC Agenda Letter

TO: Technical Advisory Committee
FROM: Kate Miller, Executive Director
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SUBJECT: California Road Charge Pilot Program – Overview and Update

RECOMMENDATION

That the TAC receive this informational report about the status of the nine-month California Road Charge Pilot Program, which began in July 2016 and concludes in March.

EXECUTIVE SUMMARY

In 2014, Gov. Brown signed SB 1077 to direct the State of California to study whether a road charge could be a long-term replacement for the state's gas tax, which no longer generates revenues sufficient to maintain the state's transportation infrastructure. A road charge would be based on drivers' Vehicle Miles Traveled (VMT) rather than amount of fuel purchased.

CalSTA through the California Department of Transportation (Caltrans) and developed a nine-month statewide road charge pilot program with more than 5,000 volunteers that launched in July, 2016. The pilot, which will conclude in March 2017, is field testing several reporting methods for a new user-fee charging system.

FISCAL IMPACT

Is there a Fiscal Impact? No

BACKGROUND AND DISCUSSION

California is one of many states facing critical transportation funding deficits because of falling gas tax revenues. The state gas tax has remained flat since 1994 and revenues have declined each year since 2007 due to increases in vehicle fuel efficiency and lower gasoline prices. The fuel excise tax only funds approximately \$2.3 billion of work to

maintain the 50,000 lane-miles and nearly 13,000 state-owned bridges on the state highway system, according to the California State Transportation Agency (CalSTA). This leaves nearly \$5.7 billion in unfunded repairs each year. Following this trend of falling revenues, increasing shortfalls and deferred maintenance, repairing California's existing infrastructure will only become more costly without the development of an alternative funding system.

Of the approximately 5,000 vehicles included in the study, more than 91% of participants drove privately registered vehicles, with the remaining participants driving either light/heavy commercial vehicles or out-of-state vehicles. Of those privately driven vehicles, 46% of participants were located in Northern California, 40% were located in Southern California and the remaining 14% were reporting from Central California, according to December mid-program statistics reported by Caltrans.

The study offered users automated and manual reporting methods, with 83% choosing an automated reporting method. Despite privacy concerns about sharing location information, 65% of participants chose an automated reporting method that included general location data.

Reporting Methods Breakdown, per Caltrans:

- Time permit: Similar to a vehicle registration fee, the participant purchases unlimited road use for a specific period of time. (2 percent participants)
- Mileage permit: The participant pre-pays to drive a certain number of miles. (4 percent)
- Odometer: The participant pays a fee per mile based on periodic odometer readings. (11 percent)
- Automated mileage reporting without general location data: Smartphone app reports mileage automatically to an account manager—either provided by a state agency or a private company. The account manager periodically (monthly or quarterly) sends the motorist an invoice for road use. (18 percent)
- Automated mileage reporting with general location data: In-vehicle plug-in device reports mileage traveled to a third party account manager which invoices the participant. The equipment also provides general location data so the participant is credited for travel out-of-state or on private roads. (63 percent plug-in device; 1 percent telematics)

Note: Remaining 1 percent was from heavy commercial vehicles' mileage meter

Volunteers were not charged a fee for their participation in the program, but instead received a mock statements based on a hypothetical fee of 1.8 cents per mile, which equates to 5 years of average annual. That differs from road charge pilot programs in states such as Oregon, which charged users 1.5 cents per mile and reimbursed users with a fuel tax credit. The California Road Charge Pilot Program is no longer accepting volunteers.

What Users Said About the Pilot

Compared to a pre-pilot survey, respondents to the mid-pilot survey said they were now more optimistic about a road charge user fee (per Caltrans):

- Based on responses, the ease of participating in the pilot has increased (88% to 93%).
- Pilot participants' overall satisfaction with the pilot has increased (64% to 83%).
- More than half of participants are satisfied with their mileage reporting option (73% to 91%).
- Nearly three-fourths of participants agree that paying per mile is more fair than paying by the amount of gas for roadway maintenance (66% to 71%).
- Respondents shared that their uncertainty about the concept of a road charge funding system has decreased (17% to 11%).

Next Steps

After the live demonstration concludes in March, the state will evaluate and report findings. CalSTA will report on the results to the California Transportation Commission (CTC) and Legislature prior to June 30, 2017. The CTC will include pilot recommendations to the Legislature in their December 2017 Annual Report.

Other states are studying road charge programs to replace the gas tax. Arizona, California, Colorado, Idaho, Hawaii, Montana, Nevada, Oregon, Texas, Utah and Washington are part of the Western Road Usage Charge Consortium. Oregon last year received a \$2.1 federal grant to expand its road charge pilot program, and Washington will begin a two-year pilot program this fall.

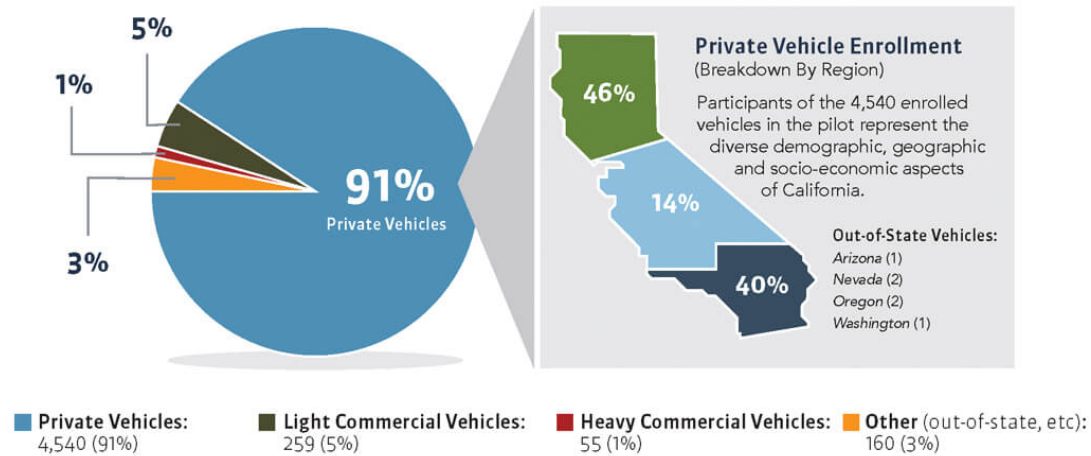
For more information visit: <https://www.californiaroadchargepilot.com/>

SUPPORTING DOCUMENTS

Attachments: (1) California Road Charge Pilot Program – December Update / Fact Sheet

ENROLLMENT OVERVIEW

The chart below represents the breakdown of the 5,014 total vehicle enrollments by category:



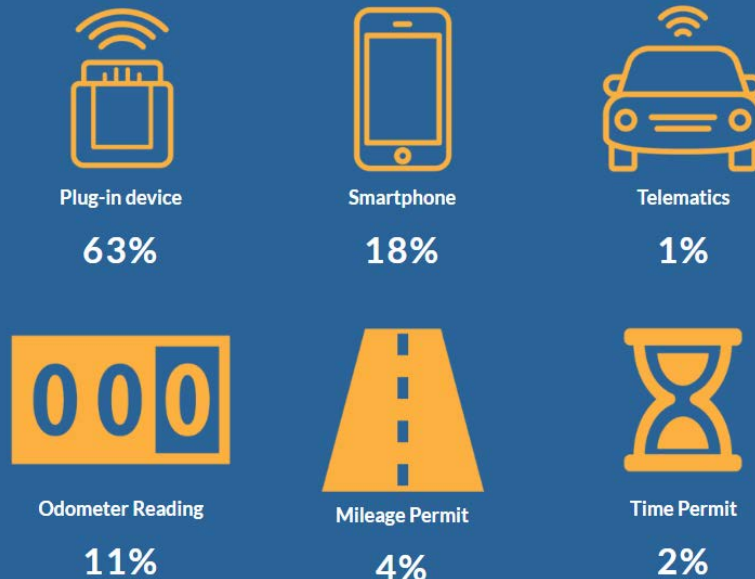
INTERESTING FACTS ABOUT ENROLLED VEHICLES

83%
Vehicles Using Automated Methods

17%
Vehicles Using Manual Methods

While privacy is a great concern, 65% of participants using technology chose a location-based mileage reporting option.

REPORTING METHOD BREAKDOWN



The heavy vehicle mileage meter used by our heavy vehicles represented in the pilot makes up 1% of the total.