Road User Charge (RUC) Pilots & the Legislative Process

WEBINAR SERIES: INNOVATION IN PRACTICE

March 27, 2019
Webinar Logistics

PowerPoint Presentation available on BATIC Website

Submit questions in Q&A box

Webinar will be available on BATIC website
BATIC Institute

IN-PERSON SERVICES
- Peer Exchanges
- Training Seminars
- Workshops

ONLINE SERVICES
- Customized Website
- Interactive Webinars

QUICK TURNAROUND RESEARCH

TRANSPORTATION FINANCE
- Bond Financing
- Federal Credit
- Public Private Partnerships
- Other Finance Tools

Visit our website at:  http://www.financingtransportation.org
Webinar Overview

- STSFA Program Update
- Passing RUC Legislation in Oregon
- Oregon Department of Transportation: OReGO Program
- Questions Submitted by Webinar Participants
Fixing America’s Surface Transportation (FAST) Act Surface Transportation System Funding Alternatives Program (STSFA)

Angela Fogle
STSFA Program Manager, FHWA
STSFA Program Vision

FAST Act Section 6020 created a new Section 503(b) of the United States Code which establishes a program to provide grants for the demonstration of:

- User based alternative revenue mechanisms
- Utilization of a user fee structure
- For purposes of maintaining the future long-term solvency of the Federal Highway Trust Fund

STSFA Program Goals

- Implementation, interoperability, public acceptance and potential hurdles to adoption of the demonstrated user-based alternative revenue; Privacy; Use of independent and private third parties; Congestion mitigation impacts; Equity concerns; Ease of user compliance; Reliability and security related to the use of technology Flexibility and user choice; Cost of administering the system; Auditing and compliance/enforcement.
STSFA Program Status

- In FY19 USDOT will seek applications for full new demonstration projects, and for extensions or enhancements of existing demonstration projects.

- USDOT’s fourth solicitation will make awards in FY 2019 with the option to commit the remaining anticipated funds for FY 2019-2020 (up to $40 million; subject to availability).

- FY 2018 grant awards were announced earlier this month.
  - States or groups of states are encouraged to participate.
  - The goal is to release the 2019 Notice of Funding Opportunity as soon as possible.
Passing RUC Legislation in Oregon

Bruce Starr
former State Senator, Oregon
Passing RUC Pilot Legislation

- Voluntary – opt-in
- Legislative champion
- Local, state & federal roads
- RUFTF creation – 2001 bill
- Taskforce – cross section of stakeholders
- Not a tax increase – no supermajority needed
RUFTF Policy Directives to ODOT

- Enforceability
- Low capital costs
- System reliability
- Seamless transition
- Provide gas tax credit
- Allow congestion pricing
- Protect motorist privacy
- Low relative operating costs
- Not charge out-of-state travel
- Minimal private sector burden
RUFTF Policy Directives to ODOT

- Wireless Reader
- GPS Satellite Signals
- GPS Satellite
- VIN, VMT data, Fuel purchase amount
- Wireless Gateway
- On-Vehicle Device (OVD)
- Service Station POS System
- Central Database
- Central Computer
- Service Station Building
- Modem
- VMT Data
- VMT Charge
- Central Computer
Pay-at-the-Pump Model

**Pluses**
- Meets policy objectives
  - Provides gas tax credit
  - Covers all roads
  - Charges only in-state travel
  - Easy for all motorists to use
  - Protects motorist privacy
  - Cost effective operations
  - Reliable
  - Enforceable
  - Seamless transition
  - Minimal private sector burden
  - Allows congestion pricing
  - Reduces overall system risk
- Successful Pilot Demonstration

**Minuses**
- Long period for development and implementation
- Slow technological evolution
- Does not cover vehicles not visiting commercial fueling stations
- Public concerns about privacy and how system would work
Public Concerns

Confidence in system
- Efficiency
- Fairness
- Perceptions of large and costly bureaucracy

Privacy & fear of technology
- A government mandated device

Rate Structure
- Rate equity
- Rural driving
- Effect on poorer drivers
An Implementation Plan for RUC

- Plank 1: An Open Technology Platform
- Plank 2: A Simple Mandate to Report Mileage
- Plank 3: Motorist Choice for Data Collection
- Plank 4: Market Provided Options for Payment
Oregon Department of Transportation: Oregon’s Road Usage Charge Program

Maureen Bock, Program Manager and Chief Innovation Officer
Oregon Department of Transportation
Topics

- Launching OReGO
- Public Opinion Issues
- Being a Resource
Launching OReGO
Launching OReGo

- 1919 First Gasoline Tax
- 1947 First weight-mile tax for heavy vehicles
- 2015 First operational RUC program
The “User Pays Principle”
Why create a brand?

To create a critical link to people’s lives

RUC means a device in my car that tracks my travel for the government.

BRAND

RUC is a fair way for me to pay for the roads I use.
Messaging

• It **replaces** the state fuel tax
• The fuel tax is **not meeting our needs**
• This protects our highway **investment**
• You have **choices** that do not require GPS
Public Opinion Issues
It’s unfair!
NOT!

YOU ARE BEING TRACKED

Photo: Newsbound/AP
Videos

OReGO Full Video

The First Trail

Our Plan

What's Next
Infographics

AFTER 2020, 70 bridges will become structurally deficient each year.

WITHOUT AN INCREASE IN FEDERAL FUNDING state road funds will decrease by 30% IN 2020.

Oregon has 74,000 miles of highways, streets, and roads and 8,000 bridges to preserve and maintain.

The cost to rebuild one mile of one lane can cost up to $1.5 million. Early preservation techniques for the same lane mile only cost $200,000.
**QUESTION:**
What is the condition of the Oregon transportation system?

**WHEN YOU KNOW THERE’S A PROBLEM, IT’S BETTER TO FIX IT BEFORE IT GETS WORSE.**

One solution:

**OReGO**

The nation’s first road usage charge program.

**OReGO OFFERS A SUSTAINABLE AND FAIR FUNDING SOURCE.**

<table>
<thead>
<tr>
<th>Funding Source</th>
<th>Fuel tax</th>
<th>OReGO</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$$$</td>
<td>$$$</td>
</tr>
<tr>
<td></td>
<td>$$$</td>
<td>$$$</td>
</tr>
</tbody>
</table>

Increased maintenance and preservation investments are necessary to keep these older facilities safe and operational.

By 2020, close to 70 bridges are expected to become structurally deficient each year.
Being a Resource
Leveraging FAST Act Federal Grants

- Expand the Market
- Increase Public Awareness
- Evaluate Compliance
- Explore Interoperability
Working on Interoperability

The Vision

One account for road usage charges, parking, and other services

Funds are collected accurately

Funds get to the correct jurisdiction (state, city, county, port authority, etc.)
Sharing Lessons
Completed Pilots
Conducting Pilots
Monitoring Issue
Interoperability Pilots
Ongoing Program

Source: Oregon Department of Transportation (ODOT)
Evaluating RUC for local governments

Three simultaneous pilots
Summer, 2020

in Portland Metro
to see if road charging can be a funding option for local governments
Sharing the Mobility Marketplace Vision

- Interoperable
- Integrated user experience
- A market for service delivery business partners
Let’s hear from you
Wrap-Up

Thank you for attending today’s webinar

The BATIC Institute will post responses to all questions received today on its website

The recorded webinar will also be available on the BATIC Institute website:

www.financingtransportation.org

UPCOMING BATIC INSTITUTE OFFERINGS

- Pennsylvania Peer Exchange
  Harrisburg, Pennsylvania
  May 2019

- Arkansas Peer Exchange
  Little Rock, Arkansas
  June 2019

- Advance Construction
  Research Report
  Spring 2019

- Maintenance of Effort Test
  Research Report
  Spring 2019

- Update on Enacted State Public-Private Partnership Legislation
  Research Report
  Spring 2019