

Road User Fee Task Force Meeting Minutes – September 6, 2002

Members Present: Representative Bruce Starr, Commissioner Randy Pape, Chris Bell, Laura Pryor, Mayor Jim Torrey, Representative Joanne Verger, John Charles, Representative Cliff Zauner (ex officio).

Members Absent: Senator Gary George, Senator Susan Castillo, John Watt, Roger Hinshaw, Commissioner John Russell.

Staff Members Participating: James M. Whitty, Jack Svadlenak, Rachel Knowles

A quorum being present, Chair Bruce Starr called the meeting to order.

A motion was made to approve the May 3, 2002 meeting minutes. The motion was seconded and the May minutes were approved.

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Preliminary Report to Legislative Assembly

Task Force administrator James Whitty reviewed the preferred scenario for a mileage-based fee selected by the work group on July 12th. A motion to adopt the work group minutes as the official minutes of the task force was seconded and approved.

James Whitty presented the staff recommended preliminary report to the legislature.

- The Context: The Effect of Future Market Penetration of Fuel Efficient Vehicles

Pape said, “Are you [in the report] going to be looking at some kind of a percentage relationship to the total population, vehicles and the hybrid vehicles.”

Whitty answered, “We will look at market penetration for the newer, [fuel efficient] vehicles. An ODOT economist will do a revenue forecast with this data out ten years. It is that information that I will be putting in the final report to the Legislative Assembly.

- The Context: Highway Needs Projections

The task force discussed whether the preliminary report should contain information related to highway systems needs projected in to the future. The task force reached the conclusion that the purpose of the Road User Fee Task Force was to deal with the revenue side of the equation rather than the systems needs side. The task force viewed the needs presentation to be the responsibility of other entities.

- Findings of Fact

The task force easily agreed on several adjustments to the findings of fact contained in the staff recommended preliminary report. The task force made the following additional adjustments to the proposed findings of fact.

- Findings of Fact: Self-Sustainability of Rural Roads on a User Pays Basis

Charles said, "I don't reach the conclusion that any particular stretch of road is not sustainable [nor] that any stretch of road should be subsidized. As we move to a market based road system, you will find what the market will bear. It is possible that lots of roads that we think are not sustainable by a user fee can and will be sustainable."

Pryor responded, "How long you have to wait to have data you could accept. Are you saying that in what we are contemplating here it shouldn't be a part of the discussion?"

Charles said, "I am saying that I support a user pay system. As a broad general statement, I am not willing to say that rural roads cannot be self supporting. I don't think we know. We don't have a true user pay system,. We certainly don't have a market based system. We have more of a central plan system, How would we even know in the absence of a market what users of all types would be willing to pay? I don't have a conclusion . I would stick to the mission which is finding a user pay system."

Pape asked, "If you found that a rural based road were not able to sustain itself on a market based system or that the cost was too high, yet for some reason it was determined that that road needed to be there to move goods, how would you address that?"

Charles responded, "I might support that, but I think in general that is for the markets to determine as in other infrastructure services. The markets do determine that."

Pryor said, "We are talking about the system, not ODOT's roads. So when you are making that comment, you don't know whether they need to be subsidized or not. "My question to you is, "Are you talking about all asphalt/concrete roads or are you talking about some gravel roads?" In terms of generalization, I don't mind this [statement] being in the report but it raises a lot of issues that you haven't addressed. If you want to leave it in as a generalization knowing that we are talking about the entire system, that is fine. I am not sure that our dirt and gravel roads are subsidized."

Verger said, "It says rural highways though, I think that would not imply gravel roads."

Charles said, "This conclusion stems from an analysis of gas tax revenues and how they flow, but that is the system we are moving away from. To draw a conclusion from a sort of crumbling system we are moving away from, I am not willing to draw that conclusion because in a new user pay more market based system there may be some rural roads that in fact are profitable, but I don't know that now. I would stay silent on this subject."

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Torrey asked, "Is it just that you don't know and you are concerned that you are saying that they don't have the capacity? If it were to be something that said 'at this time may not generate enough revenue?', there will enough people out there concerned about this."

Starr said, "What if we said, 'More research needs to be done to determine how we finance these rural roads.' I don't know if I want to use the word 'subsidized.'"

Pryor said, "At this point, we really don't even know if they are subsidized."

Starr proposed, "Why don't [we have staff] re-write this section and take into consideration that additional research needs to be done and this was a topic of significant discussion at the task force level."

Charles said, "My problem is it is under the heading of findings of fact. To me findings of fact are really clear things and this is not clear to me. It is an important policy issue worthy of discussion but not in this section."

Starr said, "If [we] need to do more research, maybe it should not be a fact."

-Policy Decisions: Users Pay

Charles said, "It is a little awkward reading the list where we have made conclusions based on something not being a user fee and then under 'users pay' we say the task force was unable to reach consensus on what is a user's fee. Apparently we had some consensus because we defined a number of things as not being a user fee. I think we actually have a pretty good idea of what a user fee is."

Whitty replied, "The way I wrote that is wrong, it should that we couldn't reach consensus on what a 'user' is. "

Charles said, "It might be worth us revisiting sometime soon because if we at the end of the year don't know what a user is, it could be problematic."

Whitty said, "It is clear from the minutes that we did not reach consensus on that point."

**- Studded Tire User Permit
- New Facility Tolling**

Whitty presented report sections on the studded tire use permit fee and new facility tolling. The studded tire legislative concept will be released for comment.

Whitty mentioned that the Innovative Finance Advisory Committee recently formed by ODOT is addressing tolling issues, outlining their work.

- Congestion Pricing

Torrey asked how the congestion pricing scenario preferred by the task force would change if an odometer sensor with AVI device were chosen as the base technology instead of the GPS device.

Svadlenak answered that basing the VMT fee on the odometer sensor device would require a completely different sort of congestion pricing. Instead of area pricing, the odometer sensor with AVI device would only facilitate congestion pricing by a specific facility and not by area. The GPS device allows congestion pricing by area.

Torrey asked whether the GPS device was needed in order to understand regional differences and accumulate regional data.

Charles responded, "It would be nice to know on high volume specific facilities and people's willingness to pay and the use of technology."

Starr asked, "The RF [based on the odometer sensor] that is used for scenario one, could that also be used to do the congestion pricing?" Svadlenak responded affirmatively.

Whitty added, "For that technology option, a side-of-the-\ road infrastructure must be built. That is the major impact other than that the cost of these [odometer sensor RF-AVI] devices is a lot less expensive."

Starr said, "We need to have a clear understanding of the comparison of costs. It might be better [with] less evasion if the point of sale was at the pump and you couldn't get your gas unless you paid your road tax at the pump, if it is somehow comparable to the cost of working through a fee center. The numbers need to be crunched."

Starr asked, "Getting back to our legislative report, is it possible for the task force to provide the legislature our two primary [technology] options?"

Whitty replied, "Yes, and that is what we should do. What we are anticipating is that the November meeting is where it all comes together. The PSU work will be complete and the OSU work will be complete. The DMV analysis will be finished. We can then look at all of these numbers together."

After discussion and consensus about adjustments to the draft language, the task force reached **consensus** to adopt the preliminary report to the legislature pending completion of adjustments to the report language. The task force directed the administrator to forward the final version of the preliminary report to the task force members by email for objections before it is submitted on September 20, 2002.

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Research Presentation: Technology Related to VMT Fee Collection

David Kim and David Porter, OSU professors, provided a mid-project presentation of research data relevant to technology for VMT fee collection. Messer's Kim and Porter engaged in a Q & A session with the task force related to preliminary conclusions contained in their research.

Research Presentation: Cost of VMT Fee Collection at DMV

Lana Cully, ODOT DMV Manager of Vehicle Programs, presented information specific to the DMV fiscal analysis of public data and fee collection center.

Starr asked, "Did we ever talk about electronic payment? You can pay all of your bills via your computer now, why couldn't we do this as well?"

Cully said, "We assume that we could. This isn't based on doing that because we don't have that capability today."

Whitty said, "Before the November meeting, I will work with you on some of the details, for example enforcement, data processing, capital costs"

Verger said "I certainly think we need to look at an alternative because I haven't heard anything very inspiring about this [scenario five]."

Potential New Revenue Sources: A Rental Car Charge

Whitty presented information related to the Florida Rental Car charge. The committee showed no interest in further evaluation of this revenue source.

Pilot Test Program Priorities

Whitty described the proposed pilot test program priorities based on scenario one for a VMT fee. The proposed pilot test has two phases.

Charles asked, "Regarding phase two and trying to test the incentive effect, you are trying to simulate the real world congestion pricing -- How does that work? What is the nature of the intent to change behavior?"

Svadlenak answered, "[Phase two] would be a two year test. [Participants] would be subject to area pricing for one of those two years [and] flat fee pricing for the other. The idea was to be roughly revenue neutral at the rate structure."

Charles said, "There has to be some financial reason for people to sign up for this. They need opportunity for a tax break."

Starr said, "The only way they get congestion relief is if everyone participates."

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Charles said, "That is the problem with these experiments. In an actual SR-91 type thing you are paying more and you are getting service, but if you can't provide that you have to think about another incentive."

Whitty said, "It is wise to build something like that [into the program]. We still have to work on details of the structure. We will be working on the pilot after November and we will then work on the details. What I need from the task force now is an adoption of this pilot test priorities proposal recognizing it may be adjusted in November."

Task force members discussed vehicle fleets for pilot testing. One suggestion was to involve OSU faculty. Another suggestion was to involve the state motor pool.

Svadlenak said, "For the initial [technology] testing purposes, to make sure the equipment works the way we want it to work, that would be fine, but for congestion pricing purposes, business hours being what they are, state employees driving motor pool vehicles around probably aren't going to show us what we are looking for."

Starr said, "For phase one, it definitely makes sense."

The task force adopted the proposed pilot test program priorities.

Legislative Concepts

Victor Dodier presented legislative concepts to allow a pilot test program. The task force will determine whether to go forward with these concepts at its November meeting.

Seeking Additional Federal Funding for a Second Pilot Test Program

The committee discussed further federal funding beyond FFY 2002 grant dollars for the pilot test program proposed at this meeting.

Whitty said, "These funds will carry us until sometime in 2006 but only fund one pilot."

Starr said, "At this point, I would leave it up to the staff and let ODOT determine whether or not there is the capacity to handle additional work. Sitting here today I am not comfortable saying yes or no." The task force agreed with Starr.

The committee agreed on November 15th for the next meeting.

There was no Public Testimony.