

Memorandum

To: CHAIR AND MEMBERS

Road Charge Meeting: September 16, 2022

From: MITCH WEISS, Executive Director

Reference Number: Tab 7, Action

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Published Date: September 6, 2022

Subject: Draft Senate Bill 339 Pilot Design Recommendations

Recommendation:

California Transportation Commission (Commission) staff recommends the Road Charge Technical Advisory Committee (TAC) approve the draft road charge pilot design recommendations presented as Attachment A of this book item, and direct staff to share the draft recommendations with the Commission, engage with the consultant, and to bring final recommendations to the TAC for adoption in early 2023.

Summary:

Senate Bill (SB) 339 (Weiner, 2021) requires the Road Charge TAC to develop design recommendations for the SB 339 road charge pilot. Commission staff have developed proposed recommendations for the pilot and will present these recommendations at the meeting. Staff developed recommendations for the following topic areas: Commercial Account Managers, pilot participants, privacy and security, revenue collection, and enforcement.

Background:

On September 24, 2021, SB 339 was signed into law. This bill implements a legislative recommendation in the California Transportation Commission's 2020 Annual Report to create a pilot program to test road charge revenue collection.

SB 339 requires that by July 1, 2023 the Road Charge Technical Advisory Committee shall:

- A. Make recommendations to the California State Transportation Agency about the pilot program design, including what group of vehicles should participate in the pilot.
- B. Develop a standardized road charge pilot rate to use for one group of participants.

Attachment:

- Attachment A: Draft SB 339 Pilot Design Recommendations

ROAD CHARGE RECOMMENDATIONS

CALIFORNIA TRANSPORTATION COMMISSION



Recommendation Areas



1. Commercial Account Managers



2. Pilot Participants



3. Privacy and Security



4. Revenue Collection



5. Enforcement



Area 1

Commercial Account Managers - Recommendations

Commercial Account Managers – Recommendations



1. Establish reporting requirements for Commercial Account Managers through a Service Level Agreement.
2. Use a “report card” to track Commercial Account Manager performance.
3. Establish a certification process for Commercial Account Managers based on programs like the Department of Motor Vehicles Business Partner Automation process.
4. Have the Department of Motor Vehicles administer the pilot.

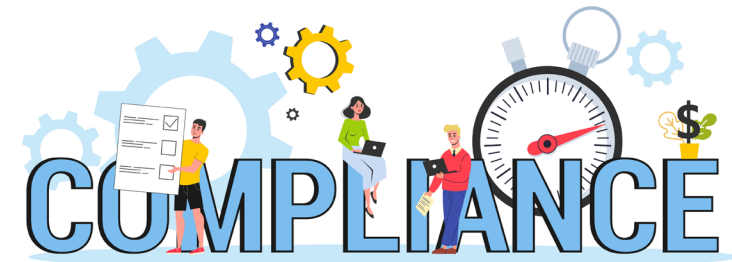
Service Level Agreements

How are Service Level Agreements reported?

Commercial Account Managers submit Service Level Agreements reports weekly, monthly, and quarterly to State Administrator

Why are Service Level Agreements needed?

- To outline expectations for Commercial Account Managers
- To establish how compliance with performance standards will be measured
- To provide indication of customer experience



Use a “report card” to track Commercial Account Managers performance



Service	Prior Month	Reporting Month	Year to Date/ YTD Average
Customer Service			
Average Wait Time on Phone (minutes)	7	5	8
Total Number of Customer Calls	20	15	100
Total Number of Customer Emails	15	20	200
Average Email Response Time (hours)	24	24	24
Inquiries and Resolution			
Time Resolving Inquiries (hours)	30	48	48
Number of Unresolved Inquiries	2	1	5
System			
Changes Made	1	1	14
Maintenance Performed	Normal	Normal	
Hours System Down at one Time (hours)	48	50	48
Accounts			
Number of New Accounts	6	5	2,000
Number of Account Closures	1	2	10
Compliance			
Number of Instances of Potential Fraud Identified	0	1	2
Number of Accounts Referred	0	0	1
Market Requirement Documents			
Number of Devices Shipped	30	25	500
Number of Devices Returned	3	2	17
Number of Devices Active	487	489	489
Number of Devices Non-Active	13	11	11
Number of Devices Non-Responsive	0	2	0

Legend
Meets Expectations
Area to Watch
Area of Concern

Report cards can be an easy way for the State Administrator to track and identify which issues should be addressed first.

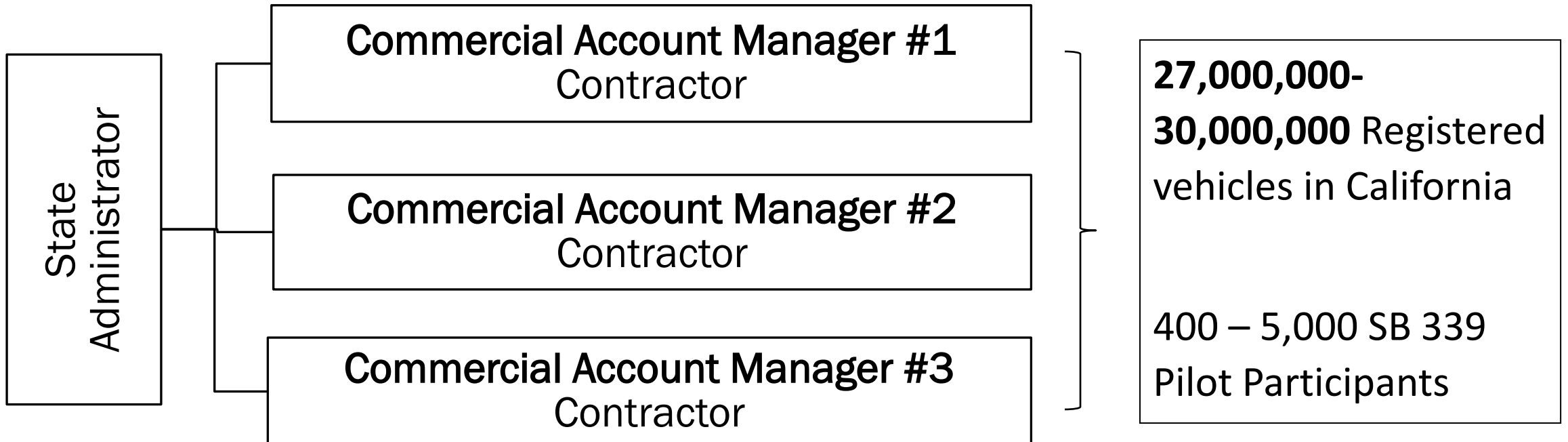
The example in this slide is available as a separate document.

Example Certification Requirements



- ✓ Application submitted to **DMV**
- ✓ Security Pre-Implementation Checklist
- ✓ Information Security Agreement
- ✓ Compliance with Privacy Policy
- ✓ Compliance with Service Level Agreement Main Requirements
- ✓ Statement of Personal History Screening
- ✓ Live Scan

Example Org Structure





Area 2

Pilot Participants

- Recommendations

Pilot Participants – Recommendations



1. Cover the following categories in each rate group:
 - Low income (\leq \$51,696/person, as of 2021)
 - Median-moderate income limit (\$51,697 - \$73,247/person, as of 2021)
 - Super commuters
 - Electric vehicles
 - Hybrid vehicles
 - Rural drivers
 - Urban drivers
2. Ensure a statistically significant sample size (384) for each category if possible (see background information).
3. Reach out to recruit participants as early as possible, because some are difficult to recruit.
4. Use targeted recruiting methods.
5. Offer monetary incentives to participants

Also include commercial trucks



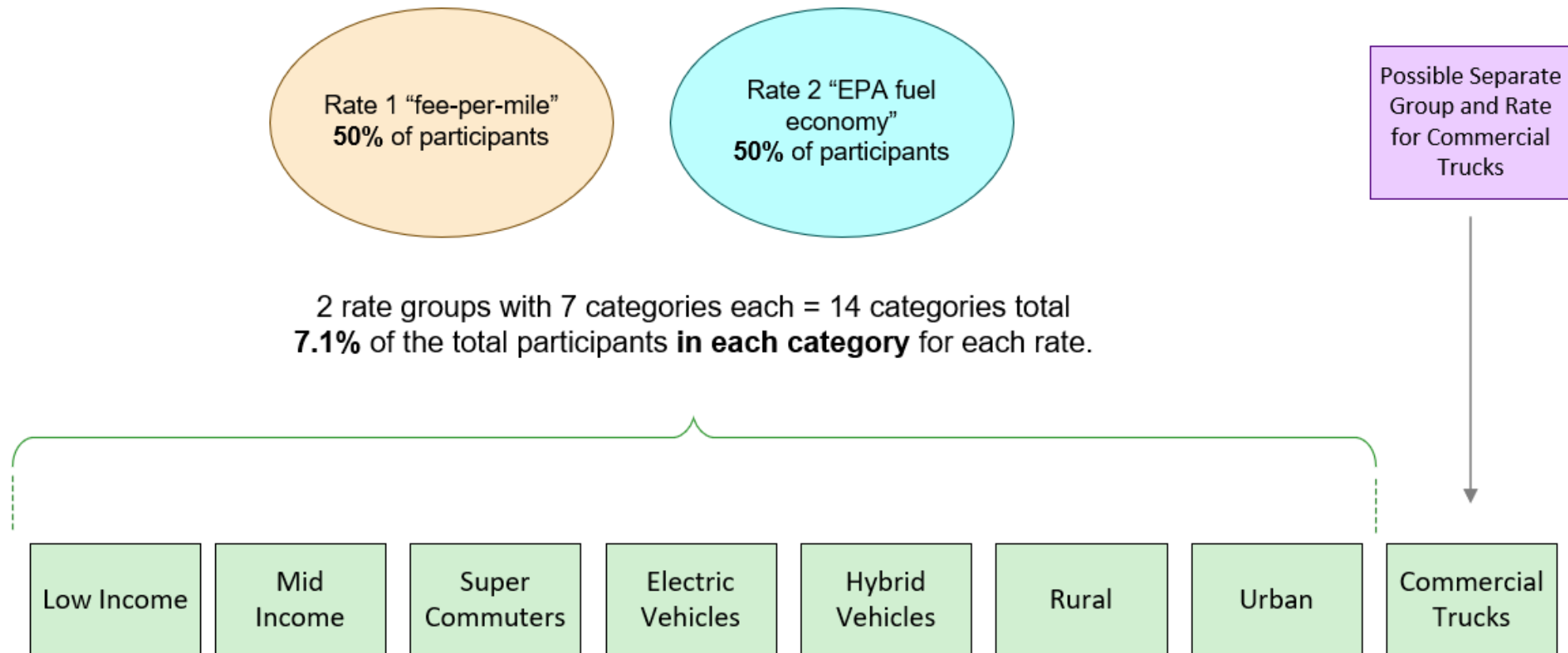
Sample Size

To achieve a statistically significant sample size for each category and each rate group, at least 5,760 participants would be needed.

384 X 7 categories X 2 rates (flat rate & EPA rate) + 384 commercial vehicles (flat rate only) = 5,760

This gives us a confidence level of 95% and margin of error of 5%

Pilot Participant Categories



Use Targeted Recruiting Methods

Recruit Early

General Recruitment Methods

- Caltrans website and newsletters
- Presentations at stakeholder meetings
- Flyers placed in DMV mailings

Example Targeted Methods

- Media/news articles with links to the website - target news for rural drivers
- Advertisements on social media – work with public relations specialist to target ads
- Invite low-income participants through advocacy partner contacts
- Invite low-income participants who were willing to participate in prior studies

Also – refer to 2017 pilot enrollment recommendations





Area 3

Privacy and Security - Recommendations

Privacy & Security – Recommendations



1. Follow the privacy and security policy from the 2017 pilot.
2. Incorporate the 2021 recommendations created by the Road Charge Technical Advisory Committee (TAC).
3. Incorporate the lessons learned from the recent Caltrans Data Security Report.

2017 Privacy & Security Recommendations



Commission staff created a separate list of the 2017 road charge pilot privacy and security recommendations for reference.

The recommendations cover things like platform cybersecurity, vendors that meet International Standards Organization requirements, and fraud prevention.

2021 TAC recommendations



- Involve legal **early in design**.
- Include decisions about when it is ok to share personal information in the **privacy policy** and use the “**minimum necessary**” principle.
- Require **account manager** compliance with privacy policy.
- Require account managers to destroy personally identifiable information **after 30 days**.
- Review mileage to determine whether **fraud** is likely.

2021 Data Security Report



Incorporate the lessons learned from the recent Caltrans Data Security Report.

5 major subsystems

1. Data Collection
2. Transaction Processing
3. Account Management
4. Administration
5. Data Clearing House



Area 4

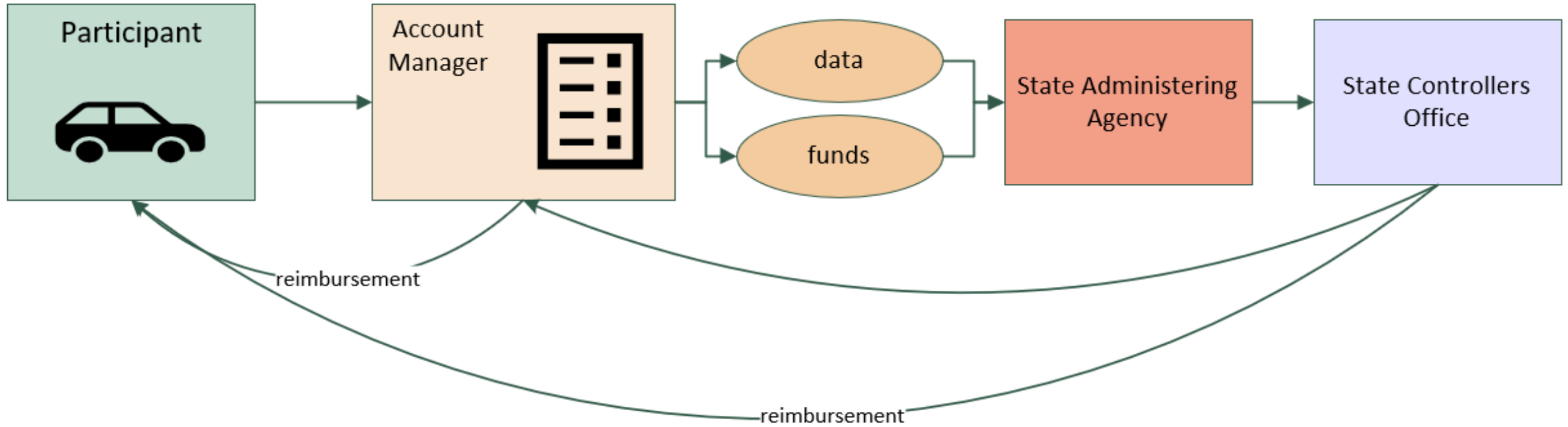
Revenue Collection- Recommendations



Revenue Collection— Recommendations

1. Use the process identified by Commission staff, in collaboration with the California Department of Tax and Fee Administration, and the State Controllers Office.
2. Have the Commercial Account Managers calculate the road charge and reimbursement using tools developed by Commission staff, or similar tools and provide the information to participants.
3. Offer various payment methods to participants.
4. Collect data using a plug-in device, telematics, and odometer readings.

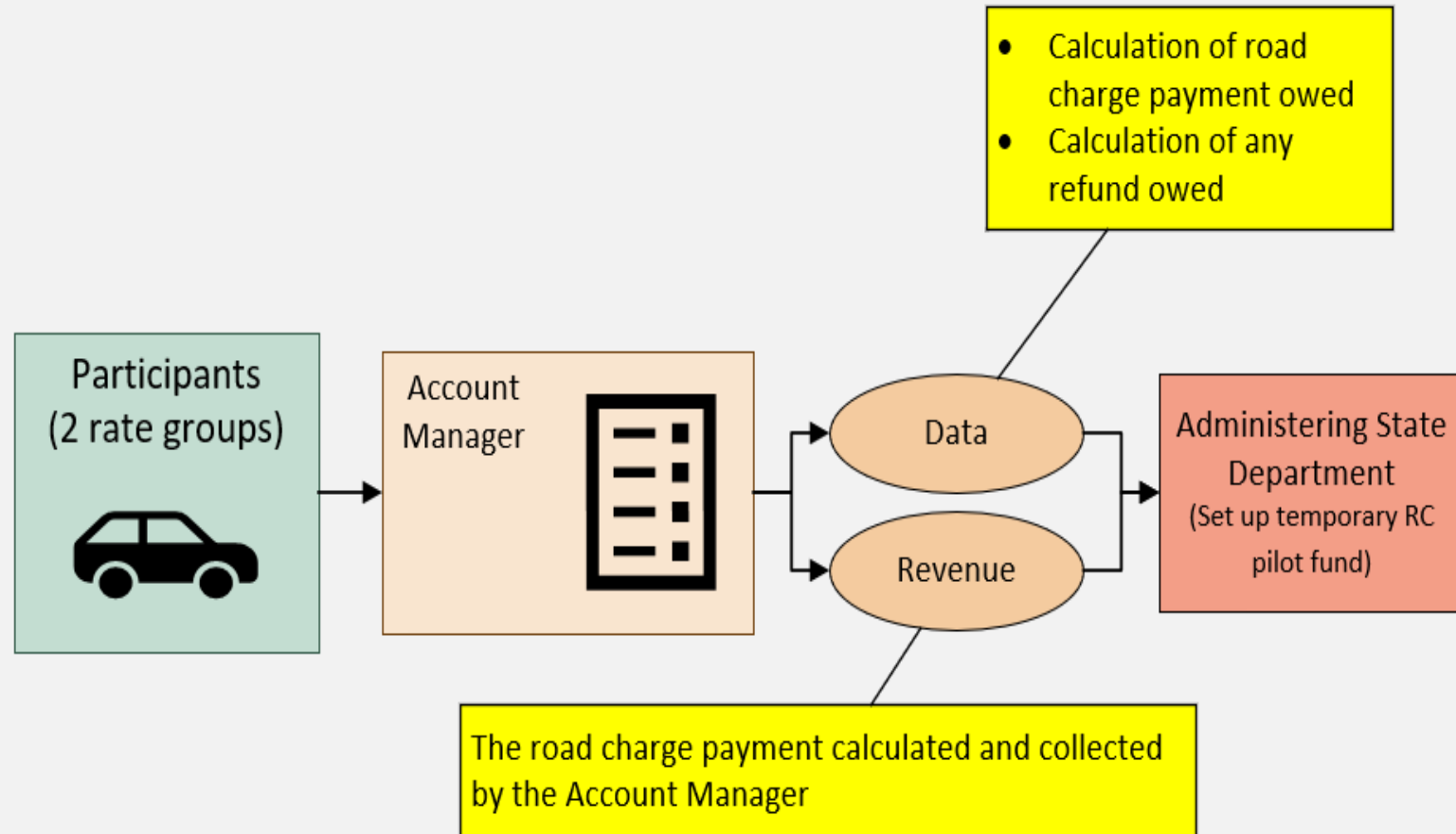
Revenue Collection Process



Fee/Refund Calculation & Initial Fee Collection

Account Manager is responsible to:

- Calculate **revenue** owed
- Calculate any **refund** owed
- **Collect** the revenue from the participants – the Commercial Account Manager submits revenue to the State Administrator, who gives it to the State Controller's Office.



Pilot Rate & Reimbursement Calculation Tools

Pilot Rate Calculation Tool

Group 1 Per Mile Rate	
First Day of Month Mileage	
Last Day of Month Mileage	
Total Miles Driven	
Pilot Rate per Mile	
Total Amount Due	\$ -

Group 2 EPA Rate	
First Day of Month Mileage	
Last Day of Month Mileage	
Total Miles Driven	
MPG (miles per gallon)	
Gas Excise Tax Rate	
Gas Sales Tax Rate	
Diesel Excise Tax Rate	
Diesel Sales Tax Rate	
Total Tax	\$ -
Total Amount Due	#DIV/0!

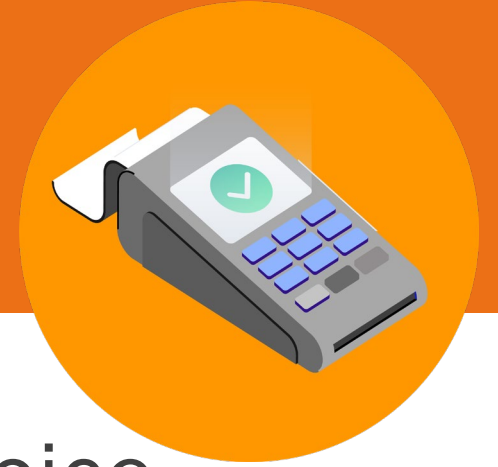
Pilot Reimbursement Calculation Tool

Gas/Hybrid Reimbursement	
First Day of Month Mileage	
Last Day of Month Mileage	
Total Miles Driven	
MPG (miles per gallon)	
Gas Excise Tax Rate	
Gas Sales Tax Rate	
Diesel Excise Tax Rate	
Diesel Sales Tax Rate	
Total Tax	\$ -
Total Amount Due	#DIV/0!

Electric Vehicle Reimbursement	
Number of Days in Pilot	
Percentage of Total Year	#DIV/0!
Ev Fee	\$ 100
Amount Due Based on Percent of EV Fee	#DIV/0!

These tools are available as separate documents.

Payment Methods

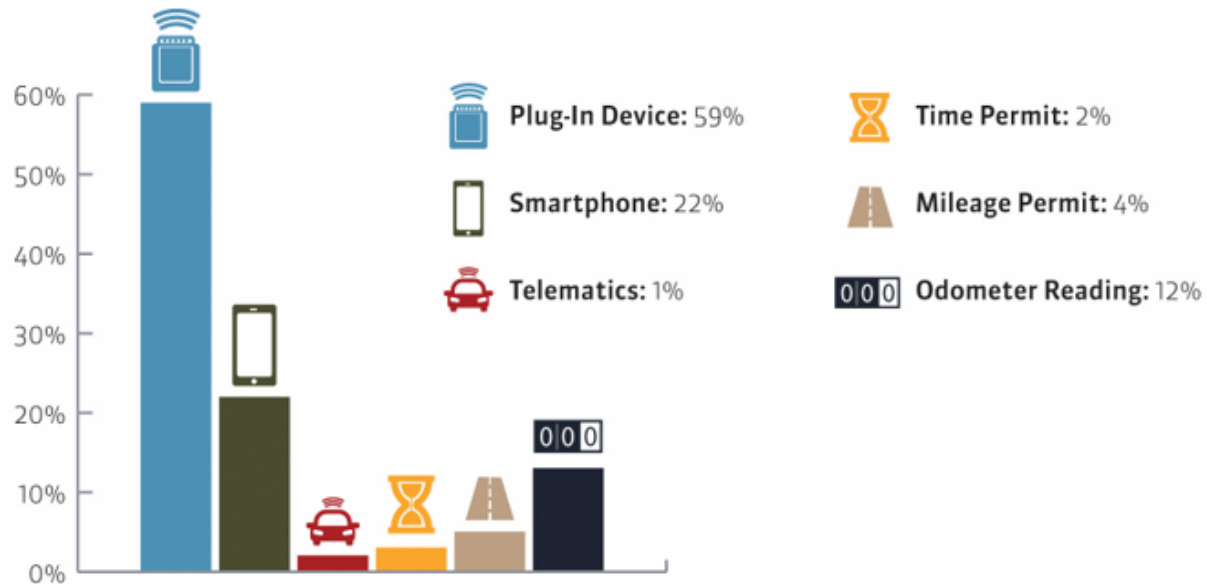


1. Bill payment/ online/ phone / paper invoice
2. Pre-payment method (consider mileage as a product)
3. Usage-based insurance
4. Pay charges as part of smog check
5. Pay at the pump/ Chargepoint

Pilot Data Collection Methods



2017 pilot data collection methods



SB 339 recommended pilot data collection methods

- Plug-In Device
- Telematics
- Odometer Reading



Enforcement

Area 5

Enforcement



1. The agency responsible to administer the pilot should verify vehicle details with the Department of Motor Vehicles or build an automated interface directly between Commercial Account Managers and the Department of Motor Vehicles.
2. Even though strict enforcement measures for the pilot are not recommended (since participants are volunteers), administering agency staff should begin to develop enforcement policies for a long-term program.

Next Steps

It is recommended that the California State Transportation Agency report regularly to the Road Charge Technical Advisory Committee on the status of the pilot and, once complete, on the lessons learned from the pilot.