

An aerial photograph of a city at sunset. The sky is a mix of orange, yellow, and grey. In the background, there are mountains. The city below has various buildings, including a large multi-story one, and a road with cars. The overall scene is a wide-angle view of an urban area.

Refined Road Charge Pilot Recommendations for Technical Advisory Committee

California Road Charge Design (SB 339)



Today's Objectives



**Review refined pilot
recommendations**



**Share reasoning
behind refinements**



**Provide an opportunity for
questions and feedback**

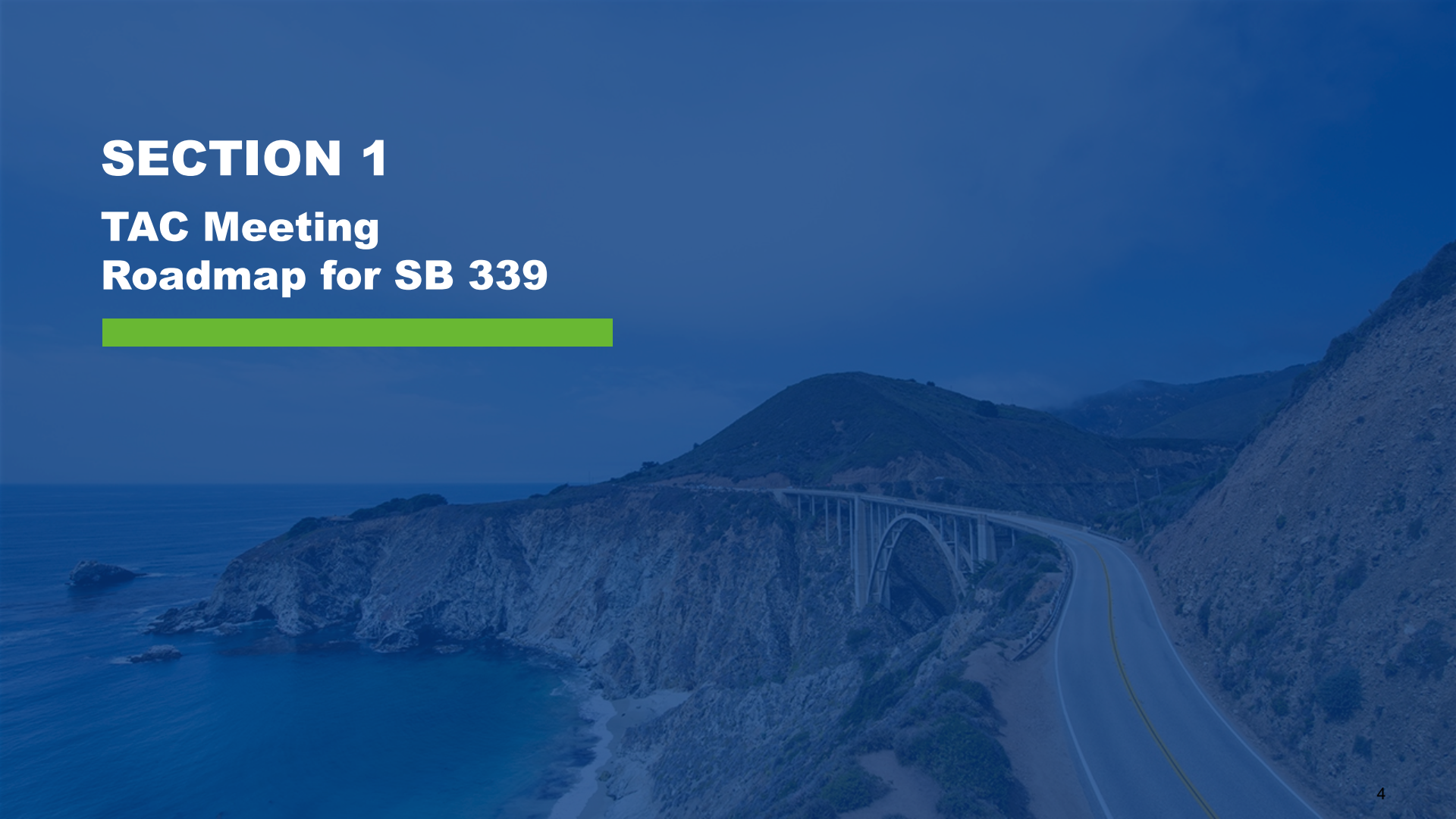


Agenda

- 1 TAC Meeting Roadmap**
- 2 Evaluation Criteria**
- 3 Rate Setting**
- 4 Pilot Participant Design**
- 5 Organizational Design & Revenue Collection**
- 6 Data Collection Methods**
- 7 Privacy & Security**
- 8 Next Steps & Questions**

SECTION 1

TAC Meeting Roadmap for SB 339



SB 339 Summary

Legislation provides the purpose of the upcoming road charge pilot and the TAC's role.

Pilot purpose

- Identify and evaluate issues related to the collection of revenue for a road charge program.
- Test two different rate setting methodologies

TAC role

- Make pilot design recommendations
- Determine vehicles to include in the pilot
- Offer evaluation criteria
- Determine the flat per-mile rate for half of the pilot participants

*“The final report shall include, but not be limited to, a discussion of **costs and implementation issues**, and an **evaluation and comparison of the two fee-calculation methodologies**... including the effectiveness of those methodologies in **ensuring sustainable funding for transportation** and their alignment with the state’s **climate, air quality, zero-emissions vehicle, and equity goals.**”*

TAC Meetings Road Map

Meeting schedule and key milestones to complete the SB 339 Road Charge pilot design recommendations and present to the California State Transportation Agency (CalSTA).

Sept. 2022 (TAC)

Draft pilot design recommendations presented to the TAC

Dec. 2022

Draft pilot design recommendations updated

Feb. 2023 (TAC)

Refined pilot design recommendations presented to the TAC

April 2023 (TAC)

Recommendations developed for Road Charge policy and program implementation

May 2023 (CTC)

Present final design recommendations and rates to Commissioners

June 2023 (TAC)

Finalize report of findings and Road Charge policy alternatives

July 1, 2023

Final report of policy alternatives, findings, and recommendations

Pilot Design Recommendation Summary

Topic	September Draft Recommendations*	Refined Recommendations
Evaluation		<ul style="list-style-type: none"> Adopt evaluation criteria across five categories to guide the pilot.
Organizational Design	<ul style="list-style-type: none"> Have the DMV administer the pilot Establish reporting requirements and a certification process for commercial account managers 	<ul style="list-style-type: none"> Test a combined state and commercial account management model (hybrid model) that emulates DMV. Use the pilot to inform a roadmap to certification.
Revenue Collection	<ul style="list-style-type: none"> Set up a special deposit fund for the pilot to support fund reconciliation and reporting functions. 	<ul style="list-style-type: none"> Set up a special deposit fund for the pilot to support fund reconciliation and reporting functions. Implement a simplified revenue collection process
Road Usage Data Collection	<ul style="list-style-type: none"> Collect data using a plug-in device, telematics, and odometer readings. 	<ul style="list-style-type: none"> Examine how recent technology advances with plug-in devices, smartphone apps, and telematics could improve quality and reliability of data. Prioritize technology partners that can provide an integrated user experience.
Pilot Participant Design	<ul style="list-style-type: none"> Recruit 5,760 vehicles by rural/urban, income level, and vehicle types category. 	<ul style="list-style-type: none"> Recruit 2,000 statewide participating vehicles with over-representation of rural and low-income vehicle owners. Recruit a broad distribution of vehicles by fuel economy and engine type. Provide start-up funds to encourage participation especially among low-income households.
Privacy & Data Security	<ul style="list-style-type: none"> Follow the privacy and security policy from the 2017 pilot. Incorporate 2021 TAC recommendations and lessons learned from the recent Caltrans Data Security Report. 	<ul style="list-style-type: none"> Update the privacy and security policy from the 2017 pilot with TAC recommendations for the management of personally identifiable information.
Rate Setting	<ul style="list-style-type: none"> Use CTC staff-recommended methodology for calculating the base per-mile rate for the pilot. 	<ul style="list-style-type: none"> Use the CTC staff-recommended per-mile rate (which includes a 7% administrative fee) and adopt medium-and heavy-duty rates for the pilot.

*This column represents a summary of recommendations submitted.

SECTION 2

Draft Pilot Evaluation Criteria



Recommended Evaluation Criteria

1 | Energy efficiency

2 | Revenue generation

3 | Distributional impacts

4 | Organizational readiness

5 | Privacy and data security

1 | Energy Efficiency

Evaluate the effectiveness of rate setting policy to incentivize behavior change.

Metrics

- **Travel behavior and cost impact**
 - Distribution of individual driving costs for vehicles in each cohort, including fuel, fuel tax, electricity, EV fees, and road charge (net of credits or refunds)
 - Average, median, and standard deviation of vehicle miles traveled by vehicles in each rate cohort (revenue generation and energy efficiency) during the pilot period
- **Behavior change**
 - Changes in total miles driven by participants in each cohort, by vehicle fuel economy, from the first to last reporting period of the pilot
 - Changes in vehicle purchasing preferences for participants in each cohort, by fuel economy, before versus after participation in the pilot

2 | Revenue Generation

Evaluate the effectiveness of the rate-setting policy to generate revenue.

Metrics

- **Pilot revenue**
 - Average gross road charge revenue per vehicle in each cohort
 - Average net road charge revenue per vehicle in each cohort
- **Projected program revenue**
 - Average gross road charge extrapolated to the statewide population of vehicles based on revenue per vehicle in each cohort
 - Average net road charge extrapolated to the statewide population of vehicles based on revenue per vehicle in each cohort

3 | **Distributional Impacts**

Evaluate policy impacts on population subgroups that vary by income, geography, and vehicle type.

Metrics

- Average gross road charge due per vehicle in each cohort by income level
- Average net road charge due per vehicle in each cohort by income level
- Average gross road charge due, extrapolated to the statewide population of vehicles by income level
- Average net road charge due, extrapolated to the statewide population of vehicles by income level

4 | **Organizational Readiness**

Evaluate readiness to launch and administer a small-scale program.

Metrics

- **Organizational effectiveness and acceptance**
 - Number of agencies involved in pilot set-up and administration
 - Number of agencies involved in handling funds
 - Agencies and private parties involved in supporting road charge functions
 - Degree of organizational acceptance to support road charge functions
- **Cost-efficiency**
 - Cost of collecting road charge from customers, including direct costs and agency costs
 - Cost of administering refunds, including agency costs associated with making state-to-participant payments
- **Participant acceptance and compliance**
 - Degree of user acceptance among pilot participants to carry out road charge functions
 - Levels of participant voluntary compliance

5 | Privacy and Data Security

Evaluate the effectiveness of privacy policy and data security measures to collect data for road charge operations while protecting participant privacy.

Metrics

- **Data elements requested**
 - Data elements collected from pilot participants by third parties
 - Data elements collected from pilot participants by state agencies
 - Data elements collected from pilot participants and shared between third parties and state agencies
- **Privacy protection and data security effectiveness**
 - Protection of privacy, including implementation and operation of procedures, in accordance with principles adopted by the TAC
 - Ability of pilot system to withstand breaches or attacks
 - Availability of data collected for appropriate and necessary uses to operate the road charge pilot
- **User perceptions on privacy protection and data security**
 - User perception of privacy protections
 - User understanding of privacy protection policy
 - User perception of data security

SECTION 3

Rate Setting



Rate Setting Recommendations for the Pilot

1

Rate setting methodologies tested

2

- Cohort 1 rates for energy efficiency
- Cohort 2 rates for revenue generation

3

Rate considerations for medium- and heavy-duty cohorts

Rate setting relates to 3 evaluation criteria:

- Revenue generation
- Energy efficiency
- Distributional impacts

1 | Rate Setting Methodologies To Test Per SB 339

1

Behavior change through rate setting

- Discourage driving
- Encourage purchase of zero-emission vehicles
- Discourage emissions / discourage driving in low-efficiency vehicles

2

Revenue generation through rate-setting

- Revenue replacement
- Target revenue level
- Cost recovery

1 | Rate Setting Methodologies To Test Per SB 339

1

Behavior change through rate setting

- Based on California's per-gallon tax, divided by miles-per-gallon (MPG) rating
- Average MPG pays average rate
- Lower MPG vehicles pay progressively higher rates / higher MPG vehicles pay progressively lower rates
- Could feature exemptions for off-road and out-of-state miles

2

Revenue generation through rate-setting

- Flat per-mile base rate for all vehicles
- Optional exemptions for off-road and out-of-state miles
- Could feature discounts or exemptions for low-income motorists

2 | Cohort 1: Rates for Encouraging Energy Efficiency

Behavior change through rate setting

1

Calculated as follows:

- Gasoline excise tax rate of 53.9 cents/gallon
- Divide tax rate by vehicle fuel economy rating:
 - Use combined city/highway MPG rating for conventional internal combustion engines and hybrid vehicles
 - Use miles-per-gallon-equivalent (MPGe) for electric vehicles
- Round to the nearest tenth of a penny

MPG or MPGe	Rate per mile (cents)*
15	3.6
20	2.7
25	2.2
30	1.8
40	1.3
50	1.1
60	0.9
70	0.8
90	0.6
100	0.5
110	0.5
125	0.4

*rounded to the nearest one-tenth of one cent

2 | Cohort 2: Rate for Revenue Generation

Basis for setting a flat mile:

- Cost recovery
- Revenue target
- Revenue replacement (recommended)



Calculated as follows:

- Divide total fuel taxes paid by light-duty vehicles by total VMT = 2.4 cents per mile*
- Add 7% for administrative costs
- Round to nearest tenth of a penny:
2.5 cents per mile

* Based on research previously conducted by CTC staff based on revenue and VMT from the period 2019-2021 (and adjusting for COVID impacts and for inflation to 2023 dollars.)

2 | Cohort 2: Rates for Revenue Generation

Questions for TAC to decide

- **Base rate.** Should this revenue-replacement 2.5 cent-per-mile rate be established as the base rate for cohort 2 in the SB 339 pilot?
- **Exemptions.** Should participants in the pilot be eligible to receive exemptions for miles driven off road or out of state?

2 | Cohorts 1 and 2: Road Charge Rate Summary

	1	2
MPG or MPGe	Cohort 1 Rate per mile (cents)*	Cohort 2 Rate per mile (cents)*
15	3.6	2.5
20	2.7	2.5
25	2.2	2.5
30	1.8	2.5
50	1.1	2.5
90	0.6	2.5
110	0.5	2.5
125	0.4	2.5

**rounded to the nearest one-tenth of one cent*

Issues related to Environmental Protection Agency (EPA) MPG and MPGe ratings

- EPA ratings assume a certain proportion of city versus highway driving.
- For Plug-in Hybrid Electric Vehicles (PHEVs), EPA provides both an MPG rating for gasoline mode and MPGe for electric mode. The California State Transportation Agency must determine how to combine these ratings this to establish the cohort 2 fuel tax credit for PHEVs.
- For zero-emission vehicles, the EPA provides only an MPGe rating.

2 | Cohorts 1 and 2: Illustrative Rates for Select Vehicles

SB 339 requires all pilot participants to “receive a credit or a refund for the estimated state fuel taxes and electric vehicle fees paid to operate a vehicle during the pilot.” For the purposes of the pilot, the road charge should be collected first, and then a refund issued. However, it is important to note that this results in net road charge rates as follows:

1

Gas vehicles		
Vehicle MPG or MPGe	Cohort 1 Net rate per mile after gas tax credit*	Cohort 2 Net rate per mile after gas tax credit*
15	0.0	1.1 refund
30	0.0	0.7
50 (hybrid)	0.0	1.4
70 (PHEV)	0.0	1.7

**rounded to the nearest one-tenth of one cent*


2

Electric vehicles			
Example Vehicle	Assumed Annual VMT	Cohort 1 Net amount due after EV fee credit	Cohort 2 Net amount due after EV fee credit
2023 Ford F-150 Lightning 4WD	5,000	\$60 refund	\$25
	10,000	\$21 refund	\$50
	15,000	\$19	\$75
2021 Tesla Model 3	5,000	\$81 refund	\$25
	10,000	\$62 refund	\$50
	15,000	\$43 refund	\$75

3 | Cohort 2 Medium- and Heavy-Duty Rates

Decisions for rate setting

- **How many rates should there be for different classes of vehicles?**
 - Class 3-4 (10,001-16,000)
 - Class 5-6 (16,001-26,000 pounds)
 - Class 7-8 (above 26,000 pounds).
- **What fuel tax rate should be used as the basis for medium- and heavy-duty vehicles?**
 - Use a blended rate based on the population of vehicles in each class.
- **What rate of diesel tax should be used?**
 - Use excise tax plus sales tax (13%) to arrive at a combined diesel tax rate of 88.3 cents/gallon.*
- **Should an administrative fee be added to the per-mile rate?**
 - To be consistent with cohort 2 of the light-duty vehicles, add 7% to the rate.



Medium- and Heavy-Duty Vehicle Class	Recommended Pilot Road Charge Rate (cents per mile)
3 & 4	6.0
5 & 6	10.2
7 & 8	15.2

**temporarily reduced to 9.0625% through 06/30*

An aerial view of a parking lot filled with cars. Most cars are blue, but one car in the middle row is red. The text 'SECTION 4' is overlaid on the top left.

SECTION 4

Pilot Participant Design

A solid green horizontal bar is positioned below the subtitle.

Recommendations for Pilot Participant Design

1

Use oversampling approach to assess distributional impacts across rural and low-income population subgroups.

2

Aim for sample size of 2,000 to obtain meaningful number of participants from rural and low-income subgroups for each fee-collection methodology.

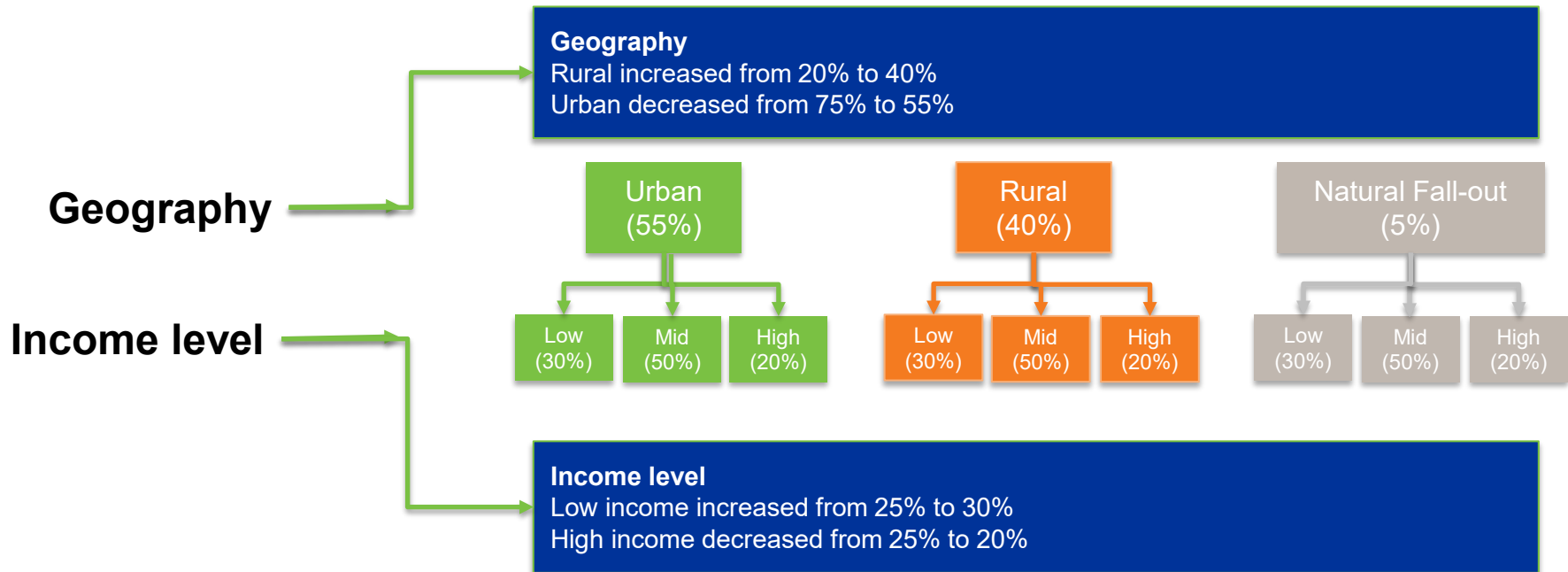
3

Ensure that vehicle fuel economy cross-cuts all participant categories to test two fee-collection methodologies effectively.

4

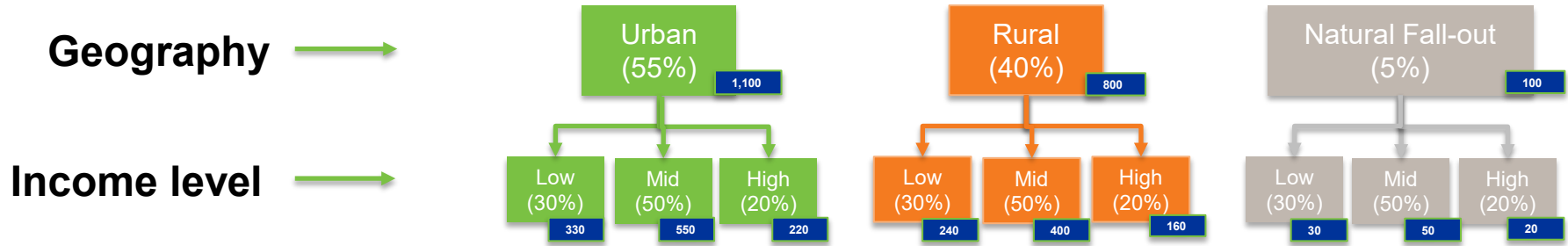
In the recruitment strategy, include start-up funds to participants so they do not have to pay out of pocket.

1 | Use Oversampling Approach to Assess Distributional Impact



2 | Aim for Sample Size of 2,000 to Obtain Meaningful Number of Participants Across Subgroups

2,000 participants distributed across subgroups




2 | Pros and Cons of Different Sample Sizes

Considerations

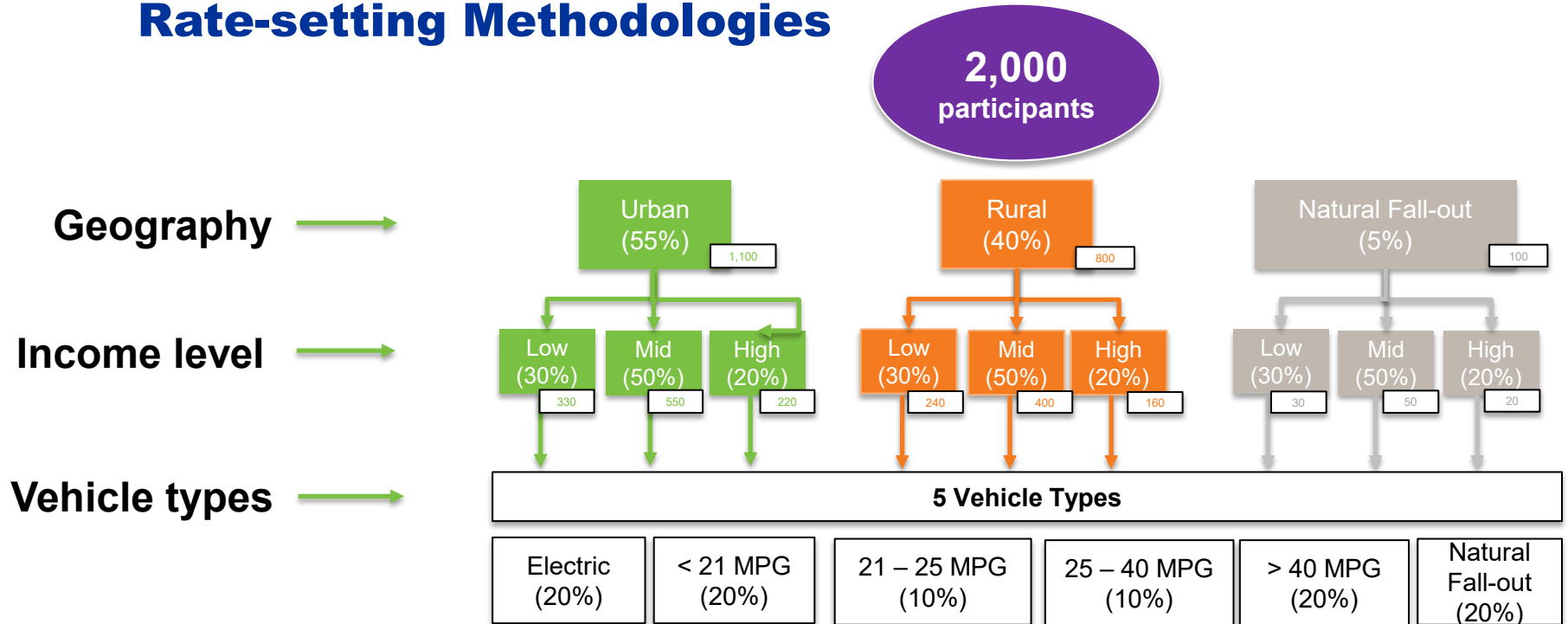
- Representative samples vs adjusted samples
- Smaller vs larger samples
- Alignment with research objectives
- Recruitment constraints

Optimal sample size

- A sample of 2,000 participants is optimal to draw the most benefits from targeted research.

Approach	Sample size	Feature	Pros	Cons
Random sampling (Representative sample)	768	Allows for 384 participants in each of the two rate cohorts (minimum size to support statistically significant findings in each cohort)	Lower costs for: <ul style="list-style-type: none"> ▪ technology provision ▪ participant incentives ▪ data cleansing ▪ data validation 	Challenging to achieve a truly random sample through standard, proven recruitment methods for pilot tests of this nature
	1,152	Allows for 576 participants in each rate cohort (50% more participants)	Provides a buffer to achieve a statistically significant sample in case of attrition during the pilot	Higher recruitment and pilot deployment costs than for 768 sample size (50% higher)
Oversampling (Adjusted sample)	2,000 	Allows for 1,000 participants in each rate cohort	Allows to explore potential nuances for targeted subgroups (rural and low-income)	Higher recruitment and pilot costs than for the smaller samples obtained through random sampling techniques
	5,000	Allows for 2,500 participants in each rate group	Allows more detailed analysis across a broader range of subgroups	Lower cost/benefit ratio than 2,000 adjusted sample size. Requires extensive recruitment efforts to involve higher number of participants

3 | Ensure that Vehicle Fuel Economy Cross-cuts All Participant Categories to Effectively Test Two Rate-setting Methodologies



4 | Consider Proven Pilot Recruitment Strategies Including Providing Start-up Funds to Participants



Start-up funds



Email to past participants



Invites via technology partners



Social media ads



Flyers in DMV mailings



Invites via academic contacts



Website



Invite in RUC newsletter



Leverage TAC connections



Media / news articles



Presentations to stakeholders

The background of the slide is a dark blue grid of semi-transparent car icons, viewed from above. The cars are arranged in a regular pattern. In the middle row, the car in the 10th column from the left is highlighted in a solid red color, standing out from the rest of the blue-tinted cars.

SECTION 5A

Organizational Design

Recommendations for Testing Organizational Design

1

Test the hybrid state/commercially-run model to evaluate organizational readiness and user experience.

3

Use decision criteria to compare how different private and public sector entities perform to deliver pilot functions.

2

Apply decision criteria to individual pilot functions to assess organizational readiness.

4

Use the pilot to inform a certification roadmap to allow commercial account managers to progressively enter the Road Charge market.

1 | Test the Hybrid (State and Commercially-run) Model

Leverage strengths of public and private entities to:

- Provide optimal user experience.
- Offer cost-efficient choices to address privacy and convenience tradeoffs.
- Minimize cost of collection.
- Address potential resource constraints on the agency side.



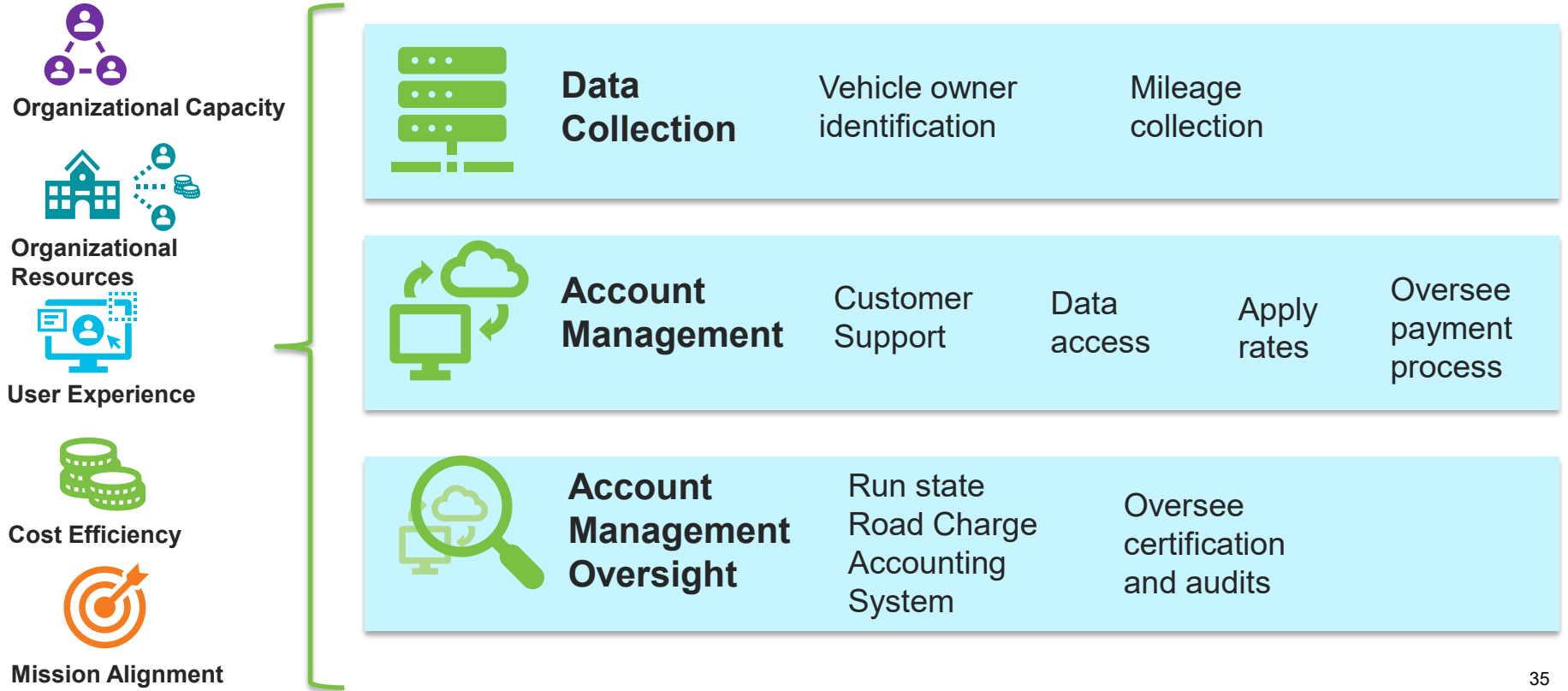
Tested in the first California pilot where a SAM and several CAMs supported Road Charge functions.



Being tested in Washington pilot

- Odometer reporting services (with state account manager).
- Vehicle telematics option (with commercial account manager).

2 | Apply Decision Criteria to Pilot Functions



3 | Compare how different public or private entities perform



Capacity



Resources



User Experience



Cost Efficiency



Mission Alignment

Data Collection

Example



Public

Private



Account Management



Public

Private

Account Management Oversight



Public

Private

4 | Use the Pilot as an Opportunity to Inform a Certification Roadmap for a Program

1 Start with minimal requirements during an initial certification process.

2 Progressively raise the bar during annual certification renewal process with application of more stringent requirements.

Expected benefits

- Access to a variety of commercial account managers that meet minimal requirements
- More time for commercial account managers to organize their services and improve operations progressively

An aerial view of a parking lot filled with cars. Most cars are blue, but one car in the middle row is red. The cars are arranged in a grid pattern. The background is a dark blue gradient.

SECTION 5B

Revenue Collection for the Pilot

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Organizational
readiness

Recommendations for Implementing Revenue Collection in the Pilot

1

Enact a simplified revenue collection process.

2

Special deposit fund creation process.

3

Utilize invoice design based on best practices and lessons learned.

1 | Simplified Revenue Collection Process for a Pilot

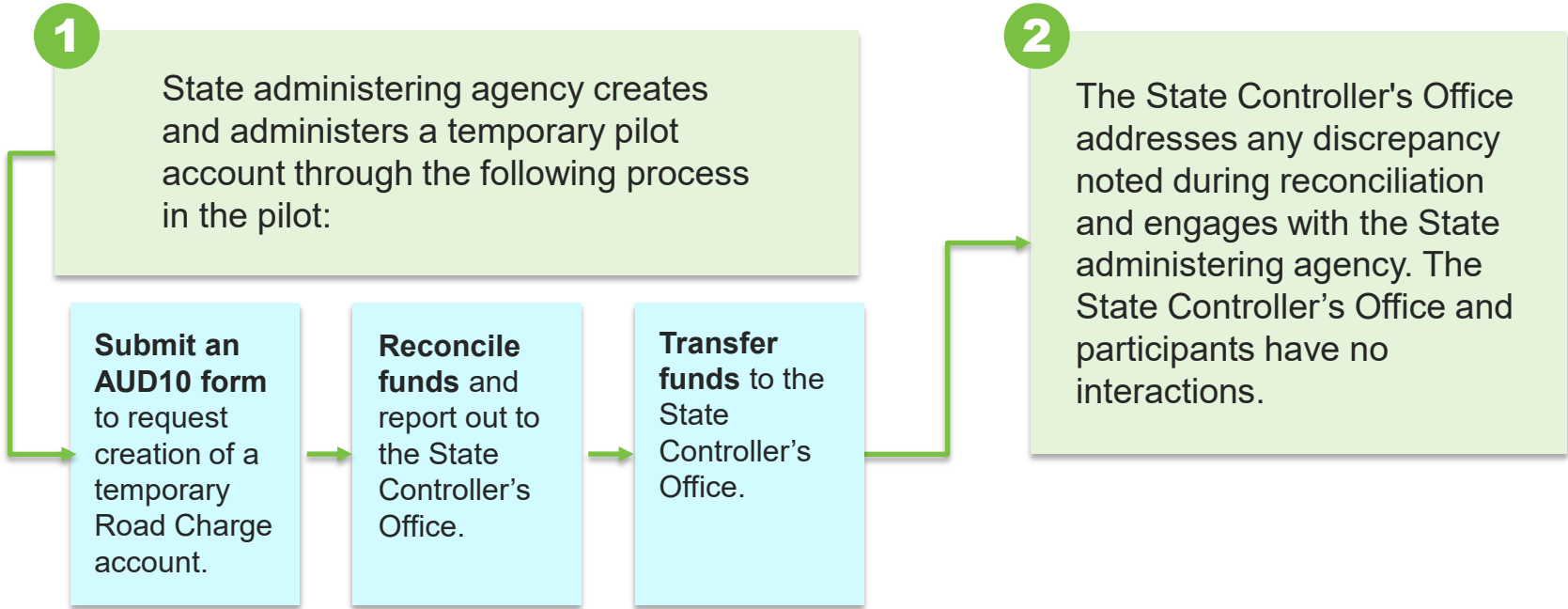
Pilot Actors

- **Participants.** Make real payments (or receive real refunds) based on the Road Charges incurred during pilot.
- **Account Managers.** Potentially involves one or multiple commercial account managers and a State Account Manager.
- **State Administering Agency.** The agency that provides high-level oversight of the pilot, and that transmits funds to the State Controller's Office.
- **State Controller's Office.** Process funds collected from participants.

Pilot Steps

- **Invoicing.** Account Managers generate and distribute invoice(s).
- **Payment.** Participants can pay invoice through:
 - Check
 - Bank transfer
 - Credit or debit card
 - Third-party payment (e.g., PayPal, Apple)
- **Collection of Funds.** Participant payments are collected in an approved bank account
- **Bank Reconciliation.** Internal payment records are compared to the bank records.

2 | Special Deposit Fund Creation Process



3 | Invoice Design Principles for the Pilot

FRONT



Hawaii Department of Transportation
200 Punchbowl Street
Honolulu, HI 96813

We want to hear from you!

Complete a short survey at www.HIRUC.org/survey

Elizabeth Kahananui
3426 Kahala Ave
Haiku, HI 96708

A

"Do we need a new way to pay for roads? Pay for what you use and nothing more?" — Jade Butay, HDOT

Hawaii's people have embraced our goal of 100% clean energy by 2045. Already, there is an abundance of more fuel-efficient vehicles on our roads, including some electric ones. Great news, but there's a downside. The per-gallon gas tax is becoming an ineffective way to fund our road and bridge upkeep and improvements, because we are using less gas.

Instead of the gas tax, might a system where you pay for how many miles you drive—a road usage charge—be a better system? Hawaii, along with other states, is taking a hard look at that. This Driving Report below shows how a road usage charge would affect you based on the vehicle you recently had inspected. Please review this information and take the short survey online to share your thoughts. Mahalo, we need your help.

B

Your 2014 Toyota Corolla (HGX 212)

Report number	5RX9A	Compare estimated gas taxes paid...	to a potential road usage charge.
Safety inspection	Dec 20, 2018		
Period covered	Mar 2018 to Dec 2018	\$ 108 About \$12/mo.	\$ 157 About \$17/mo.
Total miles driven	8,284	Based on estimated gallons purchased over 9 months.	Based on miles driven between two passed safety inspections over 9 months.

HIRUC

C

Complete a short survey at www.HIRUC.org/survey

A

Brief note explaining objectives, framing pilot participant experience, and explaining rate setting principle.

B

Minimal data with **emphasis on personalized comparison** of fuel tax or electric vehicle fee versus potential road charge for cohort 2.

C

Callout links to **online survey**.

D

Frequently asked questions.

E

Detailed calculations and comparisons.

BACK

D

Frequently asked questions

[Learn more at HIRUC.org](#)

What is a road usage charge?	A road usage charge is a per-mile charge drivers would pay based on how much they use Hawaii's road system, rather than pay taxes on each gallon of gas they buy. This approach is similar to how people pay for their utilities, including electricity and water.
How would my mileage be recorded?	There are a few different ways being considered. A simple way to record mileage is at your annual vehicle safety inspection. More exact methods include smartphone apps and plug-in devices that can report mileage more frequently.
When will a road usage charge happen?	Hawaii is only investigating a road usage charge as one possible approach. There is currently no official timeline for adoption. Now is a good time to provide your feedback on a road usage charge.
Will I have to pay both a gas tax and a road usage charge?	No, the road usage charge is being considered as a replacement to the gas tax, not in addition to the gas tax.
Would different types of cars be charged different rates?	Possibly, one of the unique aspects of a road usage charge is that, if implemented, it could allow state policymakers to set different road usage charge rates depending on different factors, such as vehicle weight, engine type, or other variables. This kind of flexibility is not present under today's gas tax structure.

E

Explore how it might compare

Compare estimated gas taxes paid...		to a potential road usage charge.	
Total miles driven	15,000	Total miles driven	15,000
Miles-per-gallon	25		
Gallons purchased	= 600		
State & county gas tax per gallon	x \$0.16	State & county charge per mile	x \$0.008
Total gas tax	= \$96	Total road usage charge	= \$120
			Increase of \$24

HIRUC

Complete a short survey at www.HIRUC.org/survey

SECTION 6

Data Collection Methods



Organizational
readiness
criteria

Recommendations for Testing Data Collection Methods

- 1** | Prioritize exposure to policy and operational choices rather than technical tests.
- 2** | Focus technical tests on recent technology advances and policy changes that impact data collection.
- 3** | Choose partners that can integrate technology choices efficiently to provide a positive user experience.

1 | Data Collection Choices

Manual



Assisted odometer reporting



Self-reporting



Odometer image capture

Automatic



Smartphone applications



OBD-II plug-in devices



Native automaker telematics

2 | Technical Tests Focused on Technology Advances

OBD-II Dataset

Test availability of new datasets

- Odometer reading
- Enriched OBD-II datasets

Smartphone Technology

Test reliability of latest smartphone technology



Smartphone apps



Image capture

Telematics

Test different in-vehicle telematics configurations

- Partnership with automakers
- Partnership with third-party providers
- Direct data exchange through established standards

3 | **Prioritize Partners that can Integrate Technology Efficiently to Provide a Positive User Experience**

Partnership Considerations



Private entities already involved in mileage collection



Cost factors vary according to business models

Technology Considerations



Coverage and Roadmap



Cost of collection

SECTION 7

Privacy & Security



Recommendations for Privacy & Security Guidelines for the Pilot

1

Recommended Changes
to Privacy Policy

3

Reponses to TAC
Member Comments

2

Responses to TAC's Guidance to Use
Privacy & Security Recommendations
from 2021 pilot

1

Recommended Changes to Privacy Policy sections

Suggested edits to specify different parties involved:

- 1 What is personally identifiable information and why is it needed?
- 2 Collection and use of your personal information.
- 3 Collection and use of your non-personal information.
- 4 Disclosure of personal information to third-parties.
- 5 Retention of your information and records.
- + 6 Considerations to improve accessibility of privacy policy and participant agreement.

2 | Responses to TAC's Guidance to Use 2021 Privacy & Security Recommendations

- 1 Account manager compliance with Privacy Policy**
 - **Recommendation:** Require account manager compliance with the Privacy Policy from enrollment through wrap up of the Road Charge Demonstration.
 - **Risks:** Failure to require account manager compliance with the Privacy Policy will make the privacy to protect ineffective.
- 2 Require Account Managers to destroy Personally Identifiable Information (PII) within 30 days**
 - **Recommendation:** The Privacy Policy should specifically require an account manager to destroy personally identifiable information within 30 days after the conclusion of the Demonstration and require the state to audit an account manager to assure compliance.
 - **Risk:** Not specifically requiring an account manager to destroy PII by a date certain may lead to retention of the data for an unknown length of time.
- 3 Disclosure of personal information to Third Parties**
 - **Recommendation:** Require the state to make personal information available to third parties and authorized public agencies to provide services in support of the Demonstration but only to the extent necessary to perform the functions.
 - **Risks:** Without the limiting factor of “only to the extent necessary,” entities involved with collection of data in the Demonstration may collect unnecessary information in violation of the principles of privacy for Californians.

3 | Responses to TAC Member Comments

1 Identification of entities responsible for compliance with privacy policy

- **Recommendation:** Specifically identify by name and contact information the state agencies and private sector account managers obligated to comply with the Privacy Policy.
- **Risks:** Failure to identify the specific entities required to comply with the Privacy Policy would make the Privacy Policy vague, enforcement uncertain and undermine confidence in the Road Charge Demonstration.

2 Making mileage traveled non-personal information by aggregation

- **Recommendation:** The Privacy Policy should identify an aggregation method that assures the aggregated mileage data cannot be used to identify a person.
- **Risks:** Failure to use a proper aggregation method for road charge mileage data may could lead to violation of the policy to protect the privacy of individuals participating in the pilot.

3 | Responses to TAC Member Comments, cont.

3 Identification of entities responsible for compliance with privacy policy

- **Recommendation:** Specifically identify by name and contact information the state agencies and private sector account managers obligated to comply with the Privacy Policy.
- **Risks:** Failure to identify the specific entities required to comply with the Privacy Policy would make the Privacy Policy vague, enforcement uncertain and undermine confidence in the Road Charge Demonstration.

4 Making mileage traveled non-personal information by aggregation

- **Recommendation:** The Privacy Policy should identify an aggregation method that assures the aggregated mileage data cannot be used to identify a person.
- **Risks:** Failure to use a proper aggregation method for road charge mileage data may could lead to violation of the policy to protect the privacy of individuals participating in the pilot.

3 | Responses to TAC Member Comments, cont.

5 Contractual obligation of account managers to comply with Privacy Policy

- **Recommendation:** The state should mandate by contractual language the obligation for account managers to comply with the Privacy Policy and impose contractual penalties for non-compliance.
- **Risks:** Without the contracted obligation, including penalties, an account manager may wholly disregard the Privacy Policy.

6 Nondisclosure of anonymous travel pattern data

- **Recommendation:** Not allow disclosure to state agencies of travel data that includes location and daily metered use of a subject vehicle if the data describes a person's travel habits in sufficient detail that the person becomes identifiable either through the data itself or by combining publicly available information with the data.
- **Risks:** Anonymizing data does not necessarily mean that the data is fully protected if a person's identity can be discovered through data manipulation in violation of the principles for privacy of Californians.

3 | Responses to TAC Member Comments, cont.

7 Road Charge participant agreement – Section 8: Privacy and protection of your information

- **Recommendation:** Add language obligating the state to protect the privacy of participants in the Demonstration according to the terms of the Privacy Policy for the Demonstration.
- **Risks:** The lack of assurance of the state's adherence to the Privacy Policy may erode participant confidence in the Demonstration and inhibit effectiveness of the effort.

NEXT STEPS





Upcoming TAC Meetings

April 2023 TAC Meeting



Objective

Review Road Charge future program recommendations

Draft agenda items

- Approve final SB 339 pilot recommendations
- Review final pilot evaluation criteria
- Review draft policy and program choices for a future road charge program

June 2023 TAC Meeting



Objective

Review draft report of findings and Road Charge policy objectives

Anticipated agenda items

- Approve policy program choices
- Approve final pilot evaluation criteria
- Review draft report

QUESTIONS AND DISCUSSION

