

M e m o r a n d u m

To: CHAIR AND COMMISSIONERS **CTC Meeting:** May 17, 2017

Reference No.: 4.3 - *Replacement Item*
Action

From: SUSAN BRANSEN **Prepared By:** Curtis Vandermolen
Deputy Director
Executive Director

Subject: **ROAD CHARGE TECHNICAL ADVISORY COMMITTEE AND PILOT PROGRAM
UPDATE**

ISSUE:

Should the California Transportation Commission (Commission):

- 1) Appoint Mayor Susan Ornelas as a member of the Road Charge Technical Advisory Committee (TAC) to fill a vacant position reserved for a member of a regional agency?
- 2) Submit a letter to U.S. Department of Transportation Secretary Elaine Chao in support of the California Department of Transportation's (Caltrans) application for second round federal Fixing America's Surface Transportation Act (FAST Act) funding?

RECOMMENDATION:

Staff recommends that the Commission:

- 1) Appoint Mayor Susan Ornelas as a member of the Road Charge TAC.
- 2) Approve the attached letter in support of Caltrans application for FAST Act grant funding to support a pay-at-the-pump/charging-station demonstration project and public education regarding road funding.

BACKGROUND:

In 2014, the Governor signed Senate Bill (SB) 1077 (DeSaulnier) which required the Chair of the Commission to create, in consultation with the Secretary of the California State Transportation Agency (Transportation Agency), a TAC to study road charging alternatives to the California gas tax and to make recommendations to the Transportation Agency on the design and evaluation of a road charging pilot program.

In December 2015, the TAC presented their Road Charge Pilot Design Recommendations Report to the Transportation Agency Secretary for the development and deployment of the pilot. In July 2016, Caltrans launched a nine-month pilot with over 5,000 participating vehicles, which concluded on March 31, 2017.

The TAC received project data from Caltrans and the independent evaluator at the April meeting. At their next meeting on Friday, May 19, the TAC will discuss policy issues to inform the Commission on potential next steps and recommendations.

In July 2017, the Transportation Agency is expected to submit a report on the findings of the pilot program to the Legislature, the Commission, and the TAC. The Agency's report is required to address cost, privacy, jurisdictional issues, feasibility, complexity, acceptance, use of revenues, security and compliance, data collection technology, potential for additional driver services, and implementation issues. The Commission is required to include its recommendations regarding the pilot program in its annual report to the Legislature.

TAC Appointment

The resignation of TAC member David Finigan created a vacancy on the TAC in the local agency representative category. Commission staff contacted regional agency stakeholder groups to solicit candidates to fill this vacancy, and consulted with the Commission Chair and Transportation Agency Secretary. Based on this consultation, staff recommends the Commission appoint Mrs. Susan Ornelas, Mayor of the City of Arcata, as a member of the TAC to represent local agencies. A short biography of Mayor Ornelas is below.

FAST Act Letter

In the first round of FAST Act grants, Caltrans was awarded \$750,000 to develop a demonstration of pay-at-the-pump/charging-station collection method, and for designing public outreach and education. The Joint Legislative Budget Committee and Department of Finance both denied Caltrans requests to use existing Road Charge savings to match the federal grant on the grounds that the Technical Advisory Committee had not taken specific action to direct Caltrans to conduct the demonstration. On April 21, the Technical Advisory Committee approved and sent a letter to Caltrans Director Malcolm Dougherty supporting the use of the first round grant (attached). The state match is under reconsideration by the Department of Finance and the Budget Committees of the Legislature. In its 2016 grant application, Caltrans stated:

Caltrans is pursuing a systematic approach to the issue of transportation revenue generation by requesting federal funding to enhance the state's existing Road Charge Pilot Program (RCPP), with the goal of initiating the first phase of a new multi-year demonstration beginning FFY 2017.

The state's proposed enhancement of the existing RCPP includes:

- **Education and Outreach** – Expand upon ongoing efforts to engage the public on transportation funding and alternative methods of revenue generation.
- **Organizational Structure and Compliance Program Development** – Working in partnership with the Department of Motor Vehicles (DMV), leverage and expand the RCPP work currently underway with other state agencies to formulate a streamlined system of administration, oversight, and compliance.
- **Pay-At-The-Pump/Charging Station** – Explore an alternative way of collecting revenue for transportation by assessing a mileage based user fee that replicates the current gas tax collection mechanism, and evaluating the feasibility of eventually replacing the current excise tax method.

In April 2017, the notice of funding opportunity (NOFO) for the second round of FAST Act grants was released. The second round of grants will utilize between \$20 million and \$80 million, nationwide, to support the implementation of projects designed by first round grantees. The grant applications are due June 12, 2017. Caltrans' application is under development. According to Caltrans, the application will seek funding for a demonstration of the three design elements above, among other Road Charge processes. In 2016 the Commission issued a letter in support of Caltrans grant funding request (attached), and has been asked to support this new grant opportunity for inclusion in Caltrans' round two grant application.

Attachments:

- Attachment A: Biography for Mayor Susan Ornelas
- Attachment B: TAC letter in support of FAST Act funding (round 1)
- Attachment C: Commission letter in support of Fast Act funding (round 1)
- Attachment D: Draft Letter in support of FAST Act funding (round 2)

Attachment A**Mayor Susan Ornelas – Biography**

Arcata's forward-thinking environmental management and economic development strategies are an inspiration for me, as they are for many people and communities. I have lived in Arcata since 1987 and raised two children while attending and then teaching at Humboldt State University. While Arcata is on the progressive side of many issues from wastewater management to community forestry, there is still work to be done.

My community interests are to continue to guide policy toward a sustainable future. To improve local opportunities, I am willing to study the issues, listen to community concerns, and make decisions to benefit the people. I will work to keep Arcata healthy, livable, bikeable, energy efficient and friendly.

Arcata City Council Service

- Council Member: 2008-present
- Mayor: 2011
- Vice-Mayor: 2010
- Mayor: Present

Profession

- Executive Director, Jacoby Creek Land Trust

Education

- Bachelor of Science in Environmental Engineering - Water Quality Emphasis
- Master of Science in Environmental Systems - International Development Technology

Member of City & Regional Committees

- City Council Representative to the Humboldt County Association of Governments (2017, [2011-2015](#))
- City Council Liaison to Humboldt State University/City Liaisons Working Group (2017, Alternate in 2016)
- Alternate City Council Liaison to the Arcata/Camoapa Sister City Committee (2017, Liaison in 2012-2014)
- Alternate City Council Liaison to Friends of the Arcata Marsh Board (2017, Liaison in 2016)

Other Community Service

- Community Alliance with Family Farmers (2008-present)

Private Sector Accomplishments

- Advisor University of California Davis Extension / Hoopa
 - Native American Agriculture
 - Natural Resource/4-H Youth Program
- Consultant for:
 - Agriculture and Conservation Easement-United Indian Health Services Potawot Village
 - Specialty Agriculture Development, County of Humboldt
 - Turkmenistan and Jamaica, West Indies
 - U.S. Aid for International Development-Agriculture
- Past Co-Owner Willow Creek Farms
- Project Manager, Arcata Educational Farm

- Research Engineer, Schatz Energy Research Center
- Teaching Lecturer, Humboldt State University
 - Restoration Practices
 - Sustainable Agriculture

Past Community Service

- City Council Liaison to the Arcata Chamber of Commerce ([2013-2016](#))
- Alternate City Council Representative to the Humboldt-Del Norte Hazardous Materials Response JPA (2012-2016, Representative in 2010)
- City Council Representative to the Humboldt Bay Municipal Water District, Water Quality Task Force (2012-2014, 2016 Alternate in 2011, 2015)
- Alternate City Council Representative to the Redwood Region Economic Development Commission (2013)
- City Council Liaison to the Arcata Downtown Business Community - Main Street ([2009-10, 2016](#))
- City Council Liaison to the HSU/City Liaisons Group (2011)
- City Council Liaison to the Sister City Committee (2009)
- City Council Representative to the Indian Gaming Fund Committee (2009, [2012-2016](#))
- City Council Representative to the Legislative Committee of the League of California Cities-Redwood Empire Division (2011)
- City Council Representative to Redwood Coast Energy Authority ([2010, 2012-2014, 2016, Alternate 2015](#))
- Humboldt County Agricultural Advisory Board (1997-present)
- Humboldt County Food Policy Coalition (2002-04)
- North Coast Growers Association ([1987-1991](#))
- Open Space and Agriculture Committee ([1999-2008](#))
- Arcata Foundation ([1991-1995](#))
- Campus Center for Appropriate Technology ([1993-2002](#))

Fellowships/Scholarships

- Leadership Program in Sustainable Food Systems, University of California, Santa Cruz (1993-95)
- Switzer Fellowship and Leadership Program, Switzer Foundation (1997, 2002)

BOB ALVARADO, Chair
FRAN INMAN, Vice Chair
YVONNE B. BURKE
LUCETTA DUNN
JAMES EARP
JAMES C. GHIELMETTI
CARL GUARDINO
CHRISTINE KEHOE
JAMES MADAFFER
JOSEPH TAVAGLIONE

STATE OF CALIFORNIA

EDMUND G. BROWN Jr., Governor

SENATOR JIM BEALL, Ex Officio
ASSEMBLY MEMBER JIM FRAZIER, Ex Officio

SUSAN BRANSEN, Executive Director



CALIFORNIA TRANSPORTATION COMMISSION

1120 N STREET, MS-52
SACRAMENTO, CA 95814
P. O. BOX 942873
SACRAMENTO, CA 94273-0001
(916) 654-4245
FAX (916) 653-2134
<http://www.catc.ca.gov>

April 21, 2017

Malcolm Dougherty, Director
California Department of Transportation
1120 N Street
Sacramento, CA 95814

Re: Fixing America's Surface Transportation Act

Dear Director Dougherty:

The passage of Senate Bill 1 (Beall, 2017) signals the state's commitment to repairing and maintaining California's transportation infrastructure. This monumental legislation delivers necessary funding to help address our immediate backlog of transportation maintenance needs, and provides an opportunity to thoughtfully develop a sustainable, equitable transportation revenue mechanism that could replace the gas tax.

Senate Bill (SB) 1077 (DeSaulnier, 2014) initiated the state's investigation into an alternative to the gas tax. As you know SB 1077 required the creation of the California Transportation Commission's (Commission) Road Charge Technical Advisory Committee (TAC). Commencing in January 2015, the TAC worked collaboratively with the Secretary of Transportation and Caltrans on the design and evaluation criteria for a Road Charge Pilot Program. In December 2015, the TAC issued its Road Charge Pilot Design Recommendations Report to the Secretary of Transportation to inform implementation of a road charge pilot program.

The TAC has remained engaged in the pilot, meeting quarterly, monitoring the progress of the pilot and gathering public input. Your staff has kept the TAC well informed on pilot development and implementation, which includes Caltrans' efforts in pursuing Fixing America's Surface Transportation (FAST) Act grant funding. The Commission has supported Caltrans'

Malcolm Dougherty, Director
Fixing America's Surface Transportation Act
April 21, 2017
Page 2

efforts to secure FAST Act grant funding related to a road charge in California by submitting a letter of support for Caltrans' grant request.

At its April 21, 2017 meeting the TAC adopted a recommendation to support Caltrans' plan to leverage existing state resources allocated to the Road Charge Pilot Program for the purposes of matching additional FAST Act funding to study implementation of a pay-at-the-pump/charging station collection method. This was not a method initially recommended by the TAC. The TAC finds that this use of existing Pilot Program funds to match Federal FAST Act grant funds is consistent with SB 1077 and the TAC's authority to recommend the design of a road charge pilot program.

The TAC appreciates Caltrans' commitment and professionalism in the implementation of the pilot and commends your leadership on this very critical issue. If we can be of assistance, please contact the Commission's Executive Director, Ms. Susan Bransen, at (916) 654-4245.

Sincerely,



JIM MADAFFER
Commissioner, California Transportation Commission
Chair, Road Charge Technical Advisory Committee

cc: California Transportation Commissioners
Susan Bransen, California Transportation Commission
Brian Kelly, California State Transportation Agency Secretary

BOB ALVARADO, Chair
YVONNE B. BURKE
LUCETTA DUNN
JAMES EARP
JAMES C. GHIEMMETTI
CARL GUARDINO
FRAN INMAN
CHRISTINE KEHOE
JAMES MADAFFER
JOSEPH TAVAGLIONE

STATE OF CALIFORNIA

EDMUND G. BROWN Jr., Governor

SENATOR JIM BEALL, Ex Officio
ASSEMBLY MEMBER JIM FRAZIER, Ex Officio

SUSAN BRANSEN, Executive Director



CALIFORNIA TRANSPORTATION COMMISSION

1120 N STREET, MS-52
SACRAMENTO, CA 95814
P. O. BOX 942873
SACRAMENTO, CA 94273-0001
(916) 654-4245
FAX (916) 653-2134
<http://www.catc.ca.gov>

June 6, 2016

The Honorable Anthony Foxx
Secretary of Transportation
U.S. Department of Transportation
1200 New Jersey Avenue, SE
Washington, DC 20590

Dear Secretary Foxx,

I am writing to strongly support the California Department of Transportation (Caltrans) and the Western Road Usage Charge Consortium (WRUCC) applications to the U.S. Department of Transportation for grants from the Surface Transportation System Funding Alternatives program.

The California Transportation Commission, through its Road Charge Technical Advisory Committee, worked assiduously for more than a year to develop key policy and design recommendations for California's Road Charge Pilot Program. Caltrans is now working diligently to implement this pilot program. If funded, Caltrans' proposal for a grant from the Surface Transportation System Funding Alternatives program will enhance this existing pilot program in several key areas that are in need of further development. The enhanced activities proposed by Caltrans, in the areas of Education and Outreach, Organizational Structure and Compliance, and Pay-At-The-Pump/Charging Station Road Charging, in conjunction with its existing pilot project, will greatly advance efforts to achieve sustainable, equitable, and reliable long-term transportation infrastructure funding. Supporting these efforts, the WRUCC's application will advance a comprehensive study to identify and define cross-jurisdictional issues that will be critical for a regional and national deployment of user-based alternative revenue mechanism.

For these reasons, I am pleased to submit this letter of support for both the Caltrans and WRUCC applications for grants from the Surface Transportation System Funding Alternatives program.

Sincerely,

A handwritten signature in black ink, appearing to read "Bob Alvarado", is written over a circular stamp or seal.

BOB ALVARADO
Chair

BOB ALVARADO, Chair
YVONNE B. BURKE
LUCETTA DUNN
JAMES EARP
JAMES C. GHIEMMETTI
CARL GUARDINO
FRAN INMAN
CHRISTINE KEHOE
JAMES MADAFFER
JOSEPH TAVAGLIONE

STATE OF CALIFORNIA

EDMUND G. BROWN Jr., Governor

Attachment D

SENATOR JIM BEALL, Ex Officio
ASSEMBLY MEMBER JIM FRAZIER, Ex Officio

SUSAN BRANSEN, Executive Director



CALIFORNIA TRANSPORTATION COMMISSION

1120 N STREET, MS-52
SACRAMENTO, CA 95814
P. O. BOX 942873
SACRAMENTO, CA 94273-0001
(916) 654-4245
FAX (916) 653-2134
<http://www.catc.ca.gov>

May 17, 2017

The Honorable Elaine L. Chao
Secretary of Transportation
U.S. Department of Transportation
1200 New Jersey Avenue, SE
Washington, DC 20590

Dear Secretary Chao,

I am writing to express strong support for the California Department of Transportation's (Caltrans) road charge grant application to the U.S. Department of Transportation under the Surface Transportation System Funding Alternatives program.

California is at the forefront of exploring new strategies to replace the gas tax. The California Transportation Commission (Commission), through its Road Charge Technical Advisory Committee (TAC), developed and issued recommendations for the design of a road charge pilot program. Based on these design recommendations, the California State Transportation Agency (Transportation Agency) and Caltrans recently completed a demonstration phase of the largest road charge pilot program in the nation. The final results of the pilot are expected to be published by the Transportation Agency in July 2017. The Commission will consider these results for purposes of issuing a report with recommendations to the California Legislature.

Throughout the California Road Charge Pilot Program, and in our discussions about raising the state gas tax, it has become clear that there is a dire need to educate stakeholders, policymakers and the general public on the fundamentals of transportation funding. In addition to further alternatives exploration, it is important to build public awareness about road funding.

For these reasons, I am pleased to submit this letter on behalf of the Commission to support Caltrans grant application to the FAST Act program.

Sincerely,

BOB ALVARADO
Chair

Secretary Chao

California Department of Transportation FAST Act Support Letter

May 17, 2017

Page 2

- c: California Transportation Commission, Commissioners
Susan Bransen, California Transportation Commission, Executive Director
Brian Kelly, California State Transportation Agency, Secretary
Malcolm Dougherty, California Department of Transportation, Director