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January 19, 2015

California Transportation Commission
Attn: Road Usage Charge Technical Advisory Committee (RUC TAC)
1120 N Street, MS-52
Sacramento, CA 95814
Via Email to ctc@dot.ca.gov

Re: Comments on the Design of a RUC Pilot Program

Dear CTC Chair Guardino, CTC Members, and Members of the RUC TAC:

The Democratic Club of Carlsbad and Oceanside (DEMCCO) appreciates the opportunity to communicate with you concerning this important topic, as you begin your SB 1077 mandated study of RUC alternatives to the gas tax, leading to recommendations to the Secretary of the Transportation Agency on the design of a pilot program.

Background Regarding DEMCCO's Interest in a RUC

On February 19th of 2014, after a robust debate, we passed the resolution shown in Appendix A, in favor of what we termed a "road-use fee pricing and payout system". The understanding that our society needed fundamental change won out over all of the very understandable misgivings about supporting such a fundamental change. At the time, there were no such proposals in our state government. We respectfully ask you to please carefully read our resolution, shown in its entirety in Appendix A, and apply it to your work. References 1 and 2 provided the basis for some of the statements in our resolution.

We have included Appendix A because we feel it embodies the features that are necessary in a responsible RUC.

Our support for a RUC is based on the following requirements:

- Well maintained roads

- Full cost pricing, to include both direct and indirect costs, including the environmental and health costs resulting from driving.
- A return of the money to those losing money under the current system (including tax payers ,who are paying general taxes that are going to subsidize roads), so that no one pays twice for roads

The second requirement is motivated in part by our conviction that cars and trucks should support the needed greenhouse gas (GHG) reductions needed to support climate stabilization. Other than hardship cases of necessary trips by low-income drivers, there is no reason to subsidize driving.

California Democratic Party (CDP) Support

We are proud that our own CDP has realized the need for transportation reform and climate stabilization. As stated in the CDP Platform, we should all do the following, where emphasis has been added to show the applicability to a RUC:

- Work for *equitable and environmentally-sound road and parking operations*; and,
- Provide support for driving reduction targets shown to stabilize the climate at a livable level

We hope that Democrats, Republicans and others will recognize the value of these common-sense statements of needed advocacy.

High Level Features Leading to Technology Choices

We restrict our remaining comments to a listing of the required, high-level features of a good RUC and statements about why they are important to the design of a pilot project. These come directly from our resolution.

Required features of a RUC:

1. Would cover all road-use costs, including the environmental and health costs caused by driving;
2. Could still include a fuel tax or fee;
3. Would mitigate impacts on low-income users;
4. Would protect privacy;
5. Would include congestion pricing when that technology becomes feasible;
6. Would keep the per-mile price incentive to drive energy-efficient cars at least as large as it is with today's fuel excise tax; and
7. Would send its earnings to all citizens and institutions that are losing money under the current system, in which:
 - general tax and other hidden subsidies (such as development fees used for roads) are used to operate and maintain roads and

- environmental and health costs are paid by the general public

The goal of Feature 7 is to achieve a set of full compensations.

Since few citizens can reasonably be expected to pay significantly more for transportation, Feature 1 must be offset by the careful design of Feature 7. Bluntly, the RUC should not be viewed as a “cash cow”. Feature 5 is important because we will not bring on-road-transportation greenhouse gas (GHG) emissions down to levels supporting climate stabilization by only increasing vehicle efficiency; we must also have significant driving reductions. This means that congestion must be solved by congestion pricing, rather than by highway expansions (which have never worked, in any case.) The phrase “congestion pricing” will ultimately be understood to mean instantaneous pricing, as a function of traffic flow rates, so as to eliminate congestion. This leads to the important conclusion that the system most likely needs to be GPS based with an overlay of additional information exchange. We unfortunately know of only one current vendor that may be up to this challenge, that being *Pay by Sky*, a Canadian Company. We suggest that *Pay by Sky* and other interested vendors be brought into the SB 1077 process as soon as possible.

All of the other features can be guaranteed by the early adoption of a comprehensive and unambiguous systems engineering *Requirements Document*. We recommend bringing systems engineers into your process as soon as possible.

Concluding Remarks

Please let us know how we can help you in your important work. We note that the January/February 2015 issue of the American Automobile Association’s magazine, *Westways*, states that the AAA will seek participation on your TAC. We request that the environmental community also be well represented on the TAC.

We all have a large stake in achieving climate stabilization, economic justice, and well-maintained roads.

Thank you for your leadership.

Sincerely,



Ken Clarence
President



References

1. *Gasoline Taxes and User Fees Pay for Only Half of State & Local Road Spending*, Joseph Henchman, Tax Foundation, January 3, 2014.
<http://taxfoundation.org/article/gasoline-taxes-and-user-fees-pay-only-half-state-local-road-spending>
2. *Group Wants Tax Hike for Road Bridge Fixes*, Chris Nichols, San Diego Union Tribune, November 19, 2013.
<http://www.utsandiego.com/news/2013/Nov/19/tp-group-wants-tax-hike-for-road-bridge-fixes/>

Appendix A

Approved by the Democratic Club of Carlsbad & Oceanside, by a 1/25/14 Membership Vote and a 2/19/14 E-Board Vote

A Road-Use-Fee Pricing & Payout System to Help Solve Climate, Congestion, Deferred Road Maintenance, and the Social Inequity of Using General Funds to Maintain Roads

WHEREAS, greenhouse gas (GHG) emissions must be significantly reduced; about 35% of California's GHG is caused by on-road vehicles; and, given prospects for fleet efficiency, to reach climate stabilization requirements, it will be necessary to reduce driving; and

WHEREAS, in California, user fees (gas tax and/or tolls) only total to 22.7% of the amount spent on roads; having the true cost of road use hidden increases driving, adding significantly to air pollution, congestion, sprawl, and GHG emissions; a 2011 assessment conducted by the California Transportation Commission found that 58 percent of the state's roads require rehabilitation or pavement maintenance, 20 percent of bridges need major or preventive maintenance, and 6 percent of bridges require complete replacement; construction jobs are needed; and on July 11, 2009, Sierra Club California passed a resolution supporting a "comprehensive road-use fee pricing system"; and

WHEREAS, the "gas tax" is currently our most significant road-use fee; state-mandated increases in fleet mileage and battery-electric vehicles will result in declining "gas tax" revenue; and a "gas tax" cannot properly account for time, place, driver income, vehicle weight, vehicle pollution level, or roadway congestion level;

THEREFORE, BE IT RESOLVED, that DEMCCO supports a road-use fee pricing and payout system that (1) would cover all road-use costs, including the environmental and health costs caused by driving; (2) could still include a fuel tax or fee; (3) would mitigate impacts on low-income users; (4) would protect privacy; (5) would include congestion pricing when that technology becomes feasible; (6) would keep the per-mile price incentive to drive energy-efficient cars at least as large as it is with today's fuel excise tax; and (7) would send its earnings to all citizens and institutions that are losing money under the current system, with the goal being to achieve a full and just compensation.

BE IT FURTHER RESOLVED, that this support be communicated to our San Diego County Democratic Party Central Committee.

Note: The information supporting the first sentence in the second "Whereas" statement comes from <http://taxfoundation.org/article/gasoline-taxes-and-tolls-pay-only-third-state-local-road-spending>