



STAKEHOLDER ADVISORY GROUP MEETING #2

April 12, 2019 | Meeting Summary

State Capitol, Room 225

ATTENDEES

Stakeholder Advisory Group Members

Aaron Brown, Hawaii County
Mike Busch, Maui County
Hayden Burgess, Hawaiian Perspectives
Damien Elefante, DoTax
Sydney Hart, Senator Inouye's Office
Senator Lorraine Inouye
Connie Kaneshiro, City & County Honolulu
Marianne Kim, AAA Coalition of Hawaii
Dan Kouchi, Chamber of Commerce of Hawaii
Michael Moule, Kauai County
Keith Regan, Hawaii Tourism Authority
Lauren Reichelt, Blue Planet Foundation
Eugene Tian, DBEDT
Tom Yamachika, Tax Foundation

HDOT Staff

Tammy Lee
Ed Sniffen
Scot Urada

HiRUC Project Team Support Staff

Travis Dunn, D'Artagnan
Ging Ging Fernandez, D'Artagnan
James Whitty, D'Artagnan
Piia Aarma, Pineapple Tweed
Lani Nakazawa, Spire Hawaii
Barbara Hastings, Hastings & Pleadwell
Barbra Pleadwell, Hastings & Pleadwell
Becki Ward, Ward Research

Other Attendees

Robert Arakaki, Office of Representative Shimabukuro
Kim Bowman, Office of Speaker Saiki
Senator Kurt Fevella
Tina Lee, Office of Senator Dela Cruz
Jayne Nantkes, Office of Representative Aquino
Sherry Oliver, Office of Senator Fevella
Allan Simeon, Hawaii DPW

NOTE: What follows is primarily a summary of the discussion that followed the presentations. Questions and comments are in *italics*.



WELCOME & INTRODUCTIONS

Scot Urada called the meeting to order at 12 noon. Ed Sniffen, Deputy Director for Highways, welcomed the Stakeholder Advisory Group (“AG”) participants. He informed the AG that community meetings were held to guide the HiRUC study, and that 10 out of 14 community meetings had been held. He described the two objectives of the study. The first is that as options were looked at, parity across the system was important. The second is that the recommended option would provide sufficient funding to ensure the department can deliver what the public needs. Mr. Sniffen further stated that the grant deliverable to the federal government is a report, and that the study is also expected to produce recommendations, which would go to the Administration and then to the Legislature. He said that there are no preconceived notions for the study. Mr. Sniffen emphasized the importance of the AG’s input as the program evolves.

STAKEHOLDER ADVISORY GROUP ROLES, APPROVAL OF MINUTES, OUTREACH UPDATE

After self-introductions by the attendees, progress on the project was provided by Scot Urada. The telephone survey and 2/3 of the community meetings have been completed. He reiterated Mr. Sniffen’s comments about the important roles of the AG--to advise, provide input, communicate to constituencies and be an information conduit.

Mr. Urada asked for comments or corrections to the December meeting’s summary. There were none. Mr. Yamachika moved for approval, and Mr. Elefante seconded the motion. A quorum of 11 AG members unanimously approved the minutes.

Mr. Urada described the major events since December AG meeting. The first was community outreach, which occurred through a number of channels such as direct outreach to stakeholders, news releases, direct outreach by District Engineers on the neighbor islands, attendance by senior managers at community associations and Neighborhood Boards, meetings with visitor groups, environmental groups, business and fleet owners, and county officials. Mr. Sniffen asked whether the AG members were hearing anything or seeing other needs.

Senator Inouye stated that given limited ability of some folks to attend community meetings, there could be outreach to the Chambers and Rotarians who can bring out people and hold gatherings.

Mr. Burgess stated that instead of a narrow-casting approach, a broadcasting approach over drive time talk radio might be cost effective, and that one call-in could represent 1,000 voices.

Ms. Reichelt stated that she did not hear about the community meetings until they were over, and that it would have been good to have advance information.

Mr. Sniffen explained that meeting information is available on the HiRUC website.

Mr. Urada reported the website had 9,441-page views and 2,794 unique visitors since the news release. The help desk received 60 emails and 10 phone calls to date. Mr. Urada also provided statistics about the number of attendees at the community meetings. He explained that different locations had different concerns. For example, Maui was concerned about the impact of tourists. The questions asked at the community meetings would be answered and posted on the HiRUC website.

Discussion

Senator Fevella asked about the presentation in Kapolei, who did it, and how many people signed up for the demonstration project. He noted that there appeared to be confusion about the purpose of the meeting, since other things were talked about, like the football field. Mr. Sniffen stated that the questions were not totally off, since there appeared to be a distrust of government and a concern with change. He saw the discussion point as “what are you doing with our money now?” HDOT wants to make sure that there is transparency about how it is using funds.

Mr. Yamachika noted that there were negative headlines about the meeting from Hawaii News Now, and asked what happened. Mr. Sniffen said that the reasons the audience was upset seemed to be that they thought the RUC was a done deal, would be a tax increase and would be used for HART. Mr. Urada said the future presentations were adapted to address these misunderstandings.

Mr. Kouchi asked about the number of inquiries since the website was created. Mr. Dunn said there were very few any until a month ago when the public meetings began. Mr. Kouchi said that the Chamber would be happy to share information with members.

Mr. Yamachika stated that getting into the HiRUC website from the HDOT one is not easy. Mr. Urada said that he would look into this.

POLICY WORK PLAN UPDATE

Travis Dunn of D'Artagnan Consulting stated the project approach was to continually adjust the work plan and program design to address top concerns and questions. He then presented summaries of the top concerns and general concerns received. Mr. Dunn also described the work in progress to analyze issues for the policy work plan.

Mr. Dunn reviewed the requirements and principles for the future RUC system, which are dictated by mandatory and optional STSFA requirements and best practices. He asked the AG for input about the communication strategy and selection and prioritization of policies and principles.

Discussion

Mr. Yamachika asked why the answer to the concern about tourists is not “rental cars will pay also.” Mr. Sniffen expressed that he thought the question being asked was “how we can reduce tourists?”

Senator Inouye stated that there are questions on how to remove the gas tax and what will happen to existing state, county and federal taxes.

Ms. Reichelt asked whether environmental issues (energy/fuel consumption and greenhouse gas emissions) have been taken out of the issue analyses [as they are not reflected in the slides]. Mr. Dunn says they have not, and the work in progress list would be corrected.

Senator Inouye said it is interesting that people are still bring up tourist impacts. Mr. Dunn's hypothesis is that rental cars tend to be smaller, newer and fuel efficient, and pay less gas tax. Mr. Sniffen says that the emotional response to tourism shows up in other transportation contexts.

Senator Fevella asked about hydrogen vehicles coming to Hawaii in the construction field. Mr. Whitty says that it is one of the fuel-efficient vehicle types that will shift from of gasoline use.

ADVANCES IN RUC AND HOW HAWAII FITS IN

Jim Whitty opened his presentation by expressing appreciation for the participation by Senators and legislative staff members. Mr. Whitty explained the history of interest in RUC, described the characteristics of projects in other jurisdictions (including data collection and billing) and identified the various technologies in play that might be options for Hawaii. Included in his presentation were projects including heavy vehicles, programs in the East and West Coast and New Zealand, the two operational programs in Oregon (present) and Utah (future). He noted that the Hawaii grant to study RUC is the largest, and that Hawaii is only state that has utilized public engagement. His view is that early public engagement is important, because it elevates user experience.

Discussion

Senator Inouye says it is interesting to use an annual inspection fee system for collection, since monies don't go into the highway system right away, like the gas tax. Annual collections will come later, but the moneys are needed now. Mr. Whitty says this is a transition issue, and collection could be staggered and phased in. Mr. Sniffen observed that the bigger issue is that people might not want to pay all at once, so quarterly payments could be allowed. Mr. Urada says payments could also be estimated based on last year, and trued up later.

Ms. Reichelt asked whether billing would be part of the pilot. Mr. Urada stated that it might be part of survey.

Mr. Burgess observed that it is hard to pay later, and suggested (requiring payments) and reimbursing later. Mr. Whitty said that is what the Oregon system does. Drivers get credit for gas tax, and then pay the remainder.

Mr. Regan asked whether this is only for the State component, and that it might be confusing. He suggested involving counties in the RUC and eliminating the county fuel tax. Mr. Sniffen said that is an overall end goal. Mr. Whitty noted that in Oregon, the state collects, and pays counties.

Ms. Kaneshiro asked whether there are data or estimates on administrative costs and non-compliance. Mr. Whitty says that Oregon has a voluntary system, so there is no data on non-compliance. The costs depend on the scale. The estimate is that administrative costs may be about 5%. This is not as good as the gas tax, which is less than 1%. The gas tax is considered very low since (administrative costs on) most taxes are 5-6%.

Ms. Kaneshiro asked if there are any assumptions for setting the rate. Mr. Sniffen said that they are talking about a clear and clean replacement, which is currently $\frac{3}{4}$ cent per mile. He stated that the study is a good way to assess concerns, including the need to clean up the non-registration (enforcement) problem, and address the proper utilization of current funding.

Mr. Elefante asked whether part of the study will look at the county portion. Mr. Urada says that it depends on the counties' interest. Mr. Elefante stated he would like to know what is involved, and that DoTax can't administer two kinds of tax at this time without additional manpower.

Mr. Burgess noted that GPS can track around counties, so GPS use will help counties see effects. Mr. Burgess also asked about the basis for the federal tax. Mr. Sniffen stated that the State receives \$170M/year from the federal government for highways, which is \$110M more than the \$60M gas tax collected. Mr. Burgess' opinion was that there needs to be a recalculation to consider services provided to the military and federal government by the State.

TELEPHONE SURVEY

Becki Ward provided a summary of the results of the telephone survey. The survey of 1,500 people was conducted to assess awareness and perceptions of funding for Hawaii's road and highway infrastructure, reactions to the concept of RUC and different approaches to explaining how a RUC could work. The surveys were held before the public meetings and news coverage.

The breakdown of the survey participants was: 300 each from rural and urban Oahu, and 300 each for Maui, Hawaii and Kauai. The profile of the participants was intended to reflect the general population of the State. Participants were further identified as to the type of vehicle drive, engine type and number of miles driven each year.

Ms. Ward reported that the telephone survey results showed:

- (a) confusion about where funding for transportation comes from
- (b) 1/3 believe that transportation funding is increasing (because they see more construction activity), 1/3 believes that it is the same, and that 1/3 feels that funding is decreasing
- (c) 1/3 had no idea they were paying the gas tax
- (d) 2/3 were unfamiliar with RUC
- (a) about ¼ strongly support RUC, 18% strongly oppose RUC, and a little over half are potential swings
- (e) drivers in Hawaii County or who drove the most miles perceived unfairness

Ms. Ward stated that the exercise showed:

- (a) about the same from county to county. On Oahu, 36% of rural residents are strongly or somewhat opposed vs. 28% of urban residents. By miles driven, opposition increases as miles driven increase
- (b) 62% prefer annual payment option (based on \$80/year)
- (c) options for methodology or technology are wanted
- (d) there is no great difference in the effectiveness of the messages. All of them speak to people
- (e) the most compelling statements in opposition to RUC are that it penalizes low income and rural residents

Ms. Ward stated that there is a lack of knowledge about how transportation infrastructure is being paid for. The majority of people feel funding is staying the same or increasing. Most believe RUC is fairer or about as fair as the current gas tax. The majority did not have strong feelings for or against the RUC. The greatest opposition to RUC is by those who drive more, and Hawaii County residents. There is no difference in the effects of the tested messaging, but it is important to remind people that gas tax is being paid.

Discussion

Mr. Burgess asked whether the cost of roadway maintenance is less in rural areas than urban areas. He states that the perception is that Waialae Kahala has better roads. Mr. Sniffen responded that the per mile cost is higher the farther out you go. He states that lack of information might contribute to the misconception, because more is spent on the Leeward side than in Waialae, and that HDOT needs to get more information out.

Senator Inouye stated that it would be interesting to see what opinions are now. She asked if there was one more phone survey planned. Mr. Urada said no phone surveys were planned.

GROUP DISCUSSION

Mr. Dunn asked the group whether the communication strategy, issues and priorities being used were the right ones. He also asked Advisory Groups to let him know if there are policy issues they would like to work on.

Discussion

Senator Inouye stated that the education piece has to get rolling. There was a similar concern with Climate Change Commission and good work was done to tell people what is happening.

Mr. Burgess suggested addressing people who are absolutely against it. Those who have a strong Hawaiian national position, object to paying because they are not part of the process. There is a need to acknowledge their position, and give them credence while pointing out that no matter what kind of government is in place, road issues are going to be a problem that needs to be addressed.

Ms. Reichelt agreed that there is a need to acknowledge people who are strongly opposed for other reasons, and to educate people where they already are.

Mr. Kouchi identified the need to reach young people who are not into radio, and inquired about whether any news highlights have been done or other options (e.g. Spotify or Pandora) explored. Mr. Sniffen stated that they were trying to wait until after the community meetings to evaluate different venues. Ms. Reichelt suggested that now that there is a baseline for concerns, it might be the right time to launch educational program.

Mr. Yamachika stated that there is a need to say what HDOT has done on Kauai, the Big Island and coastal areas, and how much it cost. He also noted that since taxpayers feel they get squeezed every which way, there is a need to address why other taxes can't go over to highways. Mr. Sniffen agreed that there is a need to talk about how tax revenues are separated, and what cross over would mean.

Senator Inouye reported that after failing last year, the bill to require electric vehicle users to contribute through an annual fee could move ahead this session.

Ms. Reichelt stated that she is curious about the actual deficit caused by EVs, because they are less than 1% of the vehicles on the road. She wants to make sure that EVs are not demonized and looked at as the cause of the deficit. Mr. Sniffen says the program is looking long range, at what kind of policies need to be in place so we can still keep incentivizing EVs.

Senator Inouye stated that the Legislature is looking at EV incentives, including increasing the availability of charging stations. Mr. Urada said that some states dedicate a portion of the revenue to EV infrastructure.

Mr. Burgess asked if the same gas tax is charged on military installations.

Ms. Reichelt volunteered to work on the impact of the adoption of clean vehicles. Mr. Dunn stated that in order to answer the questions about the real impact, there is a need to understand fleet compositions, break them down, compare to them to the snapshot from three years ago, and study trends and geographic distribution.

Senator Inouye commented that the committee needs to look at approving education pieces, similar to those used in the rapid ohia death and fire ant projects, because there is a need to tell the story. Mr. Dunn stated that one vehicle is the direct mail piece that will be sent in the first phase to compare fuel tax with RUC. There is space for customized and general information on transportation funding.

Senator Inouye asked if there was a lot of interest in pilot participation. Barbara Hastings stated that there was. Senator Inouye would like to see those doing long hauls participating, such as those who live in Hilo and commute to Kona.

Ms. Reichelt asked if information from the last two sessions be shared? Mr. Urada says yes, the questions and answers are being finalized and will be posted.

Mr. Yamachika said that in terms of the focus of the work so far, a lot of thought needs to be given about enforcement; how HDOT is going to get the money. Mr. Dunn says that there will be an opportunity to address enforcement. Mr. Yamachika asked how enforcement is being handled in Oregon. Mr. Dunn stated that the Oregon program is voluntary, and that in Utah, enforcement is through denying vehicle registration for non-compliance with RUC. Mr. Yamachika asked if counties will be able to enforce in the same way. Mr. Sniffen stated that yes, registration can be denied, the same as if there was a traffic ticket.

Mr. Burgess expressed a concern that [if enforcement is through registration] people will then drive without registration. He stated that charging at the pump and truing up at the end of the year will assist collection. Mr. Yamachika stated that Oregon has a fuel tax that is still being collected, and that might mitigate Mr. Burgess' concerns.

Mr. Busch stated that under the current system, the gas station is being the collector, but they will have to do things differently to track by vehicle. Mr. Elefante asked how Oregon is tracking. Mr. Dunn stated that in Oregon, a third party captures the information, and reconciliation is done by an account manager. Here, the estimate will be based on the EPA MPG.

Mr. Busch stated that if the average administration cost is 4-5% compared to 1% now, that would add \$650,000 in additional costs to Maui. He said the issue is when the program will be implemented. Mr. Sniffen stated that HiRUC is currently a three-year program, and implementation will be known at the end when more information is available. California has projected that RUC implementation could take 10 years.

TECHNICAL WORK PLAN UPDATE

Ging Ging Fernandez of D'Artagnan Consulting stated that the project will be looking for feedback from the AG. Part 1 will involve taking odometer readings from the annual registration process on a rolling basis, and putting together a driving statement that will show what the RUC means based on the vehicle being driven. There will also be a survey regarding payment options. The goal of the first phase is to have information go out to as many of the owners of the 1.1 million registered vehicles as possible.

Ms. Fernandez explained the different ways mileage can be reported for Part 2, the automated mileage reporting demonstration. She also explained that AG feedback is needed because procurement for technology to be used in the second phase will begin soon. The grant requires use of three of the technologies, in addition to the PMVI odometer readings. AG members will be asked for their preference of technology. The options are:

- **Plug in with GPS.** The cost of the device is \$50-\$125. There will be no charge in the pilot. The GPS can distinguish ownership of roads being driven on, and can have value added services. The devices work in vehicles from 1966 on, but does not work on Tesla 3s. There are privacy concerns with this device.
- **Plug in without GPS.** There are the same costs and payment options as the plug-in with GPS.
- **Smart phone distance measuring app.** The measuring is tricky because there is no one to one relationship between the phone and vehicle; value added services are possible.

- **Smartphone odometer photo capture.** This option is very low cost. Washington provided phones in vehicle licensing offices for people who did not have smart phones.
- **Telematics.** These are already installed in newer vehicles, but vehicle manufacturers are unwilling to share data. There is medium cost, and no additional equipment is required.

Discussion

Mr. Yamachika asked about value added services. Ms. Fernandez stated that these are services such as locating where the car is parked, and tracking stolen vehicles.

Mr. Elefante asked how many vehicles have telematics. Mr. Dunn stated that about 80% of new vehicles have telematics capabilities built in.

Ms. Kaneshiro asked whether the devices can be unhooked. Ms. Fernandez stated that they can be, but most will record warnings or disconnection. Ms. Kaneshiro asked who pays for the technology. Ms. Fernandez responded that value added services were looked at on the premise that cost-splitting with users is possible.

Mr. Burgess commented that with the smartphone distance app, people may not be using their own cars or may use other cars, so it might be manipulated if people don't want to report. Ms. Fernandez states that there is a company looking at anchoring, in which a sticker associates the smartphone with a specific vehicle, to confirm that the mileage is for the right vehicle.

Mr. Elefante commented that all of the options have a generational gap. He asked if it would be possible to ask the general public in advance which ones they would want. Ms. Fernandez stated that they may not ask, because only 4 work for Hawaii. She stated that Washington allowed people to switch.

Mr. Burgess stated that he would not be supportive of the plug-in without GPS, because it would not give county differentiation. He believes the plug-in with GPS is more informative.

UPCOMING TOWNHALLS AND STAKEHOLDER ADVISORY GROUP MEETINGS

Townhalls: There will be four more townhalls, two on Oahu (Aina Haina and Kaneohe), one in Hilo and one online.

Advisory group meetings: The next meeting (#3) will be held later this year, towards the fall. Meetings #4 and #5 are not fully determined, but will be held during the demonstrations. The final report will be discussed at the last meeting (#6).

ADJOURN

The meeting was adjourned at 4:05 p.m.