**TRANSPORTATION POOLED FUND PROGRAM**

**QUARTERLY PROGRESS REPORT**

Lead Agency (FHWA or State DOT): Minnesota Department of Transportation

**INSTRUCTIONS:**

*Project Managers and/or research project investigators should complete a quarterly progress report for each calendar quarter during which the projects are active. Please provide a project schedule status of the research activities tied to each task that is defined in the proposal; a percentage completion of each task; a concise discussion (2 or 3 sentences) of the current status, including accomplishments and problems encountered, if any. List all tasks, even if no work was done during this period.*

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| **Transportation Pooled Fund Program Project #***(i.e, SPR-2(XXX), SPR-3(XXX) or TPF-5(XXX)*TPF-5(289)  | **Transportation Pooled Fund Program - Report Period:**□Quarter 1 (January 1 – March 31)□Quarter 2 (April 1 – June 30)xQuarter 3 (July 1 – September 30)□Quarter 4 (October 1 – December 31) |
| **Project Title:**Miles Based User Fee (MBUF) |
| **Name of Project Manager(s):** **Kenneth R. Buckeye** | **Phone Number:****651-366-3737** | **E-Mail****Kenneth.buckeye@state.mn.us** |
| **Lead Agency Project ID:** | **Other Project ID (i.e., contract #):** | **Project Start Date:**September 2012 |
| **Original Project End Date:****September, 2016** | **Current Project End Date:****September 2018** | **Number of Extensions:**One |

Project schedule status:

x On schedule □ On revised schedule □ Ahead of schedule □ Behind schedule

Overall Project Statistics:

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|  **Total Project Budget** |  **Total Cost to Date for Project** |  **Percentage of Work**  **Completed to Date** |
| $160,000 | Contact Deb Fick or Debbie Sinclair |  |

***Quarterly*** Project Statistics:

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|  **Total Project Expenses**  **and Percentage This Quarter** |  **Total Amount of Funds**  **Expended This Quarter** |  **Total Percentage of**  **Time Used to Date** |
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| **Project Description**:The objective of the pooled fund project is to learn and begin coordinating efforts with respect to the mileage-based userfee concept. This effort will advance the knowledge base on mileage-based fees with two primary objectives:1. Offer membership in the Mileage-based User Fee Alliance. Each state has the opportunity to dedicate a portion

of their annual contribution towards this organization and their goals which is to create a constructive learning environment and policy space for collaboration and networking among groups; coordinate efforts to build awarenessof mileage-based user fees in the U.S. and around the world; and, Promote research to test the feasibility of mileage-based user fee programs.1. Solicit and select specific research projects that all members states are jointly interested in performing. On an

annual cycle the remaining project moneys will be used to fund research projects that will cover areas of the mileagebased user fee concept that have not been explored to date. Topics could range from alternate tax collection designs to enforcement alternatives, to private scenario testing and standards recommendations. |

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| **Progress this Quarter (includes meetings, work plan status, contract status, significant progress, etc.):**Under Section 6030 of the FAST Act, Minnesota and Washington State successfully submitted proposals to develop distance based fee pilots. Minnesota’s proposal is to partner with car sharing services utilizing their on-board technology to collect distance based fees.  The technology on-board car sharing vehicles allows users to find and reserve vehicles, record travel, and pay per use.  Concerns over tracking miles are overcome, because that is part of the core business model for which users subscribe.  We think that the shared mobility model is uniquely suited to the application of distance based fees and allowspersonal preferences and technological capacity to drive the change.  The proposal envisions applying the distance based fees to existing fleets of car sharing services and using the on-board technology to record and aggregate trip data.  We have already had productive discussions with ride-sharing services in the Twin Cities. Under this approach, individually owned vehicles that use fossil fuels will continue to pay the gas tax.  Over time, these alternative fueled and electric vehicles may be converted to distance-based fees if equipped with appropriate technology, or they may continue to pay the ad-valorem tax, or the equivalent, to account for their road use as some do today. Minnesota requested $300,000 of federal funds which will be matched by $300,000 in state funds. The project isEstimated to be completed in 12-18 months.The Washington State pilot will test and evaluate critical elements of interoperable, multi-jurisdictional alternative user-based revenue collection systems. In the course of the pilot, Washington will : (1) gather critical feedback from drivers on which methods and policies for assessing user fees are preferred, and (2) collaborate with relevant agencies within and beyond Washington to test and build the organizational and operational capabilities necessary to implement a RUC system capable of scaling to and interacting with multiple jurisdictions. And expanding to incorporate additional user-fee concepts, such as single-payee systems for a wide range of transportation services. The Washington pilot will be comprised of three mileage-based methods and one time-based method of road usage reporting. Deployment of the testing methods will allow for further assessment of public acceptance and sufficiency of privacy protections as well as providing an environment in which to innovate and advance the state of a RUC system. Washington requested $7,497,000 of federal funds which will be matched by $11,800,000 in state funds and resources (included Toll Credits). The project is estimated to be completed in approximately 29 months. In response to its application, Washington was awarded $3,847,000 of grant funds under Section 6020 of the FAST Act. Nevada continues to monitor the progress and developments that are evolving from distance based user fee proposals submitted by the states. Nevada did not submit a proposal under the Section 6020 of FAST Act.  |
| **Anticipated work next quarter**:Minnesota and Washington State will be working with FHWA to sign and execute funding agreements so that the distance based user fee projects/pre-deployments get launched. It is anticipated that the notice of availability of funding (NOFO)for the next round applications under the FAST Act may occur yet in 2016. If this occurs, in addition to executing the projectplans developed in Phase 1, both Minnesota and Washington State will be developing responses to the Phase 2 NOFO. |

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| **Significant Results:**Minnesota and Washington State were both successful recipients of grant funds under Section 6020 of the FASTAct. |
| **Circumstance affecting project or budget. (Please describe any challenges encountered or anticipated that** **might affect the completion of the project within the time, scope and fiscal constraints set forth in the** **agreement, along with recommended solutions to those problems).**A challenging requirement of the Federal Grant award for Minnesota’s project is the 50 percent required matchingFunds. Because of the timing of the grant application, it was not possible to budget for the state matching fundsRequired for the project. As a result, the state is still evaluating the implications of diverting funds from other Programs/projects to match the federal dollars. Both Minnesota and Washington are committed and will find the matching funds for these projects. |

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| **Potential Implementation:** Although these projects will lead to distance based user fee deployments, implementation will be several years into the future. |