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SYMPOSIUM ON MILEAGE-BASED USER FEES: TECHNOLOGY WORKSHOP

Session 3: Nexus of Road User Fees and In-Vehicle Technologies

Speaker 3: Ken Philmus, Xerox Transportation Services

“Tolling and MBUF”

Ken Philmus serves as a Senior Vice President with Xerox Transportation Services, with responsibility for back office and in-lane toll services for roughly half of the electronic tolls in the U.S., or some \$4B in collections. Prior to that Philmus was with AECOM as Vice President and National Director of Tolling. He also spent 34 years in the public sector with the Port Authority of New York and New Jersey, where he was director of Tunnels, Bridges and Bus Terminals for the last 6 years and ran facilities like the George Washington Bridge, Lincoln Tunnel, Holland Tunnel and similar facilities. He brings a unique perspective from both the public and private sides of tolling.

Transportation Funding History

It is well known that transportation funding is in trouble. Most of the revenue required to maintain, manage and preserve highways comes from local, state and federal fuel taxes, which are declining because people are driving more fuel efficient cars. At the same time, costs to maintain our transportation system are increasing exponentially as facilities exceed their useful life. These competing issues are creating a widening gap in funding that we have to figure out how to meet. Additionally, political gridlock like never before is preventing us from moving out of this mess.

How Does Tolling Fit with MBUF?

When we talking about user fees, mileage-based fees are different from tolls. Some tolls are mileage-based – but both are user fees – and so are HOT lanes. An economic decision is made every time a driver elects to use a toll facility, which is what will occur with MBUF. One could say that tolling is the original MBUF, and it works.

Tolling generates the needed revenue for a dedicated capital program, in addition to the funds needed for daily operation and management. At the same time, tolling implements an economic means to manage traffic. It is here that MBUF and tolling can come together.

There are issues in tolling, such as moving towards national interoperability, which is parallel to MBUF interoperability among states. But tolling technology has evolved away from stopping and paying cash at a facility, which actually created congestion. Today, tolling is eliminating congestion by using congestion pricing. Interestingly, while no one likes to pay a toll, what people are actually concerned about is stopping to pay the toll.

Tolling is not the all-inclusive solution to the nation’s transportation funding problems, but it is part of the toolkit, and the electronic tolling technology has made tolling very easy to implement.

Because funding solutions have difficulty emerging at the federal level, states are piloting programs to provide solutions at the state level.

Meanwhile, traditional electronic and cash toll facilities are being converted to all electronic tolling (AET), in locations like the Golden Gate Bridge, Henry Hudson Bridge in NY, and certain sections of the Florida turnpike.

If an MBUF implementation emerges across the country, it will have to be reconciled with tolling and its existing technology. Eventually, the systems could merge, but at least initially, the two systems will need to exist side by side until we reach the point where MBUF technology including variable rate charging is possible and accepted. Initial implementation of MBUF will likely include a simpler, flat-charge mechanism as we work to gain public acceptance of the concept, and tolling technologies that we all recognize will remain, and variable rates will continue to be assessed through tolling. How tolls and MBUF will merge and achieve national interoperability are issues, but not immediate ones.

Barriers to MBUF Implementation

The biggest impediment to MBUF implementation is that the public will find it confusing, even without variable pricing by time of day and location. The concept and need for tolling is very clearly understood today. But the public doesn't recognize a connection between fuel taxes and our roads, as evidenced by the general public's use of the term "free roads" when referring to untolled roads. Of course they aren't free; the fuel tax is supporting them. But this terminology indicates the disconnect.

Technology, as we have heard today, is not the issue. The issues are public acceptance and policy.

Summary

The speaker hoped that MBUF will one day be implemented with variable rates that can truly impact driver behavior and allow us to manage congestion through pricing. Congestion pricing is working with HOT lanes around the country. Paying by the mile itself will have an impact on driver behavior that is different from paying fuel taxes, and so policy makers will need to implement adjustments gradually.