

Date: February 20, 2019

Re: DEQ's budget and fee bills (HB 5017 and HB 5018)

Members of the committee, if you are like the rest of Oregon's general public, I bet you didn't know about "DEQ Too"; an alternative way for motorists to pass DEQ rather than going to a Clean Air Station. It's a public/private partnership and I am proud to be a participating auto shop where motorists can test their cars rather than driving to a Clean Air Station and wait in line. They can come to my shop (Erickson's Automotive in Lake Oswego providing service for past 30 years) for their primary auto needs and while they are there, they can take care of their DEQ too. And they finish their transaction by taking care of everything for DEQ (and DMV) over the internet! It's very innovative and DEQ should be commended for initiating it 3 years ago. However, in those past 3 years how much have you heard about it, if ever? Most people still don't know it exists because DEQ has done very little to promote or incentivize its use to the public.

DEQ Too Saves the Agency Money

DEQ Too is very much related to DEQ's budget because it reduces their costs since less tests are done by DEQ staff at stations. Yet the agency is proposing to raise its certificate fee while I am actually doing their work – and I'm doing it for free while they still get their exact same fee. The DEQ Too program should actually be reducing DEQ's fee, or at the very least it should help keep it from increasing. It's my understanding that the agency developed the program to encourage the private sector to test cars so DEQ could keep up with Oregon's population growth without increasing fees to pay for more Clean Air Stations. And the more that motorists test at shops where they already visit and nearer to their homes - then it causes less traffic congestion and air pollution because motorists don't need to drive out of their way to DEQ stations.

According to DEQ's advisory committee online meeting minutes about the VIP fee increase - a committee member asked DEQ: *"What is the cost difference to administer the program through the stations versus DEQ Too?"* DEQ responded that since only 2% of certificates are being sold through DEQ Too, they don't have enough data to answer that question yet. That's an interesting answer given that DEQ already recognizes different costs and sets different fee amounts for two other test methods which combine for less than 5% of the agency's overall certificate sales. Even with such a small % of use, DEQ has been able to determine that self-testing fleets costs them \$15 less and sending their staff to test at auto dealerships costs them \$5 more. So obviously a small % of a particular test method use shouldn't keep DEQ from making an assessment of the costs differences associated with DEQ Too. Even the most basic assessment would show that it costs the agency substantially less for a DEQ Too test. All they need to do to answer the question is look at two vehicle tests at any time in the past few years. One vehicle tested in a Clean Air Station and one tested at my shop. If it costs \$21 for DEQ staff to test a car at a Clean Air Station, then the only way a DEQ Too test would still cost the agency anywhere near \$21 - is if a DEQ inspector was working at my shop conducting that test. But my technicians do the tests; not DEQ's inspectors.

This program has been going on for several years now so DEQ doesn't need to wait to collect any more data. It saves the agency money and DEQ should pass those savings along by offering a lower fee whenever motorists save DEQ money by testing at private shops.

DEQ Does Very Little to Promote this Lower Cost, Private Sector Alternative

While DEQ has done a great job of encouraging about 90 of us auto shops to enroll in DEQ Too, they've done practically nothing to make the general public aware or incentivize its use. Despite the program running for three years now, as DEQ stated to their advisory committee, only 2% of motorists use it. Well that's no wonder since DEQ doesn't even mention my shop or any DEQ Too shop on their main VIP website - which is where the public goes to find testing locations. If you look at that main VIP website, it only provides a location map of DEQ's publicly run 6 Clean Air Stations in Portland. But it doesn't list or include on the map, the almost 90 other private locations to test. Yet on an entirely less known website, DEQ provides a map of the 90 shop locations - and that map includes their public stations too. DEQ should place that same, fully inclusive private and public location map - on their primary website for all the public to view and choose from.

As we all know, websites are a major way to communicate with the public. So not making this program a prevalent topic on their primary website makes me wonder if DEQ is really sincere about wanting the public to test at private locations at all? It's almost as if the agency prefers to keep steering customers to their brick and mortar locations instead of encouraging them to try the new online approach. That's completely opposite of how the rest of the business world is moving. The program has been around for several years - so by now one would think that DEQ would actually embrace this private/public partnership - but they aren't. They should put it near the top of their website and be proud of it! Just like we are proud of it!

Incentivize DEQ Too by making it More Convenient and Less Expensive

DEQ's and DMV's systems need to coordinate better for DEQ Too. When you go into a Clean Air Station, you can purchase both DEQ certificates and DMV registration stickers with one swipe of a credit card. But with DEQ Too, a motorist must enter their lengthy credit card information twice; once in DEQ's website and once in DMV's website. The motorist should only have to enter their information once and allow each agency to receive its portion. The state should be able to figure that out for online transactions just like it has at Clean Air Stations. Why make the private testing option so time-consuming on motorists? And speaking of time-consuming, for the past 3 years, a motorist could pay via on DEQ's website and then pay immediately on DMV's website. But just this year, a website system change now causes the motorist to wait several minutes between transactions. That should get fixed immediately and as mentioned previously, the best fix is to let the customer pay on only one website, not two. (Note that the website doesn't even allow a printout as proof of registration payment)

Also, as the public comments point out, DEQ already provides a \$15 discount to businesses with fleets of vehicles because they self-test them on behalf of DEQ - which costs the agency less. And DEQ charges \$5 extra when certain test methods costs the agency more money. DEQ Too costs the agency less, so DEQ should be consistent and discount the fee. As the rule-making comment suggests, DEQ should incentivize this test option by discounting the certificate fee somewhere between \$5 to \$15. The DEQ Too fee certainly should not be increasing to the same amount as the standard test at stations!

DEQ's Lack of Transparency

And speaking of public comments, DEQ should not assume that the lack of public comments about their fee increase means there's not concern over rising fees. Medford's fee is going up by 150%. No one commenting on that high of fee increase (at least online comments) means that DEQ did not make the

general public aware of the fee increase. I barely heard about it myself and as a supposed “Official Partner” of DEQ, they should have let me know about it directly as they have my email address. Further, the title DEQ chose did not even include the word “fee” even though that is the most significant part of the rule modification. Consider the rulemaking the agency published at the very same time about its Hazardous Waste program. Its title was “Hazardous Waste Fees”. But VIP’s was “VIP Updates”. Really? That’s not transparency.

Cost-Effectiveness of Program

This whole “need” for DEQ’s fee increase has made me wonder if the state’s done any sort of analysis to ensure Oregon is operating the program in the most cost-effective way? For example, I know that Vancouver, Washington has a very similar program and it only costs motorists \$15 at their Clean Air Stations. And Washington provides a sort of DEQ Too test option as well where motorists can test at private businesses. Why do Oregon testing stations cost \$10 more than testing stations just across the river?

I understand a lot of states hire private contractors to run their vehicle inspection stations. I’ve heard that DEQ did an RFP almost 20 years ago to hire a private contractor and that it didn’t work out for some reason. But now some 20 years later, when we hear of fees so much lower in other states, perhaps DEQ should try another RFP. Since they are proposing to raise their fee – why not double-check by doing an RFP to ensure Oregon is indeed operating the most cost-effective vehicle inspection program. It may very well turn out that DEQ’s \$25 fee is the most cost-effective, but it should at least go out for bid to confirm that’s the case. And, in light of all my other comments, perhaps a private company would do a better job of advertising about all options available to a motorist; stations and shops like mine.

If you'd like to discuss this with me, please feel free call or email. 503.635.4116

Sincerely

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