COMMONWEALTH of VIRGINIA

Commonwealth Transportation Board

W. Sheppard Miller, III
Chairperson

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Agenda item # 6

RESOLUTION
OF THE
COMMONWEALTH TRANSPORTATION BOARD

July 18, 2023

Made By: Mr. Byers, **Seconded By**: Ms. Hynes
Action: Motion Carried, Unanimously

Title: Authorization for the Commissioner of Highways to Enter into a Cooperative Agreement with the Federal Highway Administration (FHWA) for a Surface Transportation System Funding Alternatives (STSFA) Program Grant.

WHEREAS, Congress passed the Fixing America's Surface Transportation (FAST) Act (Pub L. 114-94) and established the STSFA Program requiring the U.S. Secretary of Transportation "to establish a program to provide grants to States to demonstrate user-based alternative revenue mechanisms that utilize a user fee structure to maintain the long-term solvency of the Highway Trust Fund" (Section 6020); and

WHEREAS, the Virginia General Assembly passed legislation in the 2020 Session establishing Virginia's Highway Use Fee (HUF) and Mileage-Based User Fee (MBUF) Program, to be administered by the Department of Motor Vehicles (DMV) for the purpose of ensuring more equitable contributions to the Commonwealth Transportation Fund from alternative fuel vehicles, electric motor vehicles, and fuel-efficient vehicles using highways in the Commonwealth (Va. Code § 46.2-770 et seq.); and

WHEREAS, the flat HUF was imposed by law on all alternative fuel, electric, and fuel efficient vehicles on July 1, 2020, and voluntary participation in the MBUF became available as an option in lieu of the HUF on July 1, 2022; and

WHEREAS, in November 2021, at the request of DMV, the Virginia Department of Transportation (VDOT) submitted a grant application to FHWA pursuant to § 6020 of the FAST Act for DMV's implementation of the MBUF Program in which DMV would act as the day-to-day project oversight lead while VDOT would administer the STSFA grant funding; and

WHEREAS, on March 10, 2023, FHWA approved the grant application and awarded $3,314,800 to VDOT for the reimbursement of 50 percent of eligible costs incurred by DMV in the implementation and administration the MBUF Program; and

WHEREAS, the terms of the STSFA grant require VDOT, as the funding administrator, to enter into a Cooperative Agreement with FHWA; and

WHEREAS, if VDOT is hereby authorized to enter into the Cooperative Agreement with FHWA, DMV and VDOT intend to enter into a separate Interagency Agreement to document their respective responsibilities regarding the details of the project oversight, fund administration, reporting, and other grant award requirements; and

WHEREAS, section 33.2-221 (A) of the *Code of Virginia* provides the Commonwealth Transportation Board with the authority to enter into contracts and agreements with the United States government.

NOW, THEREFORE, BE IT RESOLVED, that the Commonwealth Transportation Board hereby authorizes the Commissioner of Highways or his designee to enter into the Cooperative Agreement between FHWA and VDOT regarding STSFA grant funds for Virginia's MBUF Program, substantively similar to Exhibit A, with such changes and additions as the Commissioner deems necessary.

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CTB Decision Brief

Authorization for the Commissioner of Highways to Enter into a Cooperative Agreement with the Federal Highway Administration (FHWA) for a Surface Transportation System Funding Alternatives (STSFA) Program Grant.

Issue: The Virginia Department of Transportation (VDOT) is requesting, pursuant to Va. Code §33.2-221 (A), that the Commonwealth Transportation Board (CTB) authorize the Commissioner of Highways (Commissioner) to enter into a Cooperative Agreement with FHWA to receive STSFA Program grant funding for Virginia's Mileage-Based User Fee (MBUF) Program, a program administered by the Virginia Department of Motor Vehicles (DMV).

Facts:

- The STSFA Program, established under Section 6020 of the Fixing America's Surface Transportation (FAST) Act (Pub L. 114-94), authorizes the U.S. Secretary of Transportation to provide grants to States for the demonstration of user-based alternative revenue mechanisms.
- The General Assembly passed legislation in the 2020 Session establishing Virginia's Highway Use Fee (HUF) and MBUF Program (Va. Code § 46.2-770 et seq.) to be administered by DMV for the purpose of ensuring more equitable contributions to the Commonwealth Transportation Fund from alternative fuel vehicles, electric motor vehicles, and fuel-efficient vehicles using highways in the Commonwealth.
- The flat HUF was imposed by law on all alternative fuel, electric, and fuel efficient vehicles on July 1, 2020, and voluntary participation in the MBUF became available as an option in lieu of the HUF on July 1, 2022.
- In November 2021, VDOT, at the request of DMV, submitted a STSFA grant application to FHWA. The application provided that DMV would act as the agency conducting the day to day activities of the MBUF program, while VDOT would administer any grant funds received.
- On March 10, 2023, FHWA awarded a discretionary grant to VDOT in an amount not to exceed $3,314,800 for the reimbursement of 50 percent of eligible costs incurred by DMV in the implementation and administration of the MBUF Program. Pursuant to the grant award, VDOT must enter into a Cooperative Agreement with FHWA and utilize the STSFA grant funds to reimburse DMV for eligible MBUF Program costs, primarily comprised of invoices submitted to DMV by its MBUF Program vendor.
- If the CTB authorizes the Commissioner to enter into the Cooperative Agreement, VDOT and DMV will enter into a separate Interagency Agreement to document their respective responsibilities regarding the details of the project oversight, fund administration, reporting, and other grant award requirements.

Recommendation: VDOT recommends that the CTB authorize the Commissioner to enter into the Cooperative Agreement with FHWA, attached hereto as Exhibit A, in order to receive the $3,314,800 STSFA grant funds.

Action Required by CTB: Section 33.2-221 (A) of the Code of Virginia requires a majority of the CTB's members to authorize the Commissioner to enter into the Cooperative Agreement with FHWA, an entity of the US government.

Result, if Approved: The Commissioner will be authorized to enter into the Cooperative Agreement with FHWA, making funds available for DMV's implementation and administration of the MBUF Program.

Options: Approve, Deny, or Defer

Public Comments/Reactions: N/A

EXHIBIT A

No. _ of__ Executed
Original Counterparts

COOPERATIVE AGREEMENT
By and Between
FEDERAL HIGHWAY ADMINISTRATION
UNITED STATES DEPARTMENT OF TRANSPORTATION

AND

THE VIRGINIA DEPARTMENT OF TRANSPORTATION
Project number: XXXXXXX
Project Title: Virginia's Mileage-Based User Fee Program

THIS COOPERATIVE AGREEMENT ("Agreement") made and entered into this [___] day of[_______], 2023, by and between the Virginia Department of Transportation, hereinafter referred to as "the Recipient," and the Federal Highway Administration, United States Department of Transportation, hereinafter referred to as the "FHWA."

RECITALS

A. WHEREAS, Section 6020 of the Fixing America's Surface Transportation (FAST) Act (PL. 114-94) established the Surface Transportation System Funding Alternatives Program, hereinafter referred to as the "STSFA," and requires the Secretary of Transportation to solicit the participation of States or groups of States for one or more "programs." The Continuing Appropriations Act, 2021 and Other Extensions Act (Pub. L. 116-159) extended Federal surface transportation programs through September 30, 2021, enabling the STSFA program to continue at FY 2020 levels in FY 2021[1]; and

B. WHEREAS, Section 6020 authorizes the Secretary of Transportation to use funds made available for the Highway Research and Development Program (23 U.S.C. 503(b)) to provide grants to the State DOTs to demonstrate user-based alternative revenue mechanisms that utilize a user fee structure to maintain the long-term solvency of the Highway Trust Fund, and

C. WHEREAS, the overall objective of the pilot program is for the FHWA to support States or groups of states to test the design, acceptance, and implementation of a user-based alternative revenue mechanisms; to improve the functionality of such user-based alternative revenue mechanisms; to conduct outreach to increase public awareness regarding the need for alternative funding sources for surface transportation programs and to provide information on possible approaches; to provide recommendations regarding adoption and implementation of user-based

[1] The Continuing Appropriations Act, 2021 and Other Extensions Act (Pub. L. 116-159) extended Federal surface transportation programs through September 30, 2021; funded the Federal-aid Highway Program (FAHP) at FY 2020 levels for FY 2021; and transferred $10.4 billion from the General Fund to the Highway Account of the Highway Trust Fund.

alternative revenue mechanisms; to minimize the administrative cost of deploying any potential user-based alternative revenue mechanisms; and, minimize the administrative costs associated with the collection of fees.

D. WHEREAS, the Recipient, pursuant to section 6020 of the FAST Act which sets forth theSTSFA program, has requested that the FHWA enter into an agreement to test the design, acceptance, and implementation of a user-based alternative revenue mechanism project entitled, "Virginia's Mileage-Based User Fee Program" described in Attachment A, hereinafter referred to as the"proposal"; and

E. WHEREAS, the FHWA approved the proposal and determined the proposal to be eligible for participation in the program. See approval memorandum, Attachment B, entitled "Funding for Fiscal Year 2021 Surface Transportation System Funding Alternatives Program (STSFA) Virginia Department of Transportation Allocation Memo" dated March 10, 2023.

NOW, THEREFORE, the Recipient, and the FHWA hereby agree as follows:

1. Funding. Once the project agreement is authorized in FMIS, the Recipient shall be reimbursed for allowable costs incurred in the performance of work under this Agreement in an amount NOT TO EXCEED $3,314,800 in STSFA Program Funds. The Recipient agrees to meet its 50 percent matching funds ($3,314,800), in accordance with applicable requirements. FHWA will consider the following funds or contributions as a local match for the purpose of this program: non-Federal funds, toll credits under 23 U.S.C. 120(i); and non-monetary match that complies with the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards specified in 2 CFR Part 200, including section 200.306 of Part 200 on Cost Sharing or matching. Further State DOTs can use matching strategies available to them under the Federal-aid Highway program such as "tapering match."

2. The Recipient Responsibilities. At all times, the Recipient bears the responsibility for conducting the activities consistent with the proposal and described in detail in the Scope of Work (or Work Plan) attached as Attachment C and incorporated by this reference. The Recipient is responsible for managing the day-to-day operations of the activities described in the proposal. In order to accomplish the objectives of the STSFA program as described in the proposal, the Recipient shall, subject to 2 CFR Part 200 and 2 CFR 1201, enter into a necessary agreement with FHWA to accomplish the tasks contained in the Scope of Work (Attachment C). 2 CFR 200.211 requires period of performance and budget start and end date are established in FMIS, Indirect Rate (if applicable) and the Assistance Listing number.

3. FHWA Participation.

a) Generally. The USDOT anticipates substantial Federal involvement between it and the Recipient during the course of this project. The anticipated Federal involvement will include technical assistance, education and guidance to the Recipient. The FHWA shall be considered a full participant in the project and shall have all of the rights and responsibilities afforded under Federal law. However, the FHWA shall not be responsible for performing any of the work described in the Scope of Work. All work under this cooperative agreement will be performed by the Recipient as the

Federal funding recipient or by FHWA-approved sub-recipients.

b) Committee Membership. The FHWA shall be a non-voting member of all project management committees developed in furtherance of the project and shall be provided the opportunity for membership on all subcommittees, working groups, task forces, and other such groups related to the proposal. The FHWA will provide names, addresses,and phone numbers of FHWA committee representatives to the Recipient (provided under #5 Reporting Requirements).

4. Schedule. All work funded under this Agreement shall be accomplished in accordance with the time schedule included in the attached project proposal (Attachment D). The estimated period of performance for awards is as follows: For pre-deployment, 18 months after the project funds are awarded, unless determined to not be a viable project, the project should be moving towards implementation. For demonstration projects awarded funds, the State has up to five years to expend the funds.

5. Reporting Requirements.

a) Project Outcomes and Monitoring Reports. In accordance with 2 CFR 200.329, the Recipient shall submit an electronic copy of a quarterly progress report that includes a Financial Status Report to FHWA. The Recipient shall submit an electronic copy of quarterly progress reports and the Federal Financial Report (SF-425) to the contacts designated below on a quarterly basis, beginning on the 20th of the first month of the calendar year quarter following the execution of the Agreement, and on the 20th of the first month of each calendar year quarter thereafter until completion of the Project. The Recipient shall submit all required reports and documents to the government electronically, referencing the grant number, to the contacts designated below.
All notices or information required by this Agreement should be sent electronically to the Government contacts as follows:
Angela Fogle – STSFA Program Manager Angela.Fogle@dot.gov
[NAME – Financial Specialist EMAIL@dot.gov]
[NAME – Division Project Manager EMAIL@dot.gov]

b) Report to the Secretary Not later than 1 year after the date on which the first eligible entity receives a grant under this section, and each year thereafter, each recipient of a grant under this section shall submit to the Secretary a report that describes—How thedemonstration activities carried out with grant funds meet the objectives described in subsection (c); and lessons learned for future deployment of alternative revenue mechanisms that utilize a user fee structure. The requirement that States report to the Secretary annually is a statutory requirement. The report to the Secretary should be relatively duplicative of some of the deliverables that the state will already be providing to FHWA as a part of the reporting requirements. There is no minimum or maximum page limit or page recommendation for the report. FHWA anticipates sharing this document with the public. The report should be written in a manner that is suitable for a non-technical audience to understand. Submit an electronic copy of all reports to Angela Fogle at the following email address: angela.fogle@dot.gov

c) Intermediate Working Papers, etc. Copies of all intermediate working papers, project reports, major correspondence, meeting announcements, and other documents that may be produced as part of the project shall be supplied by the Recipient. the

Recipient will forward to the designated FHWA point-of-contact in the FHWA Division Office and to the FHWA Headquarters STSFA Team Contact as they are produced and should be discussed, as appropriate, in the quarterly reports.

d) Final Report. The Recipient shall provide a final report within ninety (90) days after the termination or expiration of this Agreement. The FHWA, in consultation with the Recipient, will determine the final design and scope of the evaluation and report.

e) While the requirements of Section 508 of the Rehabilitation Act do not apply to assistance agreements, the U.S. DOT is subject to the Act's requirements that all documents posted on a U.S. DOT or U.S. DOT-hosted website comply with the accessibility standards of the Act. As such, all electronic and information technology products that are submitted under this Agreement must be Section 508-compliant so that they can be web posted without further modification. Accordingly, final deliverable reports prepared under this Agreement and submitted in electronic format must meet the requirements of Section 508 of the Rehabilitation Act of 1973, as amended. The act requires that all electronic products prepared for the Federal Government be accessible to persons with disabilities, including those with vision, hearing, cognitive, and mobility impairments. Resources and information regarding Section 508 of the Rehabilitation Act can be found at https://www.fhwa.dot.gov/cfo/contractor_recip/gtandc_generaltermsconditions.cfm and the Federal IT Accessibility Initiative Home Page (http://section508.gov). The following paragraphs summarize the requirements for preparing U.S. DOT reports in conformance with Section 508 for eventual posting by U.S. DOT to a U.S. DOT-sponsored website. NOTE: Quarterly Progress Reports and Financial Status Reports are not considered final deliverables and therefore the Section 508 requirements do not apply.

(i) Electronic documents with images

Provide a text equivalent for every non-text element (including photographs, charts and equations) in all publications prepared in electronic format. Use descriptions such as "alt" and "longdesc" for all non-text images or place them in element content. For all documents prepared, vendors must prepare one standard HTML format as described in this statement of work AND one text format that includes descriptions for all non-text images. "Text equivalent" means text sufficient to reasonably describe the image. Images that are merely decorative require only a very brief "text equivalent" description. However, images that convey information that is important to the content of the report require text sufficient to reasonably describe that image and its purpose within the context of the report.

(ii) Electronic documents with complex charts or data tables

When preparing tables that are heavily designed, prepare adequate alternate information so that assistive technologies can read them out. Identify row and column headers for data tables. Provide the information in a non-linear form. Markups shall be used to associate data cells and header cells for data tables that have two or more logical levels of row and column headers.

(iii) Electronic documents with forms

When electronic forms are designed to be completed on-line, the form shall allow people using assistive technology to access the information, field elements, and functionality required for completion and submission of the form, including all directions and cues.

6. Changes. The Recipient agrees to obtain the prior approval of FHWA for any significant change related to the proposal as required by 2 CFR 200 and 2 CFR 1201. This includes, but is not limited to:

a) changes in overall project budget which result in a shift of $25,000 or more of theoriginal budget between tasks;
b) any significant revision of the scope, schedule, goals, objectives or tasks of the proposal Scope of Work, or related activities (regardless of whether there is an associated budget revision requiring prior approval); and
c) changes in key personnel, program manager, or prime contractor.

7. Intellectual Property. Intellectual property consists of copyrights, patents, and any other form of intellectual property rights covering any data bases, software, inventions, training manuals, systems design, and other proprietary information in any form or medium. Intellectual property shall be treated as follows: "Data rights under this agreement shall be governed by government-wide grant requirements in accordance with 2 CFR 200.315, relating to Intangible property, which is hereby incorporated by reference.

8. Closeout. In accordance with 2 CFR 200.344, the FHWA shall close out the award provided for in this Agreement when all applicable administrative actions and required work provided for in this Agreement have been completed. The Recipient shall submit all final claims and required reports to FHWA within ninety (90) days after the termination or expiration of this Agreement. The estimated period of performance for awards is as follows: For pre-deployment, 18 months after the project funds are awarded, unless determined to not be a viable project, the project should be moving towards implementation. For demonstration projects awarded funds, the State has up to five years to expend the funds.

9. Additional Requirements. The Recipient agrees to comply with the provisions of 2 CFR Part 200 as adopted by Department of Transportation in accordance with 2 CFR 1201, which implements government-wide Federal requirements for grants and agreements with State and local governments. Also, The Recipient agrees to comply with Environmental Protection Agency guidelines at 40 CFR Part 247, which implements the Resource Conservation and Recovery Act of 1976 and relates to the procurement of recycled products. "The State DOT agrees to comply with the provisions of 23 CFR 771 which prescribes the policies and procedures of the Federal Highway Administration (FHWA) and the Federal Transit Administration (FTA) for implementing the National Environmental Policy Act of 1969 as amended (NEPA) and supplements the NEPA regulation of the Council on Environmental Quality (CEQ), 40 CFR parts 1500 through 1508 (CEQ regulation). Together these regulations set forth all FHWA, FTA, and Department of Transportation (DOT) requirements under NEPA for the processing of highway and public transportation projects." Additionally, The Recipient agrees to comply with all applicable laws, regulations and FHWA requirements, including, but not limited to 2 CFR Part 1200, 49 CFR Parts 11, 20, 21, 24, 26, 27, and 29, applicable provisions in 23 U.S.C., including 23 U.S.C. 112 (letting of contracts), 23 U.S.C. 113 (payment of prevailing rate of wage) and 313 (Buy America), and 23 CFR.

10. Restrictions on Lobbying. The Recipient agrees to comply with the requirements of

49 CFR Part 20, New Restrictions on Lobbying. Further, the Recipient agrees to file a certification, and a Disclosure of Lobbying Activities Form (SF LLL) form if required, in accordance with 49 CFR 20.110.

11. Debarment Certification. In accordance with 2 CFR Part 1200 and 2 CFR Part 180.335 The Recipient certifies to the best of its knowledge and belief that neither it nor any of its principals: (1) are presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from covered transactions by and Federal department or agency; (2) have been convicted, or had a civil judgment rendered against it or its principals, within the preceding three years of any of the offenses listed at 2 CFR 180.800(a); (3) are presently indicted for or otherwise criminally or civilly charged by a governmental entity with the commission of any of the offenses listed in 2 CFR 180.800(a); or (4) have had one or more public transactions terminated within the preceding three years for cause of default. In addition, in accordance with 2 CFR Parts 180.435 and 180.445, the Recipient will comply with subpart C of 2 CFR Part 180, will communicate to all lower tier participants of their obligation to comply with subpart C of 2 CFR Part 180, and will ensure that the requirement to comply with subpart C of 2 CFR Part180 is expressly made a term or condition in any such lower tier transaction.

12. Drug-Free Workplace. In accordance with 49 CFR Part 32, The Recipient will comply with the Drug-Free Workplace requirements under subpart B of 49 CFR Part 32.

13. Nondiscrimination. The Recipient hereby agrees that, as a condition of receiving any Federal financial assistance under this agreement, it will comply with Title VI of the Civil Rights Act of 1964 (78 Stat. 252, 42 U.S.C. Part 2000d), related nondiscrimination statutes (i.e., 23 U.S.C. Part 324, Section 504 of the Rehabilitation Act of 1973 as amended, and the Age Discrimination Act of 1975), and applicable regulatory requirements to the end that no person in the United States shall, on the grounds of race, color, national origin, sex, handicap, or age be excluded from participation in, be denied the benefits of, or otherwise be subjected to discrimination underany program or activity for which The Recipient receives Federal financial assistance. The specific requirements of the Department of Transportation Civil Rights assurances (required by 49 CFR Parts 21.7 and 27.9) are incorporated in the agreement.

14. Termination. Termination of this Agreement shall be in accordance with 2 CFR 200.340.

15. Effective Date. This Agreement may be executed in counterparts with all of the signatures of the requesting parties thereby constituting a completed grant agreement and shall become effective upon execution by all the parties hereto.

16. Length of the Agreement/Expiration of Funds. The estimated period of performance for awards is as follows: For pre-deployment, 18 months after the project funds are awarded, unless determined to not be a viable project, the project should be moving towards implementation. For demonstration projects awarded funds, the State has up to five years to expend the funds. For the purpose of this agreement, project conclusion is currently scheduled for [July 1, 2026].

17. Amendments. Amendments to this Agreement may only be made in writing, signed by the legally authorized representatives (State DOT, Division Administrator/Office of

Transportation Management (HOTM) Office Director) of both parties and specifically referred to as an amendment to this Agreement.

18. Federal Funding Accountability and Transparency Act (FFATA). In accordance with 2 CFR 170.220(a), the award term in Attachment A to 2 CFR Part 170, must be included in every grant award in which the total Federal funding is expected to equal or exceed $30,000, applies to this Agreement.

19. An acknowledgment of FHWA support and a disclaimer must appear in any publication of any material, whether copyrighted or not, based on or developed under the Agreement, in the following terms: "This material is based upon work supported by the Federal Highway Administration under Agreement No. (fill in award number)." All materials must also contain the following: "Any opinions, findings, and conclusions or recommendations expressed in this publication are those of the Author(s) and do not necessarily reflect the view of the Federal Highway Administration."

20. Financial Assistance Policy to Ban Text Messaging While Driving**:** "Driving" - Means operating a motor vehicle on an active roadway with the motor running, including while temporarily stationary because of traffic, a traffic light, stop sign, or otherwise. Does not include operating a motor vehicle with or without the motor running when one has pulled over to the side of, or off, an active roadway and has halted in a location where one can safely remain stationary.

"Text messaging" - means reading from or entering data into any handheld or other electronic device, including for the purpose of short message service texting, e-mailing, instant messaging, obtaining navigational information, or engaging in any other form of electronic data retrieval or electronic data communication. The term does not include glancing at or listening to a navigational device that is secured in a commercially designed holder affixed to the vehicle, provided that the destination and route are programmed into the device either before driving or while stopped in a location off the roadway where it is safe and legal to park.

This clause implements Executive Order 13513, Federal Leadership on Reducing Text Messaging while Driving, dated October 1, 2009.

The Applicant should-

a. Adopt and enforce policies that ban text messaging while driving- (i) Company-owned or -rented vehicles or Government-owned vehicles; or (ii) Privately-owned vehicles when on official Government business or when performing any work for oron behalf of the Government.

b. Conduct initiatives in a manner commensurate with the size of the business, such as- (i) Establishment of new rules and programs or re-evaluation of existing programs toprohibit text messaging while driving; and (ii) Education, awareness, and other outreach to employees about the safety risks associated with texting while driving.

Sub-agreements/sub-contracts. The Applicant shall insert the substance of this clause, including this paragraph (d), in all sub-agreement/subcontracts that exceed the micro-purchase threshold.

21. Restrictions on Internal Confidentiality Agreements**:** The Recipient shall not require employees or sub recipients to sign internal confidentiality agreements or statements prohibiting or otherwise restricting such employees or sub recipients from lawfully reporting waste, fraud, orabuse to a designated investigative or law enforcement representative of a Federal department or agency authorized to receive such information

22. Critical Infrastructure Security and Resilience.

(a) Consistent with Presidential Policy Directive 21, "Critical Infrastructure Security and Resilience" (Feb. 12, 2013), and the National Security Presidential Memorandum on Improving Cybersecurity for Critical Infrastructure Control Systems (July 28, 2021), the Recipient shall consider physical and cyber security and resilience in planning, design, and oversight of the Project.

(b) If the Security Risk Designation in section 6 of schedule F is "Elevated," then, not later that than two years after the date of this agreement, the Recipient shall submit to the USDOT a report that:

(1) identifies a cybersecurity Point of Contact for the transportation infrastructure being improved in the Project;
(2) summarizes or contains a cybersecurity incident reporting plan for the transportation infrastructure being improved in the Project;
(3) summarizes or contains a cybersecurity incident response plan for the transportation infrastructure being improved in the Project;
(4) documents the results of a self-assessment of the Recipient's cybersecurity posture and capabilities; and
(5) describes any additional actions that the Recipient has taken to consider or address cybersecurity risk of the transportation infrastructure being improved in the Project.

23. Prohibition on Certain Telecommunications and Video Surveillance Services or Equipment. The Recipient acknowledges that Section 889 of Pub. L. No. 115-232 and 2 C.F.R. 200.216 prohibit the Recipient and all subrecipients from procuring or obtaining certain telecommunications and video surveillance services or equipment under the Grant award.

24. Execution. This Agreement will be prepared in duplicate counterparts, which constitute one agreement, with each countersigned original shall have identical legal effect and shall constitute an original Agreement.

IN WITNESS THEREOF, the parties hereto have caused this instrument to be duly executed, the day and year first written below.

Virginia Department of Transportation

Stephen C. Brich, P.E.	Date
Commissioner of Highways	

Federal Highway Administration
U.S. Department of Transportation

[NAME]	Date
Division Administrator	

ATTACHMENT A

Proposal

Virginia's Mileage-Based User Fee Program

* Note that Attachment D provides the updated project schedule, which has been revised since the 2021 proposal submission.

ATTACHMENT B

FHWA Approval Memorandum

Funding for Fiscal Year 2021 Surface Transportation System Funding Alternatives Program (STSFA) Virginia Department of Transportation Allocation Memo

ATTACHMENT C

Scope of Work (Work Plan)

Surface Transportation System Funding Alternatives (STSFA) Program Grant Work Plan

In its 2020 session, the Virginia General Assembly passed legislation to introduce a new transportation funding mechanism, imposing a flat highway use fee (HUF) on all alternative fuel, electric, and fuel-efficient vehicles and creating a voluntary mileage-based user fee (MBUF) program. The HUF is intended to calculate and collect the fuels tax revenue that is not paid by efficient vehicles operating on the Commonwealth's highways. It is calculated using a fixed mileage input, which does not allow for the actual miles driven to impact the fee. The MBUF program allows the owners of vehicles subject to the HUF to pay the fee on a per-mile basis, only paying for the actual miles driven. The Virginia Department of Motor Vehicles (DMV) began collecting the HUF on July 1, 2020, and the MBUF program began on July 1, 2022. DMV is the state agency conducting the program and the Virginia Department of Transportation (VDOT) is the grant recipient. VDOT will ensure that DMV receives the STSFA grant funds provided from the Federal Highway Administration as reimbursement for its eligible activities.

DMV signed a three-year contract with Emovis in December 2021 to operate the MBUF program following a competitive procurement solicitation. The contract provides for optional contract extensions following the initial contract period. The program went live on July 1, 2022. Emovis provides a turn-key solution. Each month, Emovis enrolls new customers, providing on-board diagnostic transponders or interfacing with in-vehicle telematic system. The system records daily miles traveled and creates monthly invoices to customers based on the vehicle's mileage fee. Collected funds are remitted to DMV each month.

Following the successful July 1, 2022, program launch, Emovis invoiced DMV for approximately $1.6 million in system start-up costs. The on-going program is in a growth phase for the first year. Since the highway use fee is tied to vehicle registration, each month a new cohort of vehicles is eligible to enroll in the program for the first time. Starting in July 2023, currently enrolled customers will have an opportunity to reenroll to participate for another year. In addition to reenrolling customers, DMV anticipates adding 500 first-time enrolled vehicles each month.

Pursuant to the contract, each month Emovis invoices DMV for system operation costs of $86,000 as well as specified charges for each enrolled vehicle. The per-vehicle fees vary depending on the mileage capture mechanism and overall enrollment volumes. Due to the additional equipment required, vehicles utilizing on-board diagnostic devices carry a higher fee than vehicles utilizing manufacture's integrated telematic system.

As of May 2023, there are over 14,000 vehicles enrolled in the program for which Emovis records miles and collects fees, remitting the funds to DMV. DMV is actively recruiting and enrolling additional customers each month. DMV anticipates Emovis invoices to total approximately $250,000 to $300,00 each month during the grant performance period and will request reimbursement for 50 percent of those costs from the grant recipient, VDOT.

ATTACHMENT D

Schedule

Virginia Mileage Based User Fee Program
STSFA Grant Anticipated Reimbursement Request Schedule

Month	Estimated Invoice Amount	Reimbursement Request
June 2023	$241,216	$120,608
July 2023	$218,709	$109,354
August 2023	$222,201	$111,101
September 2023	$225,694	$112,847
October 2023	$229,186	$114,593
November 2023	$232,679	$116,339
December 2023	$236,171	$118,086
January 2024	$239,664	$119,832
February 2024	$243,156	$121,578
March 2024	$246,649	$123,324
April 2024	$250,141	$125,071
May 2024	$253,634	$126,817
June 2024	$257,126	$128,563
July 2024	$260,619	$130,309
August 2024	$264,111	$132,056
September 2024	$267,604	$133,802
October 2024	$271,096	$135,548
November 2024	$274,589	$137,294
December 2024	$278,081	$139,041
January 2025	$281,574	$140,787
February 2025	$285,066	$142,533
March 2025	$288,559	$144,279
April 2025	$292,051	$146,026
May 2025	$295,544	$147,772
June 2025	$299,036	$149,518
July 2025	$302,529	$87,722
Total Reimbursement		**$3,314,800**

Virginia's
Mileage-Based User Fee Program

Fixing America's Surface Transportation Act
Surface Transportation System Funding Alternatives Program
Grant Application

Virginia Department of Transportation/Virginia Department of Motor Vehicles
November 2021

COVER PAGE

Project Name	Virginia's Mileage-Based User Fee Program
Previously Incurred Project Cost	$395,000
Future Eligible Project Cost	$6,629,600
Total Project Cost … Cost Share Proposed	$6,629,600
Total Federal Funds Requested	$3,314,800
Are matching funds restricted to a specific project component? If so, which one?	No
State in which the project is located	Virginia
Is the project currently programmed in the: • Transportation Improvement Program • Statewide Transportation Improvement Program • Metropolitan Planning Organization Long Range Transportation Plan • State Long Range Transportation Plan	No

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Project Narrative

Project Description

Virginia is requesting Surface Transportation System Funding Alternatives (STSFA) grant assistance for a period of five years for implementing and administering all elements of the project described in this application incurred after the grant funding is awarded. The deadlines imposed by the Virginia legislature mean that significant implementation costs will be incurred prior to the award of grant funding and those costs will be paid for with state funds. As the enabling Virginia legislation is for a permanent program, not a demonstration or pilot project, it is foreseeable that all administrative expenses will continue for the duration of the requested period. In addition, the enabling legislation mandates the program, thus authorizing the expenditure of matching state funds for administration.

Program Vision, Goals and Objectives

Virginia is actively exploring solutions to transportation funding sustainability, working both within the Commonwealth to study and find creative and administratively feasible solutions and collaborating with other states as part of the Eastern Transportation Coalition. In 2019, recognizing the impact of increased fuel efficiency and the use of electric vehicles on transportation revenues, the Virginia General Assembly created a working group to study the issue and explore potential options to provide a sustainable funding stream for transportation infrastructure. Experts and stakeholders in the working group included representatives of local government associations, regional transportation authorities, the trucking industry, the motor dealer industry, and the motor fuels industries. The report, *Transportation Funding and Sustainability*, was submitted to Virginia's General Assembly in December 2019 and notes, "For the first time in Virginia's history, vehicle miles traveled (VMT) increased and motor fuels tax collections declined in FY 2018." The report underscored the impact of increased fleet fuel efficiency on fuels tax revenues. It estimated that increases in the efficiency of internal combustion engines, coupled with rising adoption rates of electric and hybrid electric vehicles, could cause gasoline consumption to decline by more the 25% by 2030. The resulting loss of annual fuels tax revenue highlights the importance of finding alternative revenue streams to continue to maintain and improve infrastructure. The working group reviewed potential funding options and recommended short- and long-term solutions. In the short term, actions such as increasing the fuels tax and indexing the rate to inflation could better align future revenues with future costs. Ultimately the report suggested the introduction of a new revenue mechanism to sustain transportation funding as the vehicle fleet becomes less reliant on motor fuels.

In 2020 the Virginia General Assembly passed legislation to introduce a new transportation funding mechanism, imposing a flat highway use fee (HUF) on all alternative fuel, electric, and fuel efficient vehicles and creating a voluntary mileage-based user fee (MBUF) program. Signed into law by Governor Ralph Northam on April 22, 2020, Virginia Code § 46.2-771 states:

> The purpose of this chapter is to ensure more equitable contributions to the Commonwealth Transportation Fund from alternative fuel vehicles, electric motor vehicles, and fuel-efficient vehicles using highways in the Commonwealth.

The HUF is intended to calculate and collect the fuels tax revenue that is not paid by efficient vehicles operating on the Commonwealth's highways. It is calculated using a fixed mileage input, which does not allow for the actual miles driven to impact the fee. The MBUF program allows the owners of vehicles subject to the HUF to pay the fee on a per-mile basis. Virginia began collecting the HUF on July 1, 2020. The MBUF program will begin on July 1, 2022, and participants will be able to enroll any vehicle with a registration renewal date of July 1, 2022, or later.

This application outlines Virginia's MBUF program. Both the HUF and the MBUF program are permanent features of Virginia's transportation funding stream and are not pilot programs. Several unique aspects of Virginia's HUF and MBUF program will add new lessons learned to the national study of feasible alternatives to motor fuels taxes to fund highway transportation needs. Unique features of Virginia's program include:

- The broad array of vehicle types subject to the HUF and eligible for the MBUF program;
- An annual fee cap (equal to the applicable flat fee amount) for vehicles enrolled in the program;
- A per mile fee that is tailored to each vehicle's combined fuel economy, creating equity in the fee charged across a broad range of vehicle types without the need to offer a fuel tax credit to the fee charged; and
- The use of the vehicle registration process as a method to collect the HUF, enroll in the MBUF, and enforce payment of any prior year's unpaid MBUF.

Geographic Area

The owner of any alternative fuel, electric, and fuel efficient vehicle registered in the Commonwealth and subject to the HUF will be eligible to participate in Virginia's MBUF program. Vehicles garaged all over the state can be enrolled, contributing to a base of knowledge about the program's appeal to and effect on participants from a wide range of rural, suburban, and urban locations.

Administration of Funds and Lead Agency

The Virginia Department of Transportation (VDOT) is submitting the application for grant funding as a sponsor for the Virginia Department of Motor Vehicles (DMV). DMV is the MBUF project lead and agency conducting the program. VDOT will administer the grant funds. Both agencies operate under the Transportation Secretariat, report to the Secretary of Transportation, and work together to serve residents of the Commonwealth. If the MBUF program is selected to receive a grant, the agencies will execute a Memorandum of Understanding to document the details of grant fund administration, reporting, and any other grant award requirements.

Program Period

Virginia's enacted legislation establishes a permanent HUF and MBUF program to supplement Virginia's transportation funding. DMV began collecting the HUF on July 1, 2020. The MBUF program will be fully operational on July 1, 2022. As a permanent program allowing participants an alternative to the flat HUF by charging for actual vehicle miles traveled, the MBUF program will continue into the foreseeable future.

Evaluation and Reporting Plan

The MBUF program business rules require the capture of data and creation of daily, monthly, quarterly, yearly, and ad hoc reports for enrolled participants. These reports capturing statistical, enrollment, mileage, financial, Vehicle Identification Numbers, errors and events, and account update data will be used to meet the grant funding annual reporting requirement.

Collecting and Managing Program Data

Program data will be collected and maintained in accordance with all applicable federal and state laws and regulations, including Va. Code §§ 46.2-208 and 46.2-209[1], all DMV policies, and the Commonwealth of Virginia's information security policies.

DMV will use a secured web service for data exchange with its vendor. Planning is taking place to determine which data elements will be exchanged and what changes are needed for DMV systems to interface with the vendor selected to administer the program. DMV is experienced with protecting sensitive driver data in electronic collection environments.

Data retention is governed by the Virginia Public Records Act (§ 42.1-76 et seq. of the Code of Virginia). Virginia's Information Technologies Agency (VITA) has performed an Enterprise Cloud Oversight Service (ECOS) assessment of the vendor selected to administer the MBUF program. The ECOS assessment provides oversight functions and management of cloud based services, specifically focused on software as a service. The service ensures compliance and improved security.

Legislative Support for the MBUF Program

Chapter 7 (§ 46.2-770 et seq.) of Title 46.2 of the Code of Virginia establishes both the flat HUF, beginning July 1, 2020, and the voluntary MBUF alternative, to begin on July 1, 2022. The legislation is attached as an appendix.

[1] Va. Code §§ 46.2 208 and 46.2-209 set out the rules and constraints regarding the use and release of information collected and held by DMV.

Cost Estimates for Full Implementation

The budget narrative submitted with this grant application fully details the current cost estimate for full implementation of the MBUF program. The MBUF program is not a demonstration project or pilot, but a fully developed, permanent program.

Number and Type of Vehicles and Participation Time

The HUF applies to all alternative fuel, electric, and fuel-efficient vehicles registered in Virginia. A fuel-efficient vehicle is defined as one that has a combined fuel economy of 25 miles per gallon or greater. Autocycles, mopeds, motorcycles, vehicles with a gross weight over 10,000 pounds, vehicles owned by a governmental entity, and vehicles registered under the International Registration Plan are excluded from the HUF.

Current DMV registration records show that almost two million vehicles are subject to the HUF. Any owner of a vehicle subject to the HUF is eligible to enroll in the MBUF program.

Vehicles are enrolled in the MBUF program at the time of registration and will be enrolled for one year. At the time of registration renewal, participants are permitted to re-enroll in the program or leave the program and pay the HUF. A participant may drop out of the program by paying the full HUF for the registration period, minus any amount paid through the MBUF program.

Legislated Requirements of STSFA Grant Program

Implementation, Interoperability, and Public Acceptance

After the enabling legislation passed the Virginia General Assembly, DMV developed a list of requirements necessary to implement the MBUF program. DMV considered the following key elements: the protection of all personally identifiable information that may be divulged in the reporting of highway usage, methods to record and report highway usage, the administration of the program, including the collection of fees for highway usage, and other issues identified by the working group. Key elements identified by the Virginia legislature and considered by DMV mirror key elements described in the STSFA grant program.

After collecting and assimilating information from various sources, DMV developed a Request for Proposal (RFP) outlining the basic requirements necessary to implement the MBUF program. The RFP was issued on March 12, 2021. The RFP sought proposals from vendors to administer a program for DMV to track and report a participant's vehicle miles traveled, collect fees, and transfer revenue to the state.

A contract has been awarded to the vendor selected according to Virginia's established RFP evaluation processes. The selected vendor and DMV are currently working to develop and test all program requirements established to allow customers to begin participation in Virginia's MBUF program on July 1, 2022, as required by statute.

Virginia is a partner in the Eastern Transportation Coalition, a group of 17 states and the District of Columbia focused on connecting public agencies across modes of travel to increase safety and efficiency. Virginia's participation in the Eastern Transportation Coalition, with its focus on interoperability within the region, has served to enhance DMV's understanding of the need for future interoperability of programs if road use charges are to become a viable source of future transportation funding. As such, one of Virginia's MBUF program requirements is for the selected vendor to offer a variety of enrollment options for program participants, including the reporting and retention of chargeable miles and location data. Data collection options with location data will serve to begin the process of learning about how to effectively achieve interoperability. In addition, contract requirements provide that the vendor be able to differentiate and provide exemptions based on miles driven out of state or on private roads in the event that mileage differentiation is required in the future.

DMV is collaborating with the Eastern Transportation Coalition to develop a public outreach campaign to address public acceptance of the program and to encourage participation. The Eastern Transportation Coalition was awarded a grant during Phase 4 of the STSFA for public education and outreach and is actively working with DMV's communication team to plan for and implement a public outreach campaign in Virginia.

DMV implementation of an efficient and effective MBUF program will enhance public understanding of the challenges of transportation funding sustainability, promote awareness of alternative mechanisms for the payment and collection of highway use fees, and facilitate Virginia's transition to a successful long-term transportation funding solution.

The Protection of Personal Privacy

The enabling legislation creating the MBUF directs DMV to consider the protection of all personally identifiable information that may be divulged in the reporting of highway usage. In developing the MBUF program guidelines, DMV reviewed state and federal statutes, as well as the approaches used for similar programs in other states. The guidelines will include using existing law and contract language and enhance existing statutory protections with the introduction of new legislation.

DMV's vendor is required by contract to protect personally identifiable information by maintaining the information collected in accordance with all applicable federal and state laws and regulations, including Va. Code §§ 46.2-208 and 46.2-209, all DMV policies, and the Commonwealth of Virginia's information security policies. DMV will receive aggregated, anonymized program data for transportation research purposes, to analyze the effectiveness of the program, and to make applicable reports for compliance with grant funding.

Contractual provisions with the vendor prohibit the use of the data provided by participants for any purpose other than the one for which it was furnished, as well as the sale or release of program data by the vendor to any party or entity other than DMV without the express advance written consent of DMV. Participants will be offered enrollment options to address concerns regarding data privacy, including vehicle mileage tracking options that do not capture location data. A privacy policy will be developed and available to program participants explaining how data is collected, maintained, protected, used, and released.

Va. Code § 46.2-208, which governs the release of DMV records, protects the information collected in the MBUF program. By statute, GPS location data is protected personal information. However, the GPS location data will be available to entities currently entitled to personal information under Virginia law, such as a government agency using the data to further an official purpose. To address participants' privacy concerns, specific statutory protections for information provided to the MBUF program are required, similar to the protections that exist in Virginia statutes for data collected by toll operators. Privacy requirements added to Va. Code § 46.2-773 during Virginia's 2022 legislative session will be effective on July 1, 2022, when the MBUF program begins.

Using a Vendor to Administer the MBUF Program

Virginia's MBUF program will be administered by a vendor. To ensure the approach is successful, DMV developed detailed and specific program requirements encapsulated in the RFP. DMV is establishing appropriate audit and compliance processes and procedures and implementing a communications and customer outreach plan. Using a vendor allows multiple advantages including access to the most current technology to track vehicle miles traveled, the potential for a vendor to offer additions to make the program more attractive to participants, and allowing the vendor to contractually establish with participants policies on what information is collected and how it can be released.

Equity Concerns

The goal of Virginia's HUF is to ensure equity in transportation funding by charging a fee to vehicle owners paying less in fuels taxes compared to others because their vehicles use less motor fuel while driving the same number of miles. Virginia's HUF is imposed on all alternative fuel, electric, and fuel-efficient vehicles registered in the Commonwealth. Imposition of the HUF on all vehicles with greater than average fuel economy creates equity in transportation funding by distributing the burden for transportation funding equally across all vehicles using the road according to road use, instead of imposing the heaviest economic burden on those vehicles using the most fuel.

The flat HUF is calculated by using the average annual miles driven by a vehicle in the Commonwealth. The MBUF program, by allowing owners of vehicles subject to the HUF to pay the MBUF instead of the HUF, further increases equity by allowing those highway users traveling less than the annual average vehicle miles traveled in the Commonwealth to reduce their fee. By statute, the MBUF for a vehicle is capped at what the vehicle would have paid that year as a HUF.

Virginia's MBUF program will naturally expand to encompass additional vehicles as the Commonwealth's fleet becomes more fuel efficient. The data collected can be analyzed to help inform policy makers' decisions to keep the program equitable and sustainable, both on a statewide and national level.

Market-Based Congestion Mitigation Impacts/Burdens on Rural v. Urban Users/Travel Behavior

The current MBUF program is not intended to address congestion mitigation impacts, the potential inequity of charging per vehicle mile traveled in rural settings, or travel behavior. However, data collected from this program can be used to further inform policy makers' decisions regarding congestion mitigation strategies, equity impacts on rural and urban users, and travel behavior. Given Virginia's diversity, with a combination of rural and urban settings and heavily traveled interstates connecting Virginia with other regions, data collected in the MBUF program will provide a wealth of information to inform those types of policy decisions.

Ease of Compliance for Different Users

The HUF is collected at the time of vehicle registration. Participants are made aware of their eligibility to enroll in the MBUF program when registration renewal notices are sent. Integration of MBUF enrollment with the vehicle registration renewal process ensures that all owners of vehicles subject to the HUF will be notified of the availability of the MBUF program with enough advance notice to learn about enrolling in the MBUF program. The option to pay the flat HUF ensures ease of compliance for any user unable or unwilling to track vehicle mileage or unable or unwilling to use an online platform to enroll in the program.

The use of a secure online platform allowing participants to enroll in the program and manage billing, payments, and communications ensures access at times and places convenient to the participant. Program participants are able to leave the program before the end of their vehicle registration period and pay the remaining flat HUF, leave the program at the end of the registration period, or continue to participate in the program at registration renewal.

Reliability and Security of Technology Used to Implement the Program

Virginia is able to build on other states' successful use of proven vendor technology to collect vehicle miles traveled data and keep the data secure. Virginia's program allows the use of different types of mileage tracking devices and the option of collecting or not collecting location data. The management, storage, transmittal, and retention of collected data and the technology used has been discussed previously. Data collected can be used to evaluate the reliability and ease of use of different mileage reporting options.

Flexibility and Choice in Technology and Payment Options

A variety of methods is available to capture and report vehicle miles traveled. To provide the best customer service experience, attract the most possible participants to the program, and maintain the flexibility to explore new technology as it becomes available, MBUF participants will be able to choose from multiple proven mileage reporting options. These options will include at least one option with the ability to capture GPS location data and one option without the ability to capture GPS location data.

Participants will use an interactive web-based self-service payment application to set up and manage electronic payment options. At this time, participants unable or unwilling to use an online payment option can elect to pay the flat HUF at the time of vehicle registration.

Cost of Administering the Program/Implementation and Operational Cost for Broadly Scaled Approach

Enrollment in the MBUF program is designed to coincide with the participant's registration cycle and will be administered through an online platform designed to maximize efficiency, streamline communications, and seamlessly interact with select DMV systems. Minimizing administrative cost was a factor in system design decisions. Enforcement proposals have also been designed to maximize collection of fees with the least burden on the vendor and DMV.

The voluntary nature of the MBUF program, combined with the relatively low HUF, makes it likely that initial enrollment will not be sufficient to cover administrative expenses. During this early phase, lessons learned will enable DMV to achieve efficiencies while growing the program and making adjustments based on customer feedback and information collected. However, the broad application of the HUF to many vehicle types will allow the MBUF program to easily expand as the program becomes more attractive to participants. As more participants join the program, DMV anticipates the per user expense of administering the program to decrease.

Auditing and Enforcing User Compliance

The MBUF program requirements for a variety of reports for enrolled participants will allow DMV to develop and conduct audits specific to the program and produce reports required for the grant funding. DMV's chosen vendor is using processes that have been established in other states for enforcement of user compliance with program provisions. In addition, DMV has prepared draft legislation for consideration by members of Virginia's General Assembly during the 2022 legislative session which would allow DMV to withhold registration renewal for participants with delinquent MBUF payments. Similar Virginia law exists to assist tolling facilities in Virginia.

Collection Methods/Advantages of Alternative Collection Methods

DMV's use of the registration process to collect the HUF is a first step in ensuring that all system users with access to DMV have a method of making payments. As MBUF data is collected and analyzed, information gathered could be used to structure payment methods for the program that would give unbanked and technology adverse populations access to the MBUF program. In addition, data gathered from the program can be used to determine customer preferences for payment methods and which methods are most easily administered.

Harmonizing Collection Programs Across States/Combining MBUF Program With Other Policy Goals

The aggregated data from Virginia's MBUF program will be of interest to the Eastern Transportation Coalition which already has research resources in place to study many of the topics of interest listed on the notice of funding opportunity. As a partner of the Coalition, Virginia anticipates sharing aggregated, anonymized data for transportation research purposes. In addition, Virginia has been invited to be part of a collaboration with the Washington Transportation Commission and road use charge program representatives from Utah and Oregon to share ideas and lessons learned moving forward. Participation in both of these groups will lead to discussions about harmonizing vehicle miles traveled collection programs across states and how to best implement and administer programs for this purpose.

Currently, Virginia's Joint Legislative Audit and Review Commission (JLARC) is preparing a report on transportation infrastructure and funding. It is anticipated that recommendations from this report may also address other topics of interest for the grant funded program. The General Assembly often acts on recommendations from JLARC and may act to amend or modify the MBUF program in the future in ways that would enhance or combine the program with other policy goals.

Deliverables

The table of project deliverables shows the deliverables associated with the MBUF project. Section 508 compliance will be met for deliverables intended for posting to federal websites.

Project Deliverable	Due Date
MBUF legislation signed.	April 2020
DMV forms MBUF working group to draft program requirements.	August 2020
Contract signed with vendor to administer MBUF program for DMV.	November 2021
Detailed design complete.	February 2022
Software customization complete.	May 2022
Software integration complete.	June 2022
Training.	June 2022
Deployment to production.	July 2022
Final acceptance.	August 2022

Funding Description

Implementation Costs (100% vendor)

Projected Completion Date Year-Month	Deliverable	Federal Funds 50%	State Funds	Acceptance Criteria
2019-Dec	Transportation Funding and Sustainability Study			Kicked off MBUF legislation to review the decrease in fuel tax revenue. Effort led by the Virginia Secretary of Transportation.
2020-Apr	MBUF enabling legislation signed			A result of the Transportation Funding and Sustainability Study.
2020-Aug	Formation of the MBUF workgroup and RFP			The beginning of the MBUF project and RFP.
2021-Nov	Contract Signed/Project initiation			Signed contract and accepted Project Management Plan. Critical path schedule approved.
2022-Feb	Detailed Design complete			Detailed design and system design are complete and approved.
2022-Apr	GRANT START DATE			Project starts before grant period begins, these are the expected deliverables and costs based on vendor proposed schedule.
2022-May	Software customizations complete	$171,600	$171,600	Development complete and ready for testing.
2022-Jun	Software integration complete	$92,200	$92,200	Implemented and ready for testing.
2022-Jun	Training	$33,000	$33,000	Training materials and classes complete.
2022-Jul	Deployment to production	$165,000	$165,000	System fully deployed to production.
2022-Aug	Final acceptance/cleanup	$165,000	$165,000	System is functioning as expected.

Sub Total	**$626,800**	**$626,800**	**$1,253,600**

Ongoing Contractor and Licensed Services

Projected Completion Date	Deliverable	Federal Funds	State Funds	Acceptance Criteria
Year-Month		50%		
2023-Aug	Ongoing system support/maintenance/licensing	$516,000	$516,000	System meets all contractual Service Level Agreements (SLA) agreements and performs as expected
2024-Aug	Ongoing system support/maintenance/licensing	$516,000	$516,000	System meets all contractual SLA agreements and performs as expected
2025-Aug	Ongoing system support/maintenance/licensing	$516,000	$516,000	System meets all contractual SLA agreements and performs as expected (optional year)
2026-Aug	Ongoing system support/maintenance/licensing	$570,000	$570,000	System meets all contractual SLA agreements and performs as expected (optional year)
2027-Aug	Ongoing system support/maintenance/licensing	$570,000	$570,000	System meets all contractual SLA agreements and performs as expected (optional year)

Sub Total Ongoing	**$2,688,000**	**$2,688,000**	**$5,376,000**

Total Costs/Funds Requested	**$3,314,800**	**$3,314,800**

Staffing Description

The MBUF project will be staffed by a combination of state employees and vendor employees. State employees will come from DMV. The following State employees have been integrally involved in development of Virginia's MBUF program:

Richard Holcomb, Commissioner
Linda Ford, Deputy Commissioner Chief Operating Officer
Scott Cummings, Assistant Commissioner for Finance
Millicent Ford, Assistant Commissioner Driver, Vehicle and Data Management
Pamela Goheen, Assistant Commissioner for Communications
Joseph Hill, Assistant Commissioner Enforcement and Compliance
Carla Jackson, Assistant Commissioner for Legal Affairs
David Mitchell, Deputy Commissioner Chief Administrative and Finance Officer
Lana Shelley, Deputy Commissioner Chief Information Officer

Barbara Arkwright, Law Enforcement
Michelle Bailey, Procurement
Feizel Bobert, IT – Financial
Jessica Cowardin, Communications
Nick Danforth, IT – Architecture
Sam Davenport, Vehicle Services – Process Owner
Stephanie Davis, IT – Financial
Bob Dunkum, IT – Vehicle
David Eaton, Project Advisor
Betsy Grace, Procurement
Leslie Grott, Project Coordinator
Mike Hammonds, IT Security
Beau Hurley, IT Security
Sandy Jack, Data Management
Rose Lawhorne, Data Analysis and Reporting
Melanie Lester, Vehicle Services - Process Owner Lead
Nanette Marais, Vehicle Services - Process Owner Lead
Andrew Owens, Legal Services
Angela Schneider, Legislative Services
Jess Seier, Communications
Charles Sheldon, IT Oversight
Angie Turner, Project Advisor
Melissa Velazquez, Legislative Services
Rhonda Verra, IT - Vehicle
Tully Welborn, Project Advisor
Brian White, Customer Service Management

Appendix

Legislation Enabling Virginia's HUF and MBUF Program

Chapter 7. Highway Use Fee and Mileage-Based User Fee Program

§ 46.2-770. Definitions

As used in this chapter, unless the context requires a different meaning:

"Alternative fuel vehicle" means a vehicle equipped to be powered by a combustible gas, liquid, or other source of energy that can be used to generate power to operate a highway vehicle and that is neither a motor fuel nor electricity used to recharge an electric motor vehicle or a hybrid electric motor vehicle.

"Electric motor vehicle" means a vehicle that uses electricity as its only source of motive power.

"Fuel-efficient vehicle" means a vehicle that has a combined fuel economy of 25 miles per gallon or greater.

§ 46.2-771. Purpose

The purpose of this chapter is to ensure more equitable contributions to the Commonwealth Transportation Fund from alternative fuel vehicles, electric motor vehicles, and fuel-efficient vehicles using highways in the Commonwealth.

§ 46.2-772. Highway use fee

A. Except as provided in subsection C, there is hereby imposed an annual highway use fee on any motor vehicle registered in the Commonwealth under § 46.2-694 or 46.2-697 that is an alternative fuel vehicle, an electric motor vehicle, or a fuel-efficient vehicle. The fee shall be collected by the Department at the time of vehicle registration. If the vehicle is registered for a period of other than one year as provided in § 46.2-646, the highway use fee shall be multiplied by the number of years or fraction thereof that the vehicle will be registered.

B. For an electric motor vehicle, the highway use fee shall be 85 percent of the amount of taxes paid under subsection A of § 58.1-2217 on fuel used by a vehicle with a combined fuel economy of 23.7 miles per gallon for the average number of miles traveled by a passenger vehicle in the Commonwealth, as determined by the Commissioner. For all other fuel-efficient vehicles, the highway use fee shall be 85 percent of the difference between the tax paid under subsection A of § 58.1-2217 on the fuel used by a vehicle with a combined fuel economy of 23.7 miles per gallon for the average number of miles traveled by a passenger vehicle in the Commonwealth in a year, as determined by the Commissioner, and the tax paid under subsection A of § 58.1-2217 on the fuel used by the vehicle being registered for the average number of miles traveled by a passenger vehicle in the Commonwealth in a year, as determined by the Commissioner.

For purposes of this chapter, the Commissioner shall use combined fuel economy as determined by the manufacturer of the vehicle. If the Commissioner is unable to obtain the manufacturer's fuel economy for a vehicle, then the Commissioner shall use the final estimate of average fuel economy, as determined by the U.S. Environmental Protection Agency, of (i) all trucks having the same model year as the vehicle being registered, if the vehicle has a gross weight between 6,000 pounds and 10,000 pounds, or (ii) all cars having the same model year as the vehicle. If data is not available for the model year of the vehicle being registered, then the Commissioner shall use available data for the model year that is closest to the model year of the vehicle being registered.

The Commissioner shall update the fees calculated under this section by July 1 of each year.

C. This section shall not apply to:

1. An autocycle, moped, or motorcycle;
2. A vehicle with a gross weight over 10,000 pounds;
3. A vehicle that is owned by a governmental entity as defined in § 58.1-2201; or
4. A vehicle that is registered under the International Registration Plan.

A vehicle shall not be subject to the fee set forth in this section in any year in which such vehicle is registered to participate in the mileage-based user fee program established pursuant to § 46.2-773.

§ 46.2-773. Mileage-based user fee program

A. There is hereby established a mileage-based user fee program. The program shall be a voluntary program that allows owners of vehicles subject to the highway use fee pursuant to § 46.2-772 to pay a mileage-based fee in lieu of the highway use fee. No owner of a motor vehicle registered in the Commonwealth shall be required to participate in the program established pursuant to this section.

B. In any year that an owner pays the fee set forth in this section, such owner shall not be subject to the fee set forth in § 46.2-772 for the same vehicle. In no case shall the fees paid pursuant to this section during a 12-month period exceed the annual highway use fee that would have otherwise been paid.

C. The fee schedule for the mileage-based user fee program shall be calculated by dividing the amount of the highway use fee as determined pursuant to subsection B of § 46.2-772 by the average number of miles traveled by a passenger vehicle in the Commonwealth to determine a fee per mile driven.

D. The Department shall establish procedures for the collection of the fees set forth in this section. Such procedures may limit the total number of participants during the first four years of the program.

§ 46.2-774. Distribution of revenues

All revenues collected pursuant to this chapter shall be used first to pay for the direct cost of administration of this chapter by the Department, and then shall be deposited into the Commonwealth Transportation Fund established pursuant to § 33.2-1524.

U.S. Department of Transportation
Federal Highway Administration

Memorandum

Subject: **ACTION:** Funding for Fiscal Year 2021 STSFA Project in Virginia – Virginia's Mileage-Based User Fee Program

Date: MAR 10 2023

From: Martin C. Knopp
Associate Administrator for Operations

In Reply Refer To: HOTM-1

To: Thomas L. Nelson, Jr.
Division Administrator (HDA-VA)
Richmond, Virginia

This allocation memorandum is in response to your request to obligate Fiscal Year (FY) 2021 funding from the Surface Transportation System Funding Alternatives (STSFA) discretionary grant program to the subject project for the Virginia Department of Transportation. The funds are made available in accordance with the requirements of Section 6020 of the Fixing America's Surface Transportation (FAST) Act of 2015.

Through this memorandum, the Federal Highway Administration is providing a full allocation of contract authority and an equal amount of obligation limitation to your State for the subject project based on the executed grant agreement.

State	Project Title	FY	FMIS Code	CFDA No	Contract Authority	Obligation Limitation
DELPHI Code: 15X0444060 070						
VA	Virginia's Mileage-Based User Fee Program	2021	Z44E	20.200	$3,314,800	$3,314,800

The maximum Federal share for these funds is 50 percent and the funds are to be used in accordance with Section 6020 of the Fixing America's Surface Transportation Act of 2015. Funds must be entered as an obligation in the Financial Management Information System (FMIS). These funds are available until expended, however the obligation limitation associated with the STSFA program is available for four fiscal years. Therefore, allocated funds should be obligated by the end of the fiscal year. If it is determined that the funds will not be obligated, please contact the funds certifier, Sonya Mullins, at sonya.mullins@dot.gov by August 1, 2023. In addition, please notify this office in writing for any of the following reasons: 1) the related project has closed; 2) the remaining balance has been deobligated from the project; or 3) to request a deallocation of funds.

This allocation of funds is available only for the purposes set forth in this memorandum and the executed grant agreement. By copy of this memorandum, the Office of Budget and Finance – Budget Execution Team, Office of the Chief Financial Officer is requested to process this allocation.

If there are any questions pertaining to STSFA discretionary grant funding, please contact Angela Fogle at 202-366-0076 or angela.fogle@dot.gov.