

FY 2015 Value Pricing Pilot Program Discretionary Grant Program

Summary

This notice announces the availability of funding for the Value Pricing Pilot Program (VPPP). In addition this notice identifies selection criteria, application requirements, and assistance during the solicitation period for the VPPP.

Description

The VPPP is authorized by Section 1012(b) of the Intermodal Surface Transportation Efficiency Act (ISTEA) (Pub. L. 102-240), as amended by section 1216(a) of the Transportation Equity Act (TEA-21) (Pub. L. 105-178), and section 1604(a) of the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU) (Pub. L. 109-594). Value pricing encompasses a variety of strategies to manage congestion on highways, including tolling of highway facilities through congestion pricing, as well as other strategies that do not involve tolls, such as pay-as-you-drive insurance (PAYDI) and parking pricing.

FHWA is primarily seeking non-toll congestion pricing proposals in order to address the legislative requirement that a minimum amount of VPPP funds be “set-aside for projects not involving highway tolls.” FHWA is particularly interested in “non-toll” projects in the following areas:

- PAYDI, where the majority of fixed insurance premiums are converted to variable premiums based upon miles or minutes of driving;
- Untested parking pricing innovations, such as occupancy-based on-street residential parking pricing;
- City-level enactment of parking cash-out ordinances; and
- Implementation of other innovative non-toll concepts.

NOTE: Public-Private Partnering for PAYDI Proposals

While prospective applicants are encouraged to research companies offering PAYDI and to solicit company partners on their own prior to the submission of their applications, FHWA understands that, in the past, applicants for VPPP funding have experienced difficulty in forging partnerships when faced with a tight application deadline. To address this, FHWA will make a couple of accommodations. First, FHWA will share this solicitation with the insurance industry, and companies will be invited to inform FHWA of their interest in a governmental partnership. FHWA will, in turn, create a list of companies interested in working with VPPP recipients, and, without preference or prejudice to any of the companies that respond, make this list available to prospective applicants, both on grants.gov and directly upon request. As the list gets updated, it will be reposted on grants.gov and resent to prospective applicants that had previously requested and received the list prior to update.

THE AVAILABILITY OF THIS INFORMATION SHOULD NOT BE CONSTRUED AS AN ENDORSEMENT OF ANY COMMERCIAL INSURANCE COMPANY OR PROVIDER OR OF ITS INSURANCE PRODUCTS. Use of information on this list by prospective applicants will not ensure development of a successful partnership. Use or failure to use information contained in this list to develop a partnership or an application

will not give the applicant any advantage or disadvantage during evaluation by FHWA. Second, FHWA will also accept PAYDI proposals that have not yet secured a partnership, but that commit to, with a timeline, securing the public-private partnership needed to advance the PAYDI program.

Entities Eligible to Apply for Funding

The VPPP authorizes the Secretary of Transportation (through the FHWA) to enter into cooperative agreements with up to 15 State or local governments or other public authorities (henceforth referred to only as "States") to establish, maintain, and monitor VPPP programs, each including an unlimited number of projects.

Amount Available for Grants as of October 1, 2014: \$1,426,628*

**Note: The actual amount available for award is expected to increase over the estimate listed above as projects are closed out and remaining funds are returned to FHWA. Please note that the timing of when the full funding level becomes available is subject to the rate at which cost underruns on existing projects are recognized, as well as the pro-rata share of available funds resulting from any applicable Continuing Resolutions.*

How to Apply

Application Deadline: Proposals are to be submitted in GRANTS.GOV by close of business on Friday, January 16, 2015

Selection Criteria and Additional Information

Statutory References

- ISTEIA Section 1012(b)
- TEA-21 Section 1216(a)
- SAFETEA-LU Section 1604(a)

Program Summary

Value pricing encompasses a variety of strategies to manage congestion on highways, including tolling of highway facilities through congestion pricing, as well as other strategies that do not involve tolls, such as PAYDI and parking pricing. The overall objective of the Value Pricing Pilot Program (VPPP) is to support efforts by State and local governments or other public authorities to establish local congestion pricing programs, to provide for the execution, monitoring, and evaluation of value pricing projects included in such programs, and to report on these effects. The effects of interest include impacts on congestion, travel behavior, traffic volumes, transit ridership, air quality, and funding for transportation improvements. FHWA is seeking applications to use less-tested, innovative approaches to congestion pricing to reduce congestion, improve system performance, and advance the Department's priorities of growing the economy, enhancing livability, and promoting environmental sustainability. All proposals should incorporate significant pricing mechanisms that are designed to substantially advance these objectives.

Funding

Funded by contract authority; funds are not transferable. Any fiscal year funds allocated to a State through this program shall remain available for obligation by the State for a period of three years after the last day of the fiscal year for which the funds are authorized. Funds are to be allocated by the Secretary of Transportation to the States.

Federal Share

The Federal share of the cost of a project under the VPPP is up to 80 percent.

Eligible Use of Funds

For this solicitation the FHWA is primarily interested in non-toll pricing applications, to facilitate compliance with the legislative requirement that a minimum amount of project funds be "set-aside for projects not involving highway tolls." While the FHWA evaluation team will consider a range of non-toll pricing projects of any variety, the intent is to prioritize applications that test something that has not yet been tested in the United States, such as a before/after study of driver behavior impacted by PAYDI, where the insurance premium varies substantially and transparently by miles or minutes of driving; however this interest does not preclude submission of other applications that meet VPPP eligibility criteria.

Funds available for the VPPP can be used to support pre-implementation study activities and also to pay for implementation costs of value pricing projects. Costs of planning for, setting up, managing, operating, monitoring, evaluating, and reporting on local congestion pricing pilot projects are eligible for reimbursement, but neither pre-implementation study costs nor implementation costs may be reimbursed for longer than three years. The three-year funding limitation will begin on the date of the first disbursement of Federal funds for project activities. FHWA has a strong bias toward funding implementation projects.

Project Costs Eligible for Grant Funding

Examples of specific pre-implementation and implementation costs eligible for reimbursement include the following:

1. Pre-Implementation Study Costs -- Covered activities include those for foundation building, such as public participation, consensus building and marketing, modeling, and technology assessments.
2. Implementation Costs -- Allowable costs for reimbursement include those for setting up, managing, operating, evaluating, and reporting on a value pricing project, including:
 - a. Salaries and expenses, or other administrative and operational costs, such as installation of equipment for operation of a pilot project, costs of monitoring and evaluating project operations, and costs of continuing public relations activities during the period of implementation;
 - b. Mitigation measures to deal with any potential adverse financial effects on low-income drivers, per section 1012(b)(7) of ISTEA as amended, including costs of providing transportation alternatives, such as new or expanded transit or ridesharing services provided as an integral part of the value pricing project. Funds are not available to replace existing sources of support for these services.

Project implementation costs can be supported until such time that sufficient revenues are being generated by the project to fund such activities without Federal support, but in no case for longer than three years. Funds may not be used to pay for activities conducted prior to approval for VPPP participation. The VPPP applicants are encouraged to explore opportunities for combining VPPP funds with other funds. Federal funds may not, however, be used to match VPPP funds unless there is specific statutory authority to do so.

Statutory Considerations

- Any project under this program must include, if appropriate, an analysis of the potential effects of the pilot program on low-income drivers and may include mitigation measures to deal with any potential adverse financial effects on low-income drivers.
 - o Where such effects are expected to be both negative and significant, possible mitigation measures should be identified, such as providing new or expanded transit service as an integral part of the value pricing project and convenient cash payment options for those who do not have bank accounts or credit cards. Mitigation measures can be included as part of the value pricing project implementation costs.
- Section 1012(b)(6) of ISTEA requires the Secretary to monitor the effect of value pricing programs for a period of at least ten years and report to Congress every two years on the effects such programs are having on driver behavior, traffic volume, transit ridership, air

quality, and availability of funds for transportation programs. Project partners will be expected to assist FHWA by providing data on their programs for use in these reports throughout the length of the monitoring and reporting period.

Project Selection Criteria

FHWA will evaluate proposals based on the following criteria:

1. the degree to which new, innovative value pricing approaches are included;
2. the degree to which stakeholder groups, including (among others) business groups, environmental groups, and advocates for social equity, are involved in and supportive of the project, and the likelihood of the project to win broad public support if such support is required to succeed;
3. the degree to which the project is likely to lead to relatively near-term large-scale implementation; and
4. the degree to which it is demonstrated that the project is testing especially promising strategies such that their implementation will likely then be replicated broadly.
5. the degree to which the proposal demonstrates an analysis of the potential effects of the pilot on low income drivers and any applicable mitigation measures to deal with potential adverse effects on low-income drivers;
6. the degree to which the proposal can demonstrate the potential of leveraging contributions from the private sector; and
7. the degree to which the proposal advances a non-toll pricing strategy.

Evaluation Process

Applications will be evaluated in accordance with the below discussed evaluation process. The FHWA will establish an evaluation team to review each application received by FHWA prior to the application deadline. The evaluation team will include technical and professional staff with relevant VPPP experience and expertise. The evaluation teams will be responsible for evaluating and rating all of the projects. All applications will be evaluated and assigned a rating of “Highly Qualified,” “Qualified,” or “Not Qualified.” The ratings, as defined below, are as follows:

Highly Qualified: Applications that are exemplary in addressing the project selection criteria itemized in the previous section.

Qualified: Applications that satisfactorily address each of the first six project selection criteria itemized in the previous section.

Not Qualified: Applications that do not meet the statutory eligibility requirements of the VPPP program or do a poor job addressing the project selection criteria

If the number of applications rated as “highly qualified” exceed the amount of VPPP funding available, FHWA will give priority funding consideration to projects that leverage non- federal resources and the capacity of the applicant to successfully implement the proposed project in a timely manner

Post-Selection Process

If a proposal is approved, a formal cooperative agreement will be prepared between the FHWA and the State. The cooperative agreement will include a refined scope of work developed from the original funding application and subsequent discussions with FHWA. Federal statutes will govern the cooperative agreement. Regulations cited in the agreement and 49 CFR Part 18, Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments, will also apply.

Other Requirements

Prior to FHWA approval of pricing project implementation, congestion pricing programs must be shown to be consistent with Federal metropolitan and statewide planning requirements (23 U.S.C. 134 and 135; and, if applicable, 49 U.S.C. 5303 and 5304).

Section 1012(b)(2) of ISTEA provides that revenues generated by any congestion pricing pilot project must be applied first to pay for pilot project operating costs. Any project revenues in excess of pilot project operating costs may, according to section 1012(b)(3) of ISTEA, be used for any projects eligible under Title 23, United States Code. A project's operating costs include, but are not limited to, any costs necessary for a project's execution; mitigation measures to deal with adverse financial effects on low-income drivers; the proper maintenance of the new pricing system; and a reasonable return on investment by any private entity financing the project.

Submission Requirements

The applications must be submitted electronically in PDF, via www.Grants.gov with a copy to the appropriate FHWA Division Office by Friday, January 16, 2015 (A list of FHWA Division Offices may be found at <http://www.fhwa.dot.gov/about/field.cfm>.)

Required Forms - Applicants must complete and submit the following forms. Failure to submit all required forms may result in the application being removed from consideration for award.

- [SF-424: Application for Federal Assistance](#) (at www.grants.gov)
- SF-424A: Budget Information - Non Construction Programs; Project Narrative
- SF-424B: Assurances
- SF- LLL: Lobbying Form

No particular format is required for the Project Narrative, but the Project Narrative should include the following background information:

- a. The name, title, e-mail address, and phone number of the person who will act as the point of contact on behalf of the requesting agency, authority, or authorities;
- b. A description of the agency, authority, or authorities requesting funding; and
- c. A description of the public agency or agencies that will be responsible for operating, maintaining, and enforcing the program.

The core of the Project Narrative should include the following:

1. A description of the congestion problem being addressed (current and projected);
2. A description of the proposed pricing program and its goals;
3. An identification and description of the facilities, systems, or area that will be covered;

4. Anticipated effects of the pricing program on reducing congestion, altering travel behavior, and encouraging the use of other transportation modes;
5. An identification of how the proposal addresses goals related to livability, sustainability, equity, congestion reduction, and safety;
6. The role of alternative transportation modes in the project, if applicable;
7. A description of the tasks to be carried out as part of each phase of the project;
8. A detailed project timeline broken down by tasks and phases;
9. An itemized budget broken down by task and funding year (i.e., Year 1, Year 2, etc.);
10. Plans for monitoring and evaluating implementation projects, including plans for data collection and analysis, before and after assessment, and long-term monitoring and documenting of project effects;
11. A discussion of previous public involvement, including public meetings, in the development of the proposed pricing program; any expressions or declarations of support from State or local government officials or the public; future plans for involving key affected parties, coalition building, and media relations, and more broadly for ensuring adequate public involvement prior to implementation;
12. Plans for meeting all Federal, State, and local legal and administrative requirements for project implementation, including relevant Federal-aid planning and environmental requirements; and
13. A description of how, if at all, any private entities are involved in the project, either in spending grant funds or in cost sharing.

If some of these items are not available or fully developed at the time a formal application for grant funding is submitted, applications will still be considered for funding support if they meet the interests of FHWA and if there is a strong indication that these items will be completed within a short time.

FHWA Points of Contact

General programmatic and solicitation questions:

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