

HAWAII ROAD USAGE CHARGE DEMONSTRATION

Application of the Hawaii Department of Transportation in partnership with
the City & County of Honolulu, County of Hawaii, County of Kauai, and
County of Maui

In response to FHWA Notice of Opportunity Number DTFH6116RA00013

Project Name: Hawaii Road Usage Charge Demonstration	
Previously Incurred Project Cost	\$0
Future Eligible Project Cost	\$19,000,000
Total Project Cost	\$19,000,000
STSFA Request	\$6,500,000
Total Federal Funding (including STSFA)	\$6,500,000
Are matching funds restricted to a specific project component?	No
State in which the project is located	Hawaii
Is the project currently programmed in the TIP, STIP, MPO LRTP or State LRTP?	No

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Project Narrative

1 Project Description

1.1 Summary

The Hawaii Department of Transportation (HDOT), in partnership with the counties of the state of Hawaii (County of Kauai, City and County of Honolulu, County of Maui, and County of Hawaii), is pleased to present this application for a Surface Transportation System Funding Alternatives (STSFA) grant. Hawaii proposes a three-year, six-phase project (summarized in the image below) that builds on existing state infrastructure that collects odometer readings annually as the basis for testing a road usage charge (RUC) user-based revenue alternatives. Our proposed project involves setup and implementation of an accounting system to provide prototypical invoices (or “billings”) for mileage driven and other direct communications about revenue alternatives to over 1 million motorists. Billings will feature personalized information about motorists’ road use and corresponding RUC, gas taxes paid, and other fees. The first demonstration activities will launch in the first half of 2017 with manual reporting and feature continuous feedback from motorists over 18 months.



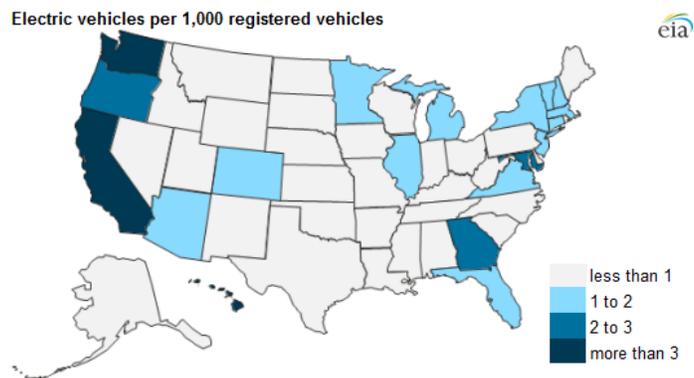
HDOT is uniquely positioned to meet or exceed all of the Congressional and U.S. DOT requirements and objectives for the STSFA program for the following reasons:

- **HDOT proposes by far the largest demonstration attempted for RUC, allowing for widespread communications and continuous feedback from our state’s residents and continuous system modification and improvement, which will prove useful to other states.** Although representing a small state, HDOT proposes to directly measure road use and provide prototypical billings and direct communications about the objectives of this program to over 1 million motorists across all four counties of the state.
- **HDOT proposes to test a statewide RUC as a potential replacement not only for state fuel taxes but also as a potential platform for collecting a mileage-based successor to federal and county fuel taxes and other state and county road user-based fees such as registration and weight fees.** Hawaii has in place a vehicle safety inspection program that already collects and records odometer readings on an annual basis as a prerequisite for vehicle registration. Building on this system as a foundation allows for: (1) widespread participation in a demonstration, (2) low marginal costs of administration, and (3) ability to explore streamlined collection of RUC (a prospective replacement for federal, state, and county fuel taxes) and other flat road-related fees such as inspection fees, state and county registration fees, and state and county weight fees.
- **HDOT has the policy understanding and administrative capabilities to execute a demonstration in a timely manner.** HDOT staff, including Project Manager Gerald Dang, have researched RUC for over a decade, including regular communications with Oregon about that state’s progress in RUC; participation in the Western Road Usage Charge Consortium (WRUCC) since March 2014; and recent completion of a RUC

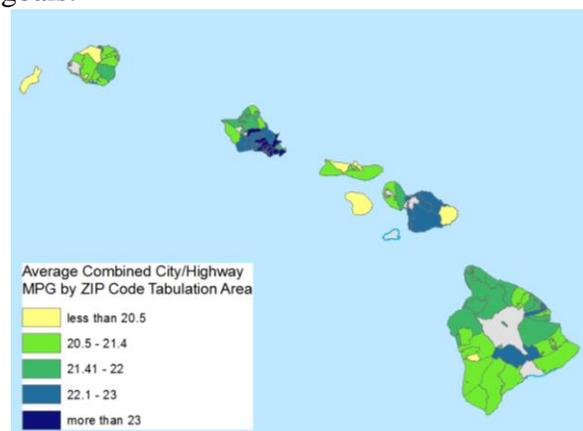
feasibility study for the state of Hawaii (launched in October 2015 prior to FAST Act passage) that identified key issues to explore in a demonstration (for an Executive Summary and excerpts of this study, see Annex B: Supporting Documents).

Hawaii is unique in many ways, most significant of which is our island geography, providing some advantages for tax enforcement, particularly for user-based road taxes such as a RUC. However, Hawaii is also a fragile state, delicately balancing the imperative of mobility and the energy demands that come with it against the economic costs of imported fuels and the environmental impacts of greenhouse gas and other emissions on our air quality and heavily coastal populations. Transitioning Hawaii’s ground transportation vehicles from internal combustion engines to high miles per gallon (MPG) and alternative fuel vehicles is an important strategy for supporting Hawaii’s statewide energy policy goals, which include reduction or elimination of fossil fuel use. Changing the structure of transportation funding, to ensure that system maintenance and energy policy are aligned, is integral to achieving the State’s goals. In our RUC feasibility study, HDOT identified a number of key policy questions that a RUC demonstration can help to explore in more detail in the unique context of Hawaii.

- A leading policy issue is the intersection and alignment of transportation funding and energy policies. Hawaii is in the top three electric vehicle (EV) adopters among states, buoyed by a mild climate, relatively short driving distances, and relatively high fuel prices. The state has a 100% clean energy goal by 2045. A key question for research is how could a per-mile fee affect purchase and use of high MPG and alternative fuel vehicles, which are critical to Hawaii’s energy independence objectives. HDOT will address this and related questions by extensive outreach, demonstration, communication, and collection of feedback, while researching RUC and related policy alternatives that impact energy goals.



- Another concern in Hawaii is the relative impact of a per-mile fee on residents who drive long distances. As part of the feasibility study, HDOT completed the nation’s first ZIP code-level analysis of MPG, which allows for a relative impact analysis of RUC compared to gas taxes. As shown in the map at right, the Honolulu metropolitan area (southeastern Oahu) and Kahului (central Maui) are the regions with the highest average MPG by ZIP code. Rural areas, including the North Shore of Oahu, and nearly all of Hawaii and Kauai Counties, have relatively lower MPGs. This means that residents of rural areas tend to pay more in gas taxes today than they would



under a revenue-neutral RUC. HDOT will explore this issue in more detail by adding mileage driven by ZIP code to make the analysis even more robust.

- Finally, HDOT intends to address the issue of tourism. Hawaii welcomes over 8 million visitors annually for an average stay of 9+ days, or over 75 million person-days. At any given time, there are over 200,000 visitors on the islands, nearly 15% of the resident population. Tourism is critical to Hawaii's economy; HDOT's role in this is to balance the visitor mobility and high quality roads against the funding needs of the road system. Vehicle miles of travel (VMT) by visitors in Hawaii as a proportion of total VMT is among the highest in the nation, but almost entirely in rental cars (there are over 17 million rental car-days per year statewide). Therefore, a key policy question the demonstration aims to address is how to ensure that visitors contribute their fair share to the road system under a RUC, how that compares to gas taxes, and how to operationalize large rental car fleet relationships to accurately and efficiently assess a RUC.



To address these and other policy questions, HDOT is prepared to implement a project valued at \$19 million. HDOT is requesting about 34% of this in federal funding (\$6.5 million) through the STSFA program. All other project costs will come from non-federal sources, totaling 66% (\$12.5 million) and serving as the minimum 50% non-federal match. This ambitious proposal meets or exceeds all of the U.S. DOT grant purposes, FAST Act criteria that must and may be addressed, and U.S. DOT grant priorities, as summarized in Section 1.2.

1.2 Vision, Goals, and Objectives

HDOT has elaborated the following vision, goals, and objectives for the RUC demonstration.

Vision: Sustainable transportation funding system for Hawaii, where sustainability is defined along three dimensions:

- *Revenue:* stable, reliable revenue sufficient to maintain Hawaii's transportation system like a utility.
- *Stakeholders:* transparent and fair transportation funding sources for Hawaii's residents.
- *Energy:* transportation funding sources and uses that align with the state's environmental protection and energy efficiency policies and goals.

Goals:

- Build a demonstration program as a platform for exploring and resolving policy challenges facing the sustainable funding vision.
- Provide actionable information to state legislators to consider in crafting policy for sustainable transportation funding in Hawaii at or near the conclusion of the project.
- Partner with state and local agencies to identify, explore, and resolve administrative challenges.
- Provide results instructive to the federal government and other states and jurisdictions, such as those with the following features or interests:
 - Interest in integrating federal, state, and possibly local charges and reconciling funds collected between federal, state, and local Treasuries

- Interest in exploring methods to streamline multiple user-based revenue mechanisms (local, state, and federal) into a single system that allows motorists to make installment payments over time rather than lump-sum payments annually.
- Existing periodic vehicle inspections whereby miles are or could be reported by odometer readings (16 other states require periodic safety inspections).
- Local-option fuel taxes (13 other states allow county, city, and/or other local option fuel taxes).
- Interest in large-scale public engagement around transportation funding and incorporating public feedback into policy and system design.
- Island geography (five U.S. territories) or otherwise isolated population (Alaska).

Objectives:

- Test four alternative methods of reporting mileage as the basis for a RUC and gather public feedback on the opportunities for and obstacles to implementation of each method.
- Test a wide range of payment methods and frequencies for RUC both alone and in combination with other user-based fees such as federal gas tax and state registration fees.
- Test whether a RUC affects purchasing decisions regarding clean vehicles and whether providing driving cost information (i.e., RUC statement) results in any reduction of miles driven among all drivers regardless of vehicle type.
- Test per-mile rates that vary by county to determine to what extent differences in the rate influence driving behavior and choices.
- Continuously evaluate and modify the parameters of the demonstration based on feedback received from resident participants.

1.2.1 Alignment with U.S. DOT grant purpose

The table below summarizes how HDOT’s proposal aligns with U.S. DOT’s stated grant purposes. The first five are objectives derived directly from FAST Act Section 6020.

U.S. DOT grant purpose	HDOT proposal to address grant purposes
1. Test the design, acceptance, and implementation of 2 or more future user-based alternative revenue mechanisms	HDOT proposes four methods of mileage reporting as well as integrating RUC with at least one other existing user-based fee (state registration fee) and possibly other user-based fees (federal gas tax, county registration fee, state weight fee, county weight fee, safety inspection fee).
2. Improve the functionality of such user-based alternative revenue mechanisms	HDOT proposes a long-term demonstration with over 1 million motorists providing feedback continuously, in order to continuously refine and improve functionality of the methods of mileage reporting and payment alternatives.
3. Conduct outreach to increase public awareness regarding the need for alternative funding sources for surface transportation programs and to provide information on possible approaches	The platform for HDOT’s proposed RUC demonstration allows for a very broad communications effort describing the program purpose, objectives, and issues with nearly all motorists in the state. All motorists will receive at least one such communication, and many will receive two. All will have opportunities to provide direct feedback on their

	understanding of and experience with mileage fee prototypical billings.
4. Provide recommendations regarding adoption and implementation of user-based alternatives revenue mechanisms	The feedback received from motorists, project partners, and other stakeholders will allow HDOT to develop recommendations for agency and elected officials in Hawaii, but also for many other states with similar characteristics as outlined in the project goals above.
5. Minimize the administrative cost of any potential user-based revenue alternative revenue mechanisms	Because HDOT’s proposed demonstration covers nearly every vehicle in the state, the project will allow direct insights into actual costs; continuous feedback and improvements over the two-year project period will further allow identification of administrative efficiencies.
6. Minimize the administrative costs associated with the collection of fees	HDOT’s proposed project allows for identification of efficiencies in the collection of a variety of fees by demonstrating how to combine RUC with other user-based revenues (at minimum state registration fees).
US DOT is most interested in funding larger scale pilots rather than smaller scale proof of concept projects	No pilot or even live system has ever been proposed or implemented that reaches as many motorists as HDOT’s proposal.
US DOT is most interested in awarding funds to both single State and multi-State pilots	Although we represent a single state (and its constituent counties), HDOT has the support of WRUCC (see enclosed letter) and is committed to providing lessons learned not only to our own state’s officials and FHWA but also to partner agencies in WRUCC.

1.2.2 Alignment with FAST Act criteria

The table below summarizes how HDOT intends to address all criteria that **must** be addressed according to the FAST Act Section 6020.

Required FAST Act criteria	HDOT proposal to address required criteria
1. Adoption issues	
a. Implementation	HDOT’s proposal allows opportunities to experience, learn, and address implementation issues related to manual and automated mileage reporting and a range of user-based charge collection mechanisms.
b. Interoperability	As an island state with little relative vehicular traffic to and from the mainland, there is little value for HDOT to develop interoperability methods with other states on its own. However, HDOT proposes to address interoperability across the four counties of Hawaii, each a distinct island or set of islands. Each county has a distinct fuel tax rate, so the per-mile rates in the RUC demonstration will vary by county. This requires HDOT to deal with vehicles that are cross-registered (i.e., registered in one county but located in another county; this is common for residents who commute between islands, with a residence on one island but a vehicle for work purposes located on another island).

Required FAST Act criteria	HDOT proposal to address required criteria
c. Public acceptance	The broad reach of the RUC demonstration will allow for the possibility of very large amounts of feedback from the public in order to gauge acceptance factors related to their experience with RUC.
d. Other	Based on extensive research of other efforts and involvement with Western Road Usage Charge Consortium, HDOT understands that the most important factor relating to RUC adoption is political understanding and acceptance of the need for and possible characteristics of RUC. HDOT is already working with legislators and the Governor to convene a Stakeholder Support Group to provide feedback on the development of RUC policy and system design. This support group will convene in 2016 and serve as a sounding board for communications and operational details through all phases of the project. Their feedback will provide an important connection between the pilot test activities and stakeholder outreach to build understanding around RUC concepts being tested.
2. Protection of personal privacy	<p>The third phase of HDOT’s proposed project does not require any new information from motorists beyond what is already collected, so there is no impact on privacy requirements. The fifth phase, involving volunteers opting in for automated mileage reporting, will feature privacy protection based on Stakeholder Support Group direction, Hawaii statute and regulations, and best practices in Oregon, Washington, and California. Commitments to privacy protection will be reflected in contracts between HDOT and any third parties. For example, they will reflect the following at minimum:</p> <ul style="list-style-type: none"> • The right to privacy is guaranteed by the Hawaii State Constitution at section 6. • Statutory protections regarding security breach of personal information are set forth at Section 487N, HRS, with destruction of personal information records set forth in Section 487R, HRS. • Additional best practices for the State of Hawaii as appropriate from the Information Privacy & Security Council, found at: http://ipsc.hawaii.gov/guidelines-best-practices/
3. Use of vendors to collect fees and operate the mechanism	HDOT has an existing contract with a private vendor for collection and electronic storage of mileage data from all vehicles in the state as part of the periodic motor vehicles safety inspection process. In addition, HDOT has agreements with over 600 inspectors around the state to collect this information. HDOT intends to leverage this existing mechanism and these relationships for the project. HDOT further intends to work with account management service providers to convert mileage data already collected into prototypical billings for motorists in phase three, and with technology vendors to supplement manual reporting with optional automated reporting in the phase five.
4. Market-based congestion	Based on the method of mileage reporting proposed, HDOT does not intend to examine market-based congestion mitigation impacts of

Required FAST Act criteria	HDOT proposal to address required criteria
mitigation impacts, if appropriate	variable mileage charge rates by location or time-of-day. That said, the RUC is a direct charge compared to the gas tax which is hidden. By surveying participants about their experience and measuring their reactions, we will be able to assess how RUC impacts driving behavior. The demonstration will also feature variable per-mile rates by county, since each of the four counties of Hawaii currently has distinct fuel tax rates. HDOT will examine how variable rates influence driving choices and travel behavior, both in the third (manual) phase and fifth (automated) phase of mileage reporting.
5. Equity concerns	HDOT has identified several equity concerns that will be relevant for Hawaii drivers. The most important are believed to be: (1) the issue of urban vs. rural or long-distance drivers (particularly those drivers in rural counties such as County of Hawaii who travel longer distances) and (2) the issue of equity for low-income drivers who already incur large payments for vehicle-related fees in addition to gas taxes. HDOT has already conducted a first-in-the-nation analysis of impacts of a mileage fee by ZIP code. This analysis will be enhanced by the direct feedback of participants in a demonstration project about their relative payments for fuel taxes vs. RUC. The demonstration will also allow for participant feedback regarding the ability to bundle RUC with other user-based revenues in order to make installment payments rather than large lump-sum payments. HDOT hypothesizes this will be a major acceptance factor for implementing changes to transportation funding in the state, and the demonstration will provide direct feedback.
6. Ease of compliance	Because manual reporting will be based on existing infrastructure, ease of compliance will be most important as it relates to actual collection of revenues via payments. Although HDOT does not propose to collect actual revenue during this demonstration, participant feedback and input from partner project agencies will inform how a model payment structure could be defined to enhance compliance.
7. Reliability and security of technologies used	Phase three manual reporting will not require detailed examination of reliability and security of in-vehicle technologies. However, phase five automated reporting of RUC (on an opt-in basis) will feature evaluation of equipment reliability and security, including detailed evaluation criteria to be developed with input from the Stakeholder Support Group.

The table below summarizes how HDOT intends to address all criteria that **may** be addressed according to the FAST Act Section 6020.

Optional FAST Act criteria	HDOT proposal to address optional criteria
1. Flexibility and choices available for user payments	HDOT proposes to provide information to motorists about a variety of payment frequencies and methods. Payment frequency choices will include: (1) paying RUC as a one-time annual fee, (2) paying RUC

Optional FAST Act criteria	HDOT proposal to address optional criteria
	quarterly or monthly, (3) paying RUC quarterly or monthly in combination with other user-based revenue mechanisms including at minimum the state registration fee and possibly also other federal, state and county taxes and fees. Payment method choices will include: (1) paying online via credit card, debit card, or e-check, (2) paying via check by mail, and (3) paying in person at a county DMV facility. HDOT will examine public feedback related to this range of choices.
2. Administrative costs	HDOT's proposed test is the largest ever attempted for light vehicle RUC among either live or pilot systems. Therefore, given its coverage of nearly every motorist in the state, the demonstration will approximate actual costs to administer a live RUC program.
3. Ability to audit and enforce compliance	HDOT's annual safety inspection odometer readings are a de facto annual mileage audit of every vehicle in the state. This vehicle and odometer data collection is fundamental to HDOT's proposed RUC demonstration. HDOT will further test the effectiveness of existing safety inspection enforcement by working with partner counties (there are only county police in Hawaii) to understand how existing enforcement efforts are conducted, how effective they are, and how they might be improved.

1.2.3 Alignment with U.S. DOT priorities

The table below summarizes how HDOT's proposed demonstration aligns with U.S. DOT's priorities as expressed in the Notice of Funding Opportunity.

U.S. DOT priorities	HDOT proposal to address priorities
1. Applications sought for	
a. Full new demonstration projects	HDOT proposes a full new demonstration project spanning 3 years of development and operations with nearly all motorists in the state.
b. Extensions or enhancements of existing demonstration projects	N/A
c. Required pre-demonstration activity leading directly to a planned future demonstration project in the near term (less than 18 months from award)	HDOT's proposal includes both pre-demonstration activities and demonstration activities in a single integrated work plan for ease of transition and continuity across phases.
2. The purpose of the program is to deploy and evaluate demonstration projects. There is no interest in applications that will simply perform exploratory research	HDOT is proposing to test real applications that could be adapted easily for an actual revenue collection system using existing state infrastructure for mileage data collection.
3. For states that have previously proved the viability of an alternative revenue mechanism, applications could include	N/A

U.S. DOT priorities	HDOT proposal to address priorities
methods for improving on the approach through such features as:	
a. Improving the functionality of the existing system	N/A
b. Expansion of the demonstration in number of vehicles involved or jurisdictions	N/A
c. Enhancing public acceptance	N/A
4. For states which have not initiated a demonstration project, pre-deployment activities could include:	
a. Defining in detail the mechanism to be demonstrated;	HDOT proposes to use the first phase of the project to define the manual reporting mechanism in final detail, including the communications and messages to be included, work with vendors to set up, integrate, test, and deploy the mileage reporting data transmittals, billing systems, and mailings.
b. Pursuing necessary state enabling legislation;	HDOT has support of key state legislators as indicated by the enclosed letters of support. No further legislation is necessary to proceed with the demonstration proposed.
c. Defining in detail the issues to be addressed;	HDOT will continue to work with the Stakeholder Support Group throughout the project to address issues that have already been identified through the feasibility study, and work to define and determine how to address new issues that emerge.
d. Planning the deployment timeline and milestones;	HDOT has already planned the deployment timeline and milestones, but adjustments will be made in response to direction from FHWA and the Stakeholder Support Group.
e. Budgeting for deployment and identifying non-federal funding sources; and/or	HDOT has already developed a budget, including state hard match, state in-kind match, and federal funding for each phase of the project.
f. Organizing partnerships internally within the State, externally with other States,	HDOT has already received commitments to participate from partner agencies including all four counties, one of which (City and County of Honolulu) operates the state motor vehicle registry. HDOT is also a member of WRUCC.
g. and with other external partners such as private third party vendors.	HDOT already has vendors in place to conduct mileage data collection and will procure new vendors in phase two to handle billing and communications, and in phase five for automated reporting.

U.S. DOT priorities	HDOT proposal to address priorities
5. All relevant state agencies (e.g., DMVs, Revenue Departments) are expected to be involved as needed in planning and operation of the demonstration	HDOT has commitments to participate from all relevant agencies including the four counties (one of which, City and County of Honolulu, operates the state vehicle registry on behalf of the state) and the Department of Taxation, which currently collects state and county fuel taxes.

1.3 Project Characteristics

HDOT will be the lead agency for administering any grant funds awarded for this effort. HDOT is working in partnership with the four counties of Hawaii as summarized by the table below:

Agency	Role	Financial contribution
HDOT	<ul style="list-style-type: none"> • Overall project administrator and sponsor • Contracting entity with professional and customer service providers • Overseer of statewide periodic motor vehicle inspection program • Entity charged with maintaining safety inspection database and vehicle odometer data • Reporting results 	\$1.5 million hard match from State Highways Administration Capital Improvements Program Planning budget; \$11 million in-kind from over 1 million odometer inspections
City & County of Honolulu	<ul style="list-style-type: none"> • IT provider for statewide vehicle registry • Participant recruitment partner 	N/A
County of Kauai	<ul style="list-style-type: none"> • Participant recruitment partner 	N/A
County of Maui	<ul style="list-style-type: none"> • Participant recruitment partner 	N/A
County of Hawaii	<ul style="list-style-type: none"> • Participant recruitment partner 	N/A
Department of Taxation	<ul style="list-style-type: none"> • Observer • Fuel tax data provider 	N/A
Department of Business, Economic Development & Tourism (DBEDT)	<ul style="list-style-type: none"> • DBEDT's State Energy Office will provide feedback on analysis of energy-related research questions 	N/A
Stakeholder Support Group	<ul style="list-style-type: none"> • Members will include state legislators, State Energy Office, Hawaii Tourism Authority, county representatives, road user stakeholders, and others 	N/A
Total non-Federal contribution		\$12.5 million

The proposed demonstration and related activities are phased according to the following schedule, a total of 6 phases spanning 36 months. This application is for funding for the entire duration of the project.

Phase	Name	Description	Dates
1	Policy Design [36 months]	Convene Stakeholder Support Group; develop and refine communications plan and final pilot design features	July 2016-June 2019 [note that Stakeholder Support Group will remain in place through all phases]
2	Manual Reporting Test Setup [6 months]	Setup systems to provide prototypical billings (i.e., invoices that show amount of miles driven and amount of RUC owed, without any actual payment expectation or requirement) to approximately 1 million motorists; develop communications; develop evaluation procedures for continuous feedback and updating of materials; high-level communications	October 2016-March 2017
3	Manual Reporting & Evaluation [18 months]	Execute manual RUC demonstration; mail billings and communications to motorists; analyze feedback; update billings and communications based on feedback; recruit volunteers for automated reporting phase	April 2017 – September 2018
4	Automated Reporting Test Setup [6 months]	Set up service providers for automated reporting options; recruit and enroll up to 2,000 volunteers	July-December 2017
5	Automated Reporting & Evaluation [9 months]	Execute automated RUC demonstration; onboard volunteer participants; survey participants about their experience	January-September 2018
6	Report to Policy Makers [9 months]	Produce evaluation and final reports for legislature; draft bills to consider for implementation based on results of demonstration	October 2018-June 2019

Additional future phases beyond 2019 would involve implementation of an actual revenue collection system. A schedule of the phases is provided below; a more detailed schedule is provided in Section 5.

Phase	Description	July - December 2016	2017	2018	January-June 2019
1	Policy Design				
2	Manual Reporting Test Setup				
3	Manual Reporting & Evaluation				
4	Automated Reporting Test Setup				
5	Automated Reporting & Evaluation				
6	Report to Policy Makers				

As summarized in the table below, the test will involve over 1 million motorists, nearly all vehicle owners in the entire state of Hawaii, including residents of all four counties: City and County of Honolulu, County of Kauai, County of Maui, and County of Hawaii.

Jurisdiction	Test phase 3 (manual reporting)	Test phase 5 (automated reporting)
City and County of Honolulu	700,000	800
County of Kauai	70,000	400
County of Maui	160,000	400
County of Hawaii	170,000	400
Total	1,100,000	2,000

For further detail on the vehicles to be involved in the project, the table below summarizes key segments of the vehicle fleet of interest to HDOT. For example, one segment of particular interest is rental fleets, which form a relatively large proportion of total vehicles in Hawaii due to the tourism industry. HDOT will work with stakeholders from the tourism industry as part of the Stakeholder Support Group to ensure the successful collection of sufficient, relevant information to address policy questions related to impacts of RUC on tourism.

Phase	Vehicle types	Length of participation	Pilot activities
Manual reporting phase – 1,100,000 vehicles	Private passenger cars & trucks	18 months	Receive one or more prototypical RUC billings; provide feedback
	Military, government, and diplomatic vehicles		
	Rental car fleets		
	Other commercial light fleets		
	Public agency fleets		
Electronic reporting phase – 2,000 vehicles	Private passenger cars & trucks	9 months	Report mileage electronically; receive and pay billings via simulation; provide feedback
	Rental car fleets		
	Public agency fleets		

1.4 Plans for evaluation, reporting, data management, cost estimation, system maintenance, and industry partnerships

1.4.1 Evaluation and reporting plan

HDOT's proposal features two types of evaluation: (1) evaluation of the policy of per-mile RUC for Hawaii, and (2) evaluation of the objectives of the STSFA program.

(1) HDOT proposes continuous evaluation and reporting on the per-mile RUC policies being tested in Hawaii. This is unique among RUC programs to date. Typically, road pricing and technology demonstration efforts involve implementation and operations, *followed by* evaluation. This gives program planners one chance to set up the program, test it, operate it, then evaluate how it performed. HDOT's proposal is different from this approach in two significant ways.

- First, the over-riding state interest in this project is to determine the viability of a new public funding policy for our state and possibly our nation; therefore, the most important evaluation is of the policy itself, as expressed by legislators and their constituents.
- Secondly, the manual nature of RUC reporting in HDOT's proposed project (phases 2-3) lends itself to widespread outreach and gathering of feedback from motorists over a long period of time. Approximately 20,000 vehicles have safety inspections each week in Hawaii. We propose to communicate directly with all of these motorists from around the state about how roads are funded in Hawaii, the dilemma of declining gas tax revenues, and the possible alternatives. In addition, we will use actual mileage and estimated gas consumption by each vehicle to elicit direct feedback and opinions on a potential RUC compared to the current gas tax. Motorists will be invited to complete surveys online or by mail. As the results of these surveys are collected, HDOT and partners will analyze the results in real time, make adjustments, and try to determine which messages provide the clearest and most compelling explanation of the situation. By engaging in this type of near-real-time, continuous improvement process, we hope to measure motorist sentiments as a function of the communications they receive. This is perhaps the most important innovation of HDOT's proposal that has not been attempted elsewhere for RUC.

(2) In addition to the continuous improvement process based on motorist surveys, HDOT will evaluate the overall program performance in accordance with FHWA requirements, with reports every year from project inception. HDOT also commits to provide support to FHWA in its biennial program assessment. HDOT's annual reports, overseen by the Project Manager, will be drawn from a series of monthly debrief meetings with the project team, where all team members will be asked to summarize their activities, accomplishments, lessons learned, challenges, risks, and next steps. The annual reports will feature the following:

- Summary, qualitative report of the overall project goals, objectives, and status, including a description of project accomplishments and milestones reached in the previous year and plans for the coming year.
- Detailed, quantitative report of funds budgeted vs. expended, number of participants engaged, number of miles traveled, surveys completed and analyzed, financial estimates of hypothetical RUC available vs. fuel taxes collected at the state and county levels, financial estimates of other hypothetical fees collected on a RUC platform, and revised cost estimates to operate a RUC program.

- The evaluation report will specifically describe progress against STSFA program objectives (see HDOT’s specific objectives in Section 1.2.1). This includes a summary of activities that were designed to further the testing, design, and acceptance of RUC in Hawaii; improvements made through our continuous improvement process to the system; quantitative and qualitative measures of our outreach accomplishments both with regard to the specific test-related direct communications as well as general outreach; recommendations regarding implementation and adoption based on learnings to date; and cost estimates to administer RUC in Hawaii, both on behalf of the state and on behalf of other jurisdictions such as the federal government and counties.
- Each year’s evaluation report will have a section dedicated to challenges overcome and lessons learned.
- The evaluation report will address gaps or needs to implement a pilot on a broad scale. Because HDOT is proposing a very large demonstration, it is likely that the demonstration itself will be the most instructive of its kind in addressing large-scale implementation challenges. One issue related to deployment that will be addressed is how to actually implement the *revenue collection* component and how to integrate *enforcement*—two features which will not be directly tested in early phases in a pilot environment, but which already exist for other revenue mechanisms in Hawaii.
- Finally, our annual reports will include a summary of findings and recommendations. Recommendations will be aimed at three separate audiences: (1) HDOT and partners agencies in Hawaii for future years, (2) other jurisdictions with similar characteristics as Hawaii (such as annual vehicle inspections, county-level fuel taxes, and others as summarized in our goals in Section 1.2), and (3) the federal government.

1.4.2 *Process for collecting, managing, storing, transmitting, and purging data*

Following is a description of the process for handling data in the manual testing phase [phase 3]. Data collected include contact information [name, address], and vehicle information [VIN, odometer readings and corresponding dates]. With input from HDOT advisors and the Stakeholder Support Group, HDOT will make final determinations based on policy preferences, local laws, regulations, and public stakeholder input, but the following provides a starting point for the project.

- **Collecting:** Personal contact details and vehicle information (including odometer readings) will be collected through existing Periodic Motor Vehicle Inspection (PMVI) system; some data will be imputed through third-party data service provider (e.g., vehicle make, model, year, and MPG); participant feedback will be collected via mail-in forms and web surveys.
- **Managing:** Participant data will be managed in two third-party data management systems. The first is the existing PMVI system, which manages participant contact information, vehicle details, and odometer readings. The second is a third-party account management and billing system, which will draw on information from the PMVI system to generate billings and other information for motorists.
- **Storing:** All data will be stored in the PMVI system according to existing regulations in Hawaii. Data in the account management/billing system will be stored for purposes of the pilot test.
- **Transmitting:** Data transmission will occur between the PMVI and account management systems over a secure web connection. Data transmission will also occur between the

account management system and motorists via mail. Personal information contained in this indicative billing will include vehicle type, annual mileage, and estimated fuel consumption.

- Purging: Personally-identifying information from participant feedback will be purged immediately; information used in developing prototypical RUC billings already exists and will not be impacted.

Following is a description of the process for handling data in the automated testing phase [phase 5]:

- Collecting: Third-party device and app providers will collect mileage and, optionally, location data from motorists.
- Managing: Third-party providers will manage all motorist data.
- Storing: Third-party providers will store all motorist data.
- Transmitting: Third-party providers will transmit data to participants via email statements periodically, and will transmit aggregate data to HDOT with no accompanying personal information.
- Purging: Data will be purged in accordance with HDOT direction and Stakeholder Support Group input.

HDOT is a member of the WRUCC, a voluntary coalition of state DOTs committed to collaborative research and development of RUC. The Consortium's vision is to develop per-mile RUC systems that are open to foster competition, allow for motorist choice in how the charge is assessed and paid, are compatible with readily available and affordable products and technologies, and are designed to achieve the primary purpose of collecting taxes to fund roadway maintenance and improvements. Consortium members share goals in working together especially around understanding and exploring feasibility of and concepts for a multi-jurisdictional per-mile charging system. For the automated test phase, HDOT, as a WRUCC member, will build on work conducted by WRUCC to date and will use open standards as appropriate to Hawaii's unique vehicle regulation procedures. Fellow WRUCC members implementing or pursuing pilots such as Oregon, California, Washington, and Colorado are using open standards. Common use of these standards builds in opportunities for interoperability and more cost effective administration of automated reporting options from the beginning.

1.4.3 Plan for developing cost estimates

HDOT has included as part of the detailed scope of work a plan for developing cost estimates for full implementation of RUC as part of phase 6 to inform any RUC efforts beyond the demonstration activities carried out under the STSFA program. In its feasibility study, HDOT divided the cost of administering RUC into three overarching categories: mileage reporting, account management (conducting transactions), and enforcement. Developing full system cost estimates will involve the following steps:

- Mileage reporting: Because the demonstration program will feature nearly all motorists in Hawaii, the actual costs incurred in the pilot program will serve as a very useful, highly relevant benchmark for full system cost estimates. Evaluation surveys will reveal preferences and choices of motorists so that HDOT can discern the relative volumes of motorists who would prefer manual mileage reporting compared to automated reporting.

- Account management: In addition to mileage reporting preferences, HDOT expects that motorists will provide information in sufficiently large sample sizes to determine approximate frequencies and locations of RUC payment, as well as type of payment (e.g., credit cards vs. checks or cash), preferred by the public. All of these factors inform system cost estimates for conducting transactions. In addition, HDOT will interface with account management system vendors in phases 2-5, which will allow market-based signaling of the relative costs of transaction processing software.
- Enforcement: Hawaii has no state police, only county police. By partnering with the counties of Hawaii, HDOT expects to learn about the effectiveness and relative costs of enforcement of existing vehicle registration and PMVI requirements. Similar levels of effort and effectiveness should apply to RUC for manual reporting. Automated RUC reporting may require additional information from account managers and best practices from tax collecting agencies (such as Department of Taxation, shown on the project org chart) who can provide benchmark cost estimates for activities such as penalty assessment, collections, and adjudication of disputes.

1.4.4 Plan to deploy and provide long-term operation and maintenance of the alternative revenue mechanism

As part of phases 1 and 6 (project management and reporting to policy makers), HDOT intends to develop transition plans for how a RUC could be deployed in Hawaii. The transition plan will include the following elements:

- Description of alternative policy approaches to introducing a mileage-based fee for Hawaii based on the evaluation of the demonstration.
- Under each alternative, description of the steps needed to be taken by HDOT, other state agencies, and local agencies to set up and implement the fee.
- Estimates of the level of agency and contractor effort to implement and operate the fee, as well as budget impacts.
- Identification of regulatory, legislative, and institutional challenges to deployment that need to be overcome.
- Analysis of the net revenue projections of the fee mechanism, including its ability to contribute to preservation of the state and local road and transportation systems by improving safety, efficiency, and performance.
- Return on investment analysis of the mileage-based revenue alternative compared to the current gas tax system.

1.4.5 Plan for partnering with the private sector or public agencies

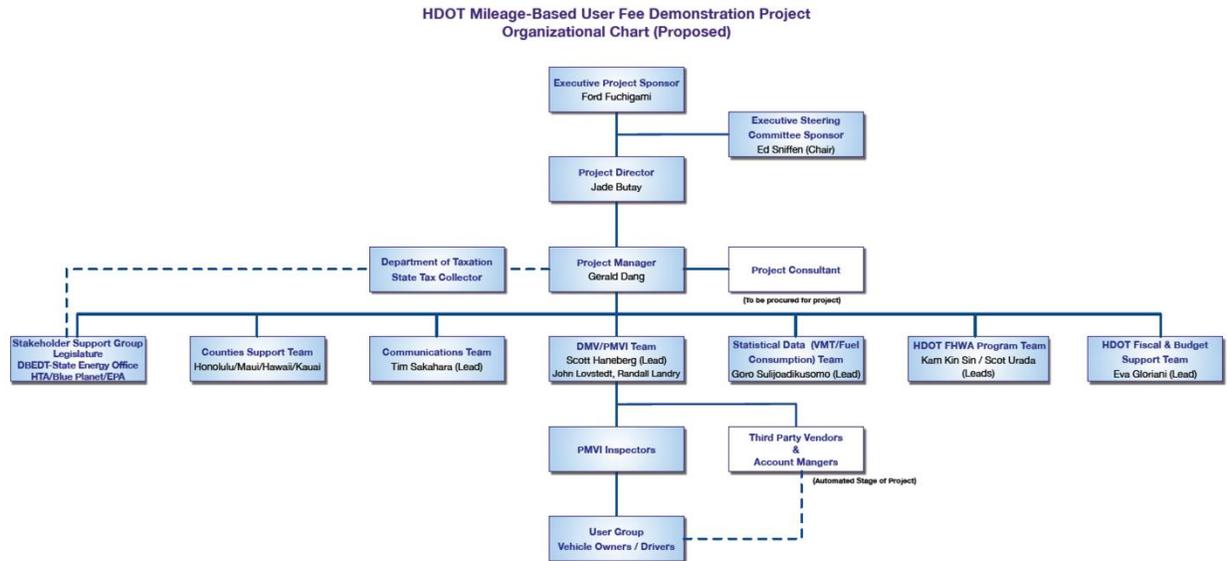
See Section 2 for details. In addition to FHWA, HDOT is partnering with private sector firms (existing contractor for odometer charges, project consultant to be procured, and mileage fee service providers to be procured) and other agencies at the state and local levels.

1.5 Evidence of state legislative support for the demonstration

Annex C: Letters of Endorsement includes letters of support from state legislators, county mayors, Department of Taxation, and WRUCC. It also describes bills introduced in the past three legislative sessions indicating interest in user-based revenue alternatives such as RUC.

2 Staffing Description

The chart below depicts the complete organizational structure for our proposed demonstration project. Our broad, experienced team is organized to ensure that all necessary areas are covered, including project management, policy, technical, communications, stakeholder management, data analysis, FHWA reporting, and relationships with partner agencies. Below the chart, a table summarizes the names, roles, and responsibilities of each key member of the project team. Bios for all key staff listed in the table below can be found in Annex A: Staff Bios.



Name	Agency	Role	Responsibility
Ford Fuchigami	HDOT	Agency Director & Executive Project Sponsor	Overall leadership of and authority for project
Ed Sniffen	HDOT	Executive Steering Committee Sponsor	Overall project oversight and periodic briefings with executive steering committee
Jade Butay	HDOT	Project Director	Point of contact and coordination with outside entities including Legislature, Stakeholder Support Group, and other states including WRUCC; RUC subject matter expert
Gerald Dang	HDOT	Project Manager	Day-to-day project manager; oversee schedule and budget performance; procure outside support; coordination of internal and contractor staff (consultants and vendors); contract management and oversee

Name	Agency	Role	Responsibility
			contractor performance; report to project sponsors; RUC subject matter expert
Stakeholder Support Group	Various	Input and Feedback	Review project progress; provide input to policy and system definition, communications, and evaluation
Galen Onouye	City & County of Honolulu	Counties Support Team Liaison	Liaison to DMV and Honolulu PMVI inspectors; point of contact for county volunteer recruitment and project reporting
David Goode	Maui County	Counties Support Team Liaison	Liaison to Maui County PMVI inspectors; point of contact for county volunteer recruitment and project reporting
Larry Dill	Kauai County	Counties Support Team Liaison	Liaison to Kauai County PMVI inspectors; point of contact for county volunteer recruitment and project reporting
Warren Lee	Hawaii County	Counties Support Team Liaison	Liaison to Hawaii County PMVI inspectors; point of contact for county volunteer recruitment and project reporting
Tim Sakahara	HDOT	Communications Team Lead	Oversee and provide guidance on communications aspects of the project, including development of material for direct mailings, public outreach, media coordination, and briefings of elected officials and stakeholders
Scott Haneberg	HDOT	DMV/PMVI Team Lead	Coordinate vehicle and odometer data acquisition to support demonstration activities
Randall Landry	HDOT	DMV/PMVI Team Support and Grant Manager	Coordinate vehicle and odometer data acquisition to support demonstration activities; oversee grant administration for HDOT
John Lovstedt	HDOT	DMV/PMVI Team Support	Coordinate set up of PMVI data to support demonstration activities
Goro Sulijoadikusomo	HDOT	Statistical Team Lead	Provide institutional data for analysis; oversee analysis conducted on pilot project based on data collected
Kam Kin Sin	HDOT	FHWA Program Lead Liaison	Facilitate reporting to FHWA and inputs from FHWA

Name	Agency	Role	Responsibility
Scot Urada	HDOT	FHWA Program Support Liaison	Facilitate reporting to FHWA and inputs from FHWA
Eva D.G. Gloriani	HDOT	Budget & Fiscal Support Team Lead	Provide financial accounting and reporting support for the STSFA program

HDOT’s proposed project management structure and the key staff involved will successfully oversee the project based on their combined decades of experience with innovative advanced technology, revenue, administrative and financial projects. Read more about the specific expertise of all proposed staff in Annex A: Staff Bios. HDOT’s team has built-in redundancy in the event any key staff are not available or leave the agency during the period of performance. By engaging an executive project sponsor (agency director) and project director (agency deputy director), we have commitments from the highest levels of the agency to reassign staff as necessary to support the project.

3 Funding Description

As shown in the table below, HDOT’s total proposed project cost is \$19,000,000. Of this, \$12,500,000 (66%) is non-federal sources, while \$6,500,000 (34%) is federal sources. A detailed table showing the breakdown of costs by activity Fiscal Year is provided in Annex D: Detailed Budget. This budget is designed to fund all activities within each phase, as described fully in Section 4: Detailed Statement of Work. Activities will be carried out by a combination of HDOT staff, partner agency staff, PMVI inspectors, participants, project consultants, and account managers. The detailed schedule of each activity within each phase is provided in Section 5.

Phase	Name	State Funding	In-Kind	Federal Funding	Total Project Cost
1	Policy Design	\$1,000,000	\$0	\$825,000	\$1,825,000
2	Manual Reporting Test Setup	\$500,000	\$0	\$550,000	\$1,050,000
3	Manual Reporting & Evaluation	\$0	\$11,000,000	\$2,625,000	\$13,625,000
4	Automated Reporting Test Setup	\$0	\$0	\$775,000	\$775,000
5	Automated Reporting & Evaluation	\$0	\$0	\$1,000,000	\$1,000,000
6	Reporting	\$0	\$0	\$725,000	\$725,000
Total		\$1,500,000	\$11,000,000	\$6,500,000	\$19,000,000

The non-federal share of the project is funded by two sources totaling \$12.5 million:

- State funding of \$1.5 million is being provided from the State Highways Administration Capital Improvements Program Planning budget.
- In-kind funding of \$11 million is being provided to collect, store, transmit, and use vehicle data and periodic odometer readings from 1.1 million motorists as a foundational aspect of the project, through the periodic motor vehicle inspection (PMVI) process. By collecting and transmitting vehicle information (including VIN, make, model, year, fuel type) and odometer data to a billing engine for the current purposes of this project (and, ideally, for any future state RUC framework), we will generate prototypical billings tailored to each motorist showing RUC, fuel taxes (federal, state, and county), and other user-based fees. HDOT estimates a cost of \$10 per vehicle as an in-kind contribution to the project for 1.1 million vehicles, totaling \$11 million. This is well below the cost to implement and operate such a system from scratch, were HDOT required to undertake such an effort. Comparable costs from two other states range from \$10 to over \$30 per vehicle, and an activity-based cost estimate using prevailing wages for vehicle technicians in Hawaii is over \$10. Collecting, transmitting, storing, and using vehicle information are integral to HDOT’s project. Under 49 CFR 18.24, this qualifies as a third party in-kind contribution since, in its absence, HDOT would have to pay for the activities directly in order to carry out the project as planned.

4 Detailed Statement of Work

4.1 Phase 1: Policy Design and Project Management

Phase 1 spans the entire project. Some of the activities are discrete and will be completed in a short period of time, but others (indicated below in bold text), will be carried out continuously by HDOT over the course of the project.

- Activity 1.1: Project orientation. HDOT will provide an orientation meeting, background reading, and overall project plan to the HDOT and partner team members supporting the project.
- Activity 1.2: Procurement of project consultant. HDOT will procure consultant services to provide policy, communications, organizational, technical, and analytical support to the project team.
- **Activity 1.3: Stakeholder Support Group. HDOT will convene the stakeholder support group, plan and host meetings, develop agendas, provide background and briefing materials, and report results to the project team for inclusion into the various project activities as appropriate.**
- **Activity 1.4: Policy analysis. HDOT will work with stakeholder support group, agency officials, and legislators to analyze policy issues, formulate questions, and design hypotheses to test in the pilot.**
- Activity 1.5: Overall system design. HDOT will complete an overall system design for the pilot test, including all phases that address the policy issues identified in the feasibility study and in the ensuing policy analysis.
- Activity 1.6: Test and evaluation plan. HDOT will produce a detailed test and evaluation plan covering all the steps necessary to successfully execute the overall system design.
- **Activity 1.7: Public communications. HDOT will communicate with local stakeholder groups, local media, and the general public including town hall meetings, a project website, Q&A, and scheduled interviews with print and TV journalists.**
- Activity 1.8: Public opinion research. HDOT will conduct opinion surveys and focus groups before the pilot testing activities begin to establish a baseline measure of public understanding and opinions about road usage charging and transportation funding in general.
- **Activity 1.9: Information sharing with other jurisdictions. Throughout the project, HDOT will share information with other jurisdictions including fellow WRUCC members and other interested parties. Information sharing will be achieved through transmittal of completed reports, invitations for workshops in Hawaii, and publication of papers and delivery of presentations at industry conferences such as AASHTO, WASHTO, TRB, and others.**
- **Activity 1.10: Reporting. Each phase will involve a report back to FHWA and to other states as appropriate on the accomplishments, lessons learned, and next steps of the HDOT project.**
- **Activity 1.11: Risk management. Throughout the project, HDOT will identify and actively manage project risks, including communications, political, technical, financial, organizational, and other risks.**

4.2 Phase 2: Manual Reporting Test Setup

- Activity 2.1: Detailed design and specifications. HDOT will prepare detailed technical documents specifying how the manual reporting test will work, including integration of existing PMVI odometer reporting with a billing engine, generation of billings, mailing, and evaluation procedures. This will include design of how to integrate other user-based fees such as federal gas taxes and state and county registration fees with the per-mile charge.
- Activity 2.2: Procurement of account management system. HDOT will procure the necessary elements that do not currently exist to carry out account management and invoicing.
- Activity 2.3: Development and testing of account management system. HDOT will develop and test the components of the full, large-scale system of mileage reporting, invoicing, and delivery of communications to approximately 1.1 million motorists over the course of one year.
- Activity 2.4: Communications design. HDOT will work with the stakeholder support group to design communications to be contained in prototypical billings mailed to motorists.
- Activity 2.5: Evaluation/Survey design. HDOT will design the surveys including questions to be asked, system for receiving and analyzing responses, and procedure for continuous process improvement of surveys.

4.3 Phase 3: Manual Reporting & Evaluation

- Activity 3.1: Small-scale operational trial. Prior to full launch, HDOT will conduct a small-scale operational trial of the manual reporting and invoicing system. This will enable feedback from a small group of participants, and final testing and improvements.
- Activity 3.2: Live operations: Following final improvements, HDOT will launch the full-scale operations of the manual reporting test involving odometer reporting by about 20,000 vehicles per week on average, followed by invoicing and mailings to those motorists within several weeks. The mailings will include surveys and links to web-based surveys and information.
- Activity 3.3: Survey analysis and evaluation. HDOT will analyze survey results of motorists. This type of survey is likely to yield a response rate of <10%, which would nonetheless generate approximately 100,000 responses. HDOT intends to boost the anticipated response rate by providing incentives and public communications about the program.
- Activity 3.4: Continuous process improvement. HDOT will refine the information in the communications and prototypical billings based on feedback received and evaluated in the surveys. This continuous improvement process will be repeated on a monthly basis each month of the project period.
- Activity 3.5: Communications design and evolution. HDOT will design the communications to accompany motorist billings, including design of prototypical billings, calculations, personal information shown, and general project information, as well as contact and reference points for further information.
- Activity 3.6: Recruitment of participants for phase 5. HDOT will use the manual reporting test as an opportunity to recruit participants for the automated reporting phase. This will include direct solicitations as part of the prototypical billings and communications received by motorists during the manual reporting phase, advertisement of extra incentives for participants in the automated reporting phase, as well as general communications and outreach through traditional media.

4.4 Phase 4: Automated Reporting Test Setup

- Activity 4.1: Detailed design and specifications. HDOT will prepare detailed technical documents specifying how the automated reporting test will work, including set up of smartphone and other in-vehicle technology-based mileage reporting including the billing engine, generation of prototypical billings, mailing, and evaluation procedures. This will also include integration of mileage-based fees with other user-based fees.
- Activity 4.2: Procurement of mileage reporting technologies and account management systems. HDOT will procure technology and system services to execute the automated test.
- Activity 4.3: Development and testing of technologies and account management system. HDOT will oversee the development and testing of the procured technology and system services, including integration with the manual system for mileage confirmation.
- Activity 4.4: Communications design. HDOT will refine the communications used in the manual reporting phase for adaptation to automated reporting.
- Activity 4.5: Evaluation/Survey design. Building off of the manual reporting phase surveys, HDOT will design the surveys, including questions to be asked and system for receiving and analyzing responses.

4.5 Phase 5: Automated Reporting and Evaluation

- Activity 5.1: Small-scale operational trial. Prior to full launch, HDOT will conduct a small-scale operational trial of the automated mileage reporting and invoicing system. This will enable feedback from a small group of participants, and final testing and improvements.
- Activity 5.2: Live operations. HDOT will launch and oversee 9 months of operations of the automated reporting per-mile charge test with approximately 500 participants per county, sufficient for statistical validity of data collected from the test. Note that the manual reporting trial will continue in parallel with this period.
- Activity 5.3: Survey analysis and evaluation. HDOT will collect and analyze survey results from the automated test participants. Because targeted incentives and recruitment will be used, HDOT expects a much higher response rate of approximately 50%.

4.6 Phase 6: Report to Policy Makers

- Activity 6.1: Evaluation of demonstration activities. HDOT will author a report to state policy makers on its evaluation of both the manual and automated phases of mileage reporting and its analysis of policy and organizational issues, including accomplishments, lessons learned, and recommendations for future policy design.
- Activity 6.2: Cost estimation. HDOT will refine cost estimates for various scenarios of a per-mile charge, including manual, automated, and integrated with other charges.
- Activity 6.3: Organizational assessment. HDOT will conduct an assessment of organizational capacity to implement a per-mile charge based on the test, including a gap analysis and recommendations for housing a potential per-mile charge within Hawaii State Government.
- Activity 6.4: Report drafting and publication. HDOT will draft reports on its pilot, a variation of the evaluation report, for FHWA, other states, and transportation professionals generally.
- Activity 6.5: Policy refinement and development. HDOT will work with the stakeholder support group and legislators to refine the policy direction of user-based revenues in Hawaii based on the experiences and lessons learned of the pilot testing.

5 Project Schedule

Below is a project schedule of the six phases.

Phase	Description	July - December 2016	2017	2018	January-June 2019	
1	Policy Design					
2	Manual Reporting Test Setup					
3	Manual Reporting & Evaluation					
4	Automated Reporting Test Setup					
5	Automated Reporting & Evaluation					
6	Report to Policy Makers					

Below is a table of anticipated deliverables from HDOT to FHWA.

Deliverable	Approximate Due Date	Section 508 Compliant?
Year 1 Report to FHWA	September 2017	Yes
Year 2 Report to FHWA	September 2018	Yes
Years 1+2 Report to FHWA	October 2018	Yes
Year 3 Report to FHWA	June 2019	Yes
Final Report to FHWA	September 2019	Yes

Application Supporting Information

Annex A: Staff Bios

FORD FUCHIGAMI, *Director, Hawaii Department of Transportation*. Ford oversees 15 commercial and general aviation airports, 10 commercial harbors and nearly 2,500 lane miles of state highways. He began his tenure with the Department of Transportation as the Airports Division Deputy Director, appointed by Governor Neil Abercrombie in January of 2011, until being named Interim Director in May 2014. He oversees Hawaii's airport, harbor and highway systems with the help of a dedicated team of approximately 2,600 employees. His mission, and that of the Department, is the development and improvement of our transportation systems to facilitate safe and efficient travel and commerce statewide.

Among his key responsibilities is oversight of numerous modernization and facility improvement projects representing billions of dollars in construction. These modernization and improvement efforts include an increased focus on sustainability and energy efficiency along state highways, in public airports, and at the state's commercial harbors. Ford recognizes the role of energy efficient initiatives in reducing costs and ensuring a self-sustaining transportation system for all users, while striving to reach the State's goal of eliminating the use of fossil fuel and achieving 100 percent clean energy usage by 2045.

As chief executive of the Department, Ford collaborates with major stakeholders and partners, including the FAA, TSA, FHWA, MARAD, Customs & Border Protection, the legislature, county partners, and numerous airline, harbor and highway user organizations, among many others, on behalf of the state. Ford has an extensive background in the hospitality industry where he learned the importance of working together to spread the *aloha* spirit. He is a visionary leader and views his employees, the various government agencies, and the public as partners in improving our transportation systems for our future.

ED SNIFFEN, *Deputy Director, HDOT Highways Division*. Ed Sniffen oversees nearly 2,500 lane miles of state highways. He is responsible for nearly 1,000 employees in four district offices, six branches and four staff offices across the islands. He previously served as Highways Division Administrator from 2010 to 2011 and provided oversight of the Division's \$200 million operations and maintenance budget and its \$250 million Capital Improvements Program. His mission is the development and improvement of our highway transportation systems to facilitate safe and efficient travel and commerce statewide.

Among his key responsibilities is oversight of numerous modernization and facility improvement projects representing billions of dollars in construction. This includes long-, mid- and short-range planning, multi-year funding, program initiatives, consultant and contractor procurement oversight and project management. As Deputy Director, he collaborates with major stakeholders and partners, including the US Dept. of Transportation, Federal Highway Administration, National Highway Traffic Safety Administration, the state legislature, county partners, and numerous highway user organizations, among many others, on behalf of the state.

Ed's diverse engineering background has served Hawaii's State and County governments, Kamehameha Schools and the private sector. He is a driven leader focused on improving Hawaii's highway transportation systems for our present and future generations.

JADE BUTAY, *HDOT Deputy Director of Administration*. Mr. Butay assumed his position in January 2015. He is responsible for the administrative functions of the Department including personnel administration, central computer services, business management activities, environmental compliance, civil rights, emergency management, and contract services. He functions as the chief operating officer of the department, working closely with the Director in managing and directing the Administrative operations and functions of the DOT. Mr. Butay is also the Alternate HDOT representative on the Western Road Usage Charge Consortium Steering Committee since 2015.

Prior to assuming the Deputy Director position, he was the Deputy Director at the Department of Labor and Industrial Relations (DLIR) from 2013 to 2014 ensuring that the department ran smoothly, improved processes, resolved conflicts, and removed obstacles that hinder progress. He also served as the Deputy Director of Administration from 2011 to 2013, providing overall coordination on all Administrative matters that involved the three Divisions (Airports, Harbors, and Highways). Before working in State government, Mr. Butay previously served in various leadership positions in the private sector. He received a bachelor's degree in Business Administration from the University of Hawaii and Masters in Business Administration from Babson College.

GERALD K.L. DANG, *HDOT Administrative Services Officer*. Gerald Dang has served as HDOT Administrative Services Officer since July 1995 and is responsible for project programming, budgeting, fiscal and personnel activities of the Division. Mr. Dang has over 36 years of state government service, having served as the Administrative Services Officer for the Department of Business, Economic Development and Tourism, and Budget and Accounting Officer for the Department of Accounting and General Services. He has also served as the Committee Clerk for the Senate Committee on Ways and Means.

Mr. Dang is the HDOT representative on the Western Road Usage Charge Consortium Steering Committee since 2014 and is the project manager for the HDOT Statewide Mileage-based User Fee Feasibility Study. He has served as the project manager for system enhancement projects for the State's Financial Accounting and Management Information System and the Highways Accounting and Federal Billing System. He has over 20 years of experience in transportation financing and management of the State's highways operating and capital improvement programs.

Mr. Dang received a bachelor's degree in Business Administration from the University of Hawaii in 1975.

SCOTT HANEBERG, *HDOT Motor Vehicle Safety Administrator*. Scott Haneberg started with HDOT in 2001. For his first eight years with HDOT he was the state's Fatality Analysis Reporting System analyst. He was promoted to Motor Vehicle Safety Administrator for HDOT's Motor Vehicle Safety Office in June 2009. His responsibilities include overseeing the motor

carrier safety staff, highway safety staff, and staff of the driver/CDL licensing, state identification card and vehicle registration program areas.

Prior to his time with HDOT, he spent nine years with the Honolulu Police Department in the Patrol Division, where he gained a good understanding of traffic safety issues, before joining the Teamsters Local 996 as a business representative/senior business representative. During his 18 years with the Teamsters, he represented employees of Oahu Transit Service (OTS), more commonly referred to as The Bus, The Gas Company, Island Airlines, the Wiki Wiki Shuttles and Meadow Gold Dairies. During this time with the Teamsters, he was also responsible for negotiating and enforcing the drug and alcohol testing policies mandated by federal regulations.

Mr. Haneberg received a bachelor's degree in Justice Administration from Hawaii Pacific University.

JOHN LOVSTEDT, *HDOT CDL and PMVI Program Coordinator*. John started work at the State DOT as a Highway Safety Specialist on November 20, 1975. Managing National Highway Traffic Safety Administration funds for Hawaii, John introduced many federally funded project activities to local agencies, including the DOH, the UH, and the police and fire departments. Possibly one of the most significant activities relative to improving highway safety was the introduction of child restraint usage and later seat belt use. A few years later he became the Highway Safety Manager. He now coordinates the Commercial Driver's Licensing program and the Periodic Motor Vehicle Safety program. He is also involved with driver licensing and motor vehicle registration. Prior to coming to Honolulu, John coached diving at West Point Military Academy, Columbia University and East Carolina University.

RANDALL T. LANDRY, *HDOT Highway Safety Specialist*. Randall started working with HDOT as a Highway Safety Specialist on August 1, 2013. Assisting in the efforts to coordinate the State's Commercial Driver Licensing, Periodic Motor Vehicle Inspection, REAL ID Act compliance, and other programs for HDOT, he also provides daily customer service to the general public via phone, email and face to face services. Prior to joining HDOT, Randall was a Decision Writer for the Social Security Administration Office of Disability Adjudication and Review and was part of a startup company, OrgFlo LLC. He received his BA in Philosophy and Political Science from the University of Texas - Pan American and his JD from the University of Texas School of Law.

TIM SAKAHARA, *HDOT Communications Director*. Mr. Sakahara speaks on behalf of the 2,600 employees diligently working to keep Hawaii's transportation system moving forward. The Department consists of 15 commercial and general aviation airports, 10 commercial harbors and more than 2,600 lane miles of highways. HDOT impacts every resident and visitor in the state with more than 92,000 people on average traveling through the airports every day; 99 percent of all imported food and products coming through the commercial harbor system; and more than 1.3 million vehicles driving on the state roadways (there are more vehicles than people in Hawaii).

Mr. Sakahara's role includes working with the public, agencies at all levels and elected officials, highlighting the positive improvements made in the hundreds of active projects occurring around

the state. He is happy to explain to people the HDOT budget does not come from sources like income or sales taxes, but instead from user fees paid by those who use the airports, harbors and highways systems. The Department is focused on delivering the Governor's priority initiatives, which includes sustainable transportation and utilizing 100 percent renewable energy by 2045.

Prior to joining HDOT in January 2015, Sakahara was an award winning broadcast reporter who worked in television markets around the country. He reported in Hawaii, California, Oklahoma and Oregon, where in addition to covering transportation stories, his assignments included chasing tornadoes, hurricanes and tsunami's. He and his photographer were even shot at by a drug addict on a crime spree.

In addition to being a dedicated public servant, Sakahara is active in the community and regularly volunteers for various educational and charitable organizations. He is a proud graduate of UCLA where he earned a degree in Political Science.

KAM KIN SIN, *HDOT Federal Aid Program Engineer*. Kam Kin Sin has served as a Federal Aid Program Engineer of the Highways Division since September 1999 and is responsible for project programming, budgeting, fiscal and closing activities of federal aid projects of the Division. Mr. Sin has over 24 years of state government service having served as an engineer and the Information Technology Officer of the Division. He also has over 8 years of engineering experience working in consulting firms and over 4 years of government service in Hong Kong.

Mr. Sin received a bachelor's degree in Civil Engineering from the University of Hong Kong in 1977.

SCOT T. URADA, *HDOT Federal Aid Program Engineer*. Mr. Urada has served as a Federal Aid Program Engineer of the Highways Division since December 2011 and is responsible for project programming, budgeting and maintenance activities of federal aid projects. Mr. Urada has over 20 years of state government service having served as a Construction Project Engineer, Design Project Manager, Project Control Engineer, Design Branch Manager, and currently one of two Federal Aid Program Engineers. He also has over 6 years of engineering experience working with the Federal Aviation Administration and Department of the Navy, and over 4 years of design experience with private consulting firms.

Mr. Urada received a bachelor's degree in Civil Engineering from the University of Hawaii at Manoa in 1985.

EVA D.G. GLORIANI, *HDOT Highway Division's Fiscal Officer*. Ms. Gloriani manages the comprehensive Highways Accounting and Financial Reporting System (HWYAC). HWYAC provides operational and project accounting capabilities to enable the Division to produce required financial statements and statistical reports, and the federal-aid billing for FHWA reimbursements. Eva has more than 17 years of government service with the State including 4 years as the Chief Accountant for the Office of Hawaiian Affairs. Eva has a BS in Business Administration, majoring in Accounting and a Masters in Public Administration.

GORO SULJOADIKUSOMO, *HDOT Planning Survey Engineer*. Goro serves in the Highways Planning Branch at the Hawaii State DOT. He has been with HDOT for 19 years and is responsible for the principal highway data, traffic and roadway information programs. He has a BSCE from Purdue University, and an MSCE from Cornell University. He is a licensed Professional Engineer (PE) in the state of Hawaii, and has received advance certification as a Professional Traffic Operations Engineer (PTOE).

Annex B: Supporting Documents

HDOT launched a RUC Feasibility Study in October 2015, with analysis and stakeholder engagement spanning the latter part of 2015 and first several months of 2016. The effort included information gathering from and/or informational briefings to HDOT executives and staff in several divisions, county staff in all four counties, legislative members, members of the public through a town hall meeting in Oahu, U.S. EPA division office, State Energy Office, Hawaii Tourism Authority, and Department of Taxation.

The Final Report from the feasibility study is due in June 2016. The Draft Final Report, delivered in April 2016, is over 130 pages long. The pages that follow feature excerpts from the Draft Final Report (to keep within the 40-page limit for supporting material) that serve as evidence of HDOT's efforts to date.

Annex C: Letters of Endorsement

Enclosed in this section are letters of endorsement from the following individuals and organizations.

- Ronald D. Kouchi, Senate President, Hawai'i
- Joseph M. Souki, Speaker of the House, Hawai'i
- William P. Kenoi, Mayor, County of Hawai'i
- Kirk Caldwell, Mayor, City & County of Honolulu
- Keith A. Regan, Acting Mayor, County of Maui
- Bernard P Carvalho, Jr., Mayor, County of Kaua'i
- Maria E. Zielinski, Director, Hawai'i Department of Taxation
- Malcolm Dougherty, Board Chair, Western Road Usage Charge Consortium

In addition, Brian Schatz, U.S. Senator for Hawaii, is sending a letter of endorsement directly to U.S. DOT.

The Hawaii State Legislature is supportive of the grant application as indicated by the enclosed letters from the Senate President and Speaker of the House. Legislators understand the challenge of declining gas tax revenues and the need to develop, consider, and study public funding alternatives. In 2011, the state Legislature passed and the Governor signed into law increases to other user-based revenue sources including registration and weight fees. In 2014, the Senate passed a bill that would have imposed an additional flat fee on electric vehicles in recognition of the fact that they use the roads but do not pay gas taxes. That bill, Senate Bill 2324, included the following statement of legislative findings:

As technological advances improve the fuel economy of all motor vehicles, it will be necessary to establish a vehicle miles-traveled tax to replace the liquid fuel tax. In the interest of fairness, the legislature believes it is appropriate to create an electric vehicle user fee to offset the difference in taxes, as an interim measure, until a suitable mechanism for collecting a vehicle miles-traveled tax can be implemented.

Most recently, HB 2594 (introduced but not passed in the 2016 legislative session) featured a similar flat fee on electric vehicles.

Annex D: Detailed Budget

Phase	Activity	Total Cost	FFY 2016	FFY 2017	FFY 2018	FFY 2019
			To Sept 30, 2016	10/1/16-9/30/17	10/1/17-9/30/18	10/1/18-9/30/19
Phase 1: Policy Design	Activity 1.1: Project orientation	\$ -	\$ -	\$ -	\$ -	\$ -
	Activity 1.2: Procurement of project consultant	\$ -	\$ -	\$ -	\$ -	\$ -
	Activity 1.3: Stakeholder Support Group	\$ 100,000	\$ 25,000	\$ 25,000	\$ 15,000	\$ 35,000
	Activity 1.4: Policy analysis	\$ 375,000	\$ 75,000	\$ 200,000	\$ 50,000	\$ 50,000
	Activity 1.5: Overall system design	\$ 400,000	\$ 50,000	\$ 250,000	\$ 50,000	\$ 50,000
	Activity 1.6: Test and evaluation plan	\$ 175,000	\$ 25,000	\$ 150,000	\$ -	\$ -
	Activity 1.7: Public communications	\$ 400,000	\$ 50,000	\$ 200,000	\$ 100,000	\$ 50,000
	Activity 1.8: Public opinion research	\$ 150,000	\$ 150,000	\$ -	\$ -	\$ -
	Activity 1.9: Information sharing with other jurisdictions	\$ 50,000	\$ -	\$ 10,000	\$ 20,000	\$ 20,000
	Activity 1.10: Reporting (to FHWA, other states)	\$ 50,000	\$ 5,000	\$ 15,000	\$ 15,000	\$ 15,000
	Activity 1.11: Risk management	\$ 125,000	\$ 50,000	\$ 25,000	\$ 25,000	\$ 25,000
<i>Sub-total</i>	<i>\$ 1,825,000</i>	<i>\$ 430,000</i>	<i>\$ 875,000</i>	<i>\$ 275,000</i>	<i>\$ 245,000</i>	
Phase 2: Manual Reporting Test Setup	Activity 2.1: Detailed design and specifications	\$ 200,000	\$ -	\$ 200,000	\$ -	\$ -
	Activity 2.2: Procurement of account management system	\$ 25,000	\$ -	\$ 25,000	\$ -	\$ -
	Activity 2.3: Development and testing of account management system	\$ 400,000	\$ -	\$ 400,000	\$ -	\$ -
	Activity 2.4: Communications design	\$ 350,000	\$ -	\$ 350,000	\$ -	\$ -
	Activity 2.5: Evaluation/Survey design	\$ 75,000	\$ -	\$ 75,000	\$ -	\$ -
	<i>Sub-total</i>	<i>\$ 1,050,000</i>	<i>\$ -</i>	<i>\$ 1,050,000</i>	<i>\$ -</i>	<i>\$ -</i>
Phase 3: Manual Reporting & Evaluation	Activity 3.1: Small-scale operational trial	\$ 150,000	\$ -	\$ 150,000	\$ -	\$ -
	Activity 3.2: Live operations	\$ 12,000,000	\$ -	\$ 4,000,000	\$ 8,000,000	\$ -
	Activity 3.3: Survey analysis and evaluation	\$ 575,000	\$ -	\$ 225,000	\$ 350,000	\$ -
	Activity 3.4: Continuous process improvement	\$ 150,000	\$ -	\$ 50,000	\$ 100,000	\$ -
	Activity 3.5: Communications design and evolution	\$ 250,000	\$ -	\$ 150,000	\$ 100,000	\$ -
	Activity 3.6: Recruitment and incentives for phase 5 participants	\$ 500,000	\$ -	\$ -	\$ 500,000	\$ -
<i>Sub-total</i>	<i>\$ 13,625,000</i>	<i>\$ -</i>	<i>\$ 4,575,000</i>	<i>\$ 9,050,000</i>	<i>\$ -</i>	
Phase 4: Automated Reporting Test Setup	Activity 4.1: Detailed design and specifications	\$ 150,000	\$ -	\$ 150,000	\$ -	\$ -
	Activity 4.2: Procurement of mileage reporting technologies and account management systems	\$ 25,000	\$ -	\$ 25,000	\$ -	\$ -
	Activity 4.3: Development and testing of technologies and account management system	\$ 500,000	\$ -	\$ 200,000	\$ 300,000	\$ -
	Activity 4.4: Communications design	\$ 50,000	\$ -	\$ 50,000	\$ -	\$ -
	Activity 4.5: Evaluation/Survey design	\$ 50,000	\$ -	\$ -	\$ 50,000	\$ -
<i>Sub-total</i>	<i>\$ 775,000</i>	<i>\$ -</i>	<i>\$ 425,000</i>	<i>\$ 350,000</i>	<i>\$ -</i>	
Phase 5: Automated Reporting & Evaluation	Activity 5.1: Small-scale operational trial	\$ 100,000	\$ -	\$ -	\$ 100,000	\$ -
	Activity 5.2: Live operations	\$ 800,000	\$ -	\$ -	\$ 800,000	\$ -
	Activity 5.3: Survey analysis and evaluation	\$ 100,000	\$ -	\$ -	\$ 100,000	\$ -
	<i>Sub-total</i>	<i>\$ 1,000,000</i>	<i>\$ -</i>	<i>\$ -</i>	<i>\$ 1,000,000</i>	<i>\$ -</i>
Phase 6: Report to Policy Makers	Activity 6.1: Evaluation of demonstration activities	\$ 150,000	\$ -	\$ -	\$ -	\$ 150,000
	Activity 6.2: Cost estimation	\$ 125,000	\$ -	\$ -	\$ -	\$ 125,000
	Activity 6.3: Organizational assessment	\$ 175,000	\$ -	\$ -	\$ -	\$ 175,000
	Activity 6.4: Report drafting and publication	\$ 75,000	\$ -	\$ -	\$ -	\$ 75,000
	Activity 6.5: Policy refinement and development	\$ 200,000	\$ -	\$ -	\$ -	\$ 200,000
<i>Sub-total</i>	<i>\$ 725,000</i>	<i>\$ -</i>	<i>\$ -</i>	<i>\$ -</i>	<i>\$ 725,000</i>	
State funded		\$ 1,500,000	\$ 430,000	\$ 1,070,000	\$ -	\$ -
In-Kind		\$ 11,000,000	\$ -	\$ 4,000,000	\$ 7,000,000	\$ -
Federal funds (STSFA request)		\$ 6,500,000	\$ -	\$ 1,855,000	\$ 3,675,000	\$ 970,000
Grand Total		\$ 19,000,000	\$ 430,000	\$ 6,925,000	\$ 10,675,000	\$ 970,000

Annex E: Organizational Information

- a. Identify any exceptions to the anticipated award terms and conditions as contained in Section F, Federal Award Administration Information. Identify any preexisting intellectual property that you anticipate using during award performance, and your position on its data rights during and after the award period of performance.

Pursuant to Section F, no exceptions to the anticipated award terms and conditions will be requested and no pre-existing intellectual property will be used for the purposes of this project during award performance.

- b. The use of a Dun and Bradstreet (D&B) Data Universal Numbering System (DUNS) number is required on all applications for Federal grants. Please provide your organization's DUNS number in your budget application.

DUNS#: 168818466

- c. A statement to indicate whether your organization has previously completed an A-133 Single Audit and, if so, the date that the last A-133 Single Audit was completed.

Last audit completed January 29, 2016 and available at

<http://hidot.hawaii.gov/highways/files/2016/02/investor-Highways-Division-2015-Single-Audit-Report-FINAL.pdf>

- d. A statement regarding Conflicts of Interest. The Applicant must disclose in writing any actual or potential personal or organizational conflict of interest in its application that describes in a concise manner all past, present or planned organizational, contractual or other interest(s), which may affect the Applicants' ability to perform the proposed project in an impartial and objective manner. Actual or potential conflicts of interest may include but are not limited to any past, present or planned contractual, financial, or other relationships, obligations, commitments or responsibilities, which may bias the Applicant or affect the Applicant's ability to perform the agreement in an impartial and objective manner. The Agreement Officer (AO) will review the statement(s) and may require additional relevant information from the Applicant. All such information, and any other relevant information known to USDOT, will be used to determine whether an award to the Applicant may create an actual or potential conflict of interest. If any such conflict of interest is found to exist, the AO may (a) disqualify the Applicant, or (b) determine that it is otherwise in the best interest of the United States to contract with the Applicant and include appropriate provisions to mitigate or avoid such conflict in the agreement pursuant to 2 CFR 200.112.

There are no conflicts of interest, as between the organization and any interested parties, or individuals named in this application therein and any interested parties, which would affect the applicant's ability to perform this project in an impartial and objective manner, pursuant to 2 CFR 200.112.

- e. A statement to indicate whether a Federal or State organization has audited or reviewed the Applicant's accounting system, purchasing system, and/or property control system. If such systems have been reviewed, provide summary information of the audit/review results to include as applicable summary letter or agreement, date of audit/review, Federal or State point of contact (POC) for such review.

In June 2014, the Federal Highways Administration (FHWA) sent a Finance Review Team to observe, through interviews and accounting records, the strengths and weaknesses in the existing HDOT finance processes and procedures and make recommendations to HDOT for improvements. The point of contact from FHWA was John Turner, Hawaii Division Financial Manager. The scope of this review was to verify general compliance of FHWA grantee rules and regulations, articulating a baseline of the FHWA/HDOT flow of funds and billing process; and assess the available resources/personnel at HDOT and Local Public Agencies (LPA) offices. A final report was completed in September 2014, the report included several recommendations to HDOT leadership and management to improve in several financial areas in order to efficiently deliver the state's Federal-aid Highway Program. The recommendations included: to submit a minimum of two RASPS billings per month; to review processes to identify where system automation could be used, and then implement these changes as soon as feasible; to begin making prompt payments to improve cash flow for the LPAs and keep projects moving; and to review and update the Highways Division's procedures. If most or all of the recommendations can be implemented, the review team is confident HDOT and the Hawaii Division can improve the state's financial payments and reimbursements, thereby enhancing the overall project delivery process. As of this date, HDOT has implemented some of the recommendations such as submitting two (2) RASPS billings per month which started in fiscal year 2015; making prompt payments to improve cash flow for the LPAs strictly following the Cash Management Improvement Act (CMIA) agreement between the Federal government and the State of Hawaii; and started the review and update of Highways Division's procedures.

In 2010, the State of Hawaii, Office of the Auditor conducted a procurement examination of the Department of Transportation's Administration, Airports Division, Harbors Division and Highways Division. The auditors selected a number of procurement transactions covering fiscal years 2009 and 2010 and examined procurement documents and procedures. The audit report was received by DOT in May 2013 and no findings were reported specific to the Highways Division.

Independent Audit of financial statements of the Highways Division of HDOT last completed January 29, 2016 by KKDLY LLC. Full report available at URL below (for Summary letter, see pages 1-3): <http://hidot.hawaii.gov/highways/files/2016/02/investor-Highways-Division-2015-Financial-Statements-FINAL.pdf>

- f. Terminated Contracts - List any contract/agreement that was terminated for convenience of the Government within the past 3 years, and any contract/agreement that was terminated for default within the past 5 years. Briefly explain the circumstances in each instance.

Terminated for convenience within the past three years:

1. *BASCS, LLC – Contract for reproducing, binding, and delivering plan sets. The reasons for termination were the delay and nonperformance.*
2. *Golden Goose, Inc. dba Rosen Auctions – Contract for auction services for the Superferry barges, parts, and surplus items. The contract was terminated after the death of the owner and the surviving spouse did not want to assume the business.*
3. *Wilson Okamoto Corporation – Contract for planning and design work for the Kawaihae Road, Waiaka Stream Bridge replacement and realignment. The project was no longer needed so the contract was terminated.*

Terminated for default within the past five years:

1. *DCK Pacific Construction, LLC – Contract for the construction of cargo facilities at Honolulu International Airport. General contractor was not paying subcontractors in addition to performance deficiencies.*
2. *Brown’s Trucking – Terminated for contractor nonperformance.*

- g. The Applicant is directed to review Title 2 CFR §170 (http://www.ecfr.gov/cgibin/text-idx?c=ecfr&tpl=/ecfrbrowse/Title02/2cfr170_main_02.tpl) dated September 14, 2010, and Appendix A thereto, and acknowledge in its application that it understands the requirement, has the necessary processes and systems in place, and is prepared to fully comply with the reporting described in the term if it receives funding resulting from this Notice. The text of Appendix A will be incorporated in the award document as a General Term and Condition as referenced under this Notice’s Section F, Federal Award Administration Information.

The applicant understands and acknowledges the requirement for the Federal Funding Accountability and Transparency Act of 2006 (FFATA), Title 2 CFR §170, acknowledges that the necessary processes and systems are in place to comply with FFATA, and will fully comply with the reporting requirements if this application results in funding from the FHWA Notice of Funding Opportunity.

- h. Disclose any violations of Federal criminal law involving fraud, bribery, or gratuity violations. Failure to make required disclosures can result in any of the remedies described in 2 CFR 200.338 entitled Remedies for Noncompliance, including suspension or debarment. (See also 2 CFR Part 180 and 31 U.S.C. 3321).

There are no violations of Federal criminal law involving fraud, bribery, or gratuity to disclose. The applicant understands that failure to make required disclosures can result in any of the remedies described at 2 CFR 200.338.