



U.S. Department
of Transportation

**Federal Highway
Administration**

Office of the Administrator

1200 New Jersey Ave., SE
Washington, D.C. 20590

March 2, 2012

In Reply Refer To:
HIN

Mr. Brian R. Searles
Secretary of Transportation
State of Vermont
One National Life Drive
Montpelier, VT 05633-5001

Dear Mr. Searles:

It is my pleasure to inform you that your proposal to use a narrative cost allocation methodology (NCAM) to recover costs associated with administration and oversight of Federal Highway Administration (FHWA) Emergency Relief (ER) projects has been accepted. We hope this approach will provide the Vermont Agency of Transportation (VTrans) with a streamlined and accurate tool for cost reimbursement, which FHWA will evaluate for potential application during ER events nationwide.

This approval is based on our understanding that VTrans, working with the FHWA Vermont Division, will commit to the following:

- The NCAM will cover only ER projects related to Tropical Storm Irene, until these projects are substantially completed or until VTrans no longer incurs expenses in the cost pool, whichever comes first.
- VTrans will develop written documentation that details the NCAM process proposed in your TE-045 application.
- Before reimbursements are processed, VTrans will conduct a full review and certification of the cost pool and the FHWA Vermont Division will approve the indirect cost pool and allocation method.
- VTrans will provide an interim evaluation to the FHWA Office of Innovative Program Delivery by December 31, 2012, and a final evaluation with 90 days of the last payment.

Matthew Hake and his team at the Vermont Division are ready to work with VTrans to get this effort underway. He can be reached at the Vermont Division at 1-802-828-4423.

As you know, I am convinced that the highway community's ability to deliver timely transportation projects to the public depends on turning innovative methods into standard practice. Proposals such as yours further validate the truth that Every Day Counts.

Sincerely,

A handwritten signature in blue ink that reads "Victor M. Mendez". The signature is fluid and cursive, with the first name "Victor" being the most prominent.

Victor M. Mendez
Administrator