



To: Cities, Counties, and Consultants

Date: April 12, 2007

From: Office of Local Systems

Revision No.: 2007-02

Subject: Packet and I.M. Revision Notice

The Project Development Information Packet (Packet) is in the process of being phased-out. The Packet will be replaced by the Federal-aid Project Development Guide (Guide) and the new Instructional Memorandums to Local Public Agencies (I.M.s). Refer to these web pages for additional information concerning the phase-out and transition process.

This revision notice identifies the Packet documents that have been replaced and the corresponding new I.M.s that have taken their place. It also identifies any updates to existing I.M.s. All new or updated I.M. documents are included on the pages that follow this notice. Note: This document is designed for double-sided printing, therefore documents with an odd number of pages are followed by a blank page.

If you maintain a hardcopy of the Packet and / or I.M.s, and plan to continue doing so, we recommend you either: a) as individual Packet or I.M. documents are replaced or updated, remove the old document and place the corresponding new I.M. in numeric sequence in your binder; or b) wait until the Packet is completely replaced before printing a new hardcopy. Once complete, the Guide and / or the I.M.s will be available for download as a single PDF file for convenient printing.

If you have any questions concerning the phase-out of the Packet, the transition to the new I.M.s, or these revisions, please contact Charlie Purcell at Charlie.Purcell@dot.iowa.gov or 515-239-1532.

*** PLEASE NOTIFY ALL AFFECTED PERSONNEL OF THIS CHANGE ***

Document Title or I.M Number Revision Date	Summary of Significant Revision(s)
Packet Table of Contents April 12, 2007	The Packet Table of Contents has been modified to show which Packet documents have been replaced. It includes cross-references and links to the corresponding new I.M.s. where appropriate.
I.M. Table of Contents April 12, 2007	The I.M. Table of Contents has been revised to reflect an updated numbering system and revision dates, including the new I.M.s listed below. It also includes cross-references and links to existing County Engineers I.M.s and Packet documents, where appropriate.
I.M. 2.030, Transfer of Farm-to-Market Funds to the Local Secondary Road Fund April 12, 2007	This I.M. has been revised to replace the out-of-date bid thresholds with references to the updated bid thresholds, which are now documented on a web page.
In-Kind Contribution Guidelines, Packet Index No. 4, 09-12-03	These documents have been replaced with a new I.M. 3.050 , In-Kind Contributions, dated April 12, 2007. Besides transferring the content into the new I.M. format, clarifications and additional guidance has been provided to indicate which types of contributions are eligible, when the contribution may be made, and the type of supporting documentation required.
Steps to Utilize In-Kind Contributions, Packet Index No. 4, 09-12-03	One significant change was made that affects when in-kind contributions may be made. In general, in-kind contributions that are made, performed, or incorporated into the project prior to FHWA authorization of the project are not eligible as credit toward the non-Federal share of project costs. Exceptions to this rule include:
Example In-Kind Calculations, Packet Index No. 4, 09-12-03	

Document Title or I.M Number Revision Date	Summary of Significant Revision(s)
I.M. 3.160, Asbestos Inspection, Removal, and Notification Requirements April 12, 2007	This is a new I.M. It provides information concerning the Iowa Department of Natural Resources (Iowa DNR) and Environmental Protection Agency (EPA) regulations pertaining to asbestos. This I.M. is focused on how these regulations affect the removal of existing bridges.
Locally Procured Federal-aid Contract Requirements, Packet Index No. 9 09-02-04	These documents have been replaced by and new I.M. 3.720 , Local Letting Process – Federal-aid, dated April 12, 2007. Besides transferring the content into the new I.M. format, substantive changes include the following: <ul style="list-style-type: none"> • The types of projects that may use these procedures was expanded to include projects funded by the National Scenic Byways and Safe Routes to School programs. • The procedures were updated to reference the current bid thresholds and competitive bidding and quotation procedures, as required by Chapter 26 of the Code of Iowa. • The referenced Forms Packet* was updated to include the most recent version of the forms and documents required for bidding and construction. Included in these documents is the Iowa DOT Proposal Notice, which was revised to strengthen the prompt payment requirements for subcontractors. <p>* The documents included in the Forms Packet are not actually a part of I.M. 3.720 or its attachments. However, for convenient download, these documents are bundled together in a self-extracting executable file (forms.exe).</p>
Pre-Award Checklist and Certification, Packet Index No. 9 09-02-04	
Post-Award Checklist and Certification, Packet Index No. 9 09-02-04	
Supplemental Agreement for Locally Procured Federal-aid Contracts, Packet Index No. 9 09-02-04	

PROJECT DEVELOPMENT INFORMATION PACKET

for Local Public Agency Federal-Aid Projects

Please Note: The Packet is in the process of being phased-out. Most of the detailed guidance currently contained in the Packet documents will be transferred to the new Instructional Memorandums for Local Public Agencies (I.M.s). Eventually, the Packet will be completely replaced with a new, more concise document called the “Federal-aid Project Development Guide.” The Guide will summarize the Federal-aid project development process and reference the new I.M.s where appropriate to provide additional details concerning specific parts of the process.

If a Packet document has been replaced it is shown below in light grey text along with a cross-reference to the corresponding new I.M. In all new I.M.s, references to existing Packet documents have been replaced with references to the new I.M. that has taken or will take its place. If the referenced new I.M. is not yet complete, the web page will redirect the user to the appropriate existing Packet document(s).

This Table of Contents will remain in place until the Packet is completely phased-out.

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- Pre-Award Checklist and Certification N/A
- Post-Award Checklist and Certification N/A
- Supplemental Agreement for Locally Procured Federal-aid Contracts..... N/A
- Forms Packet* N/A

* These forms are not included in the Project Development Information Packet itself. However, for convenience, this self-extracting executable file is provided. It contains current versions of bid / quote documents and the construction forms used for local federal-aid contract procurement process.

Appendix A – Instructional Memorandums (I.M.)Revision Date

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- I.M. 3.15 Highway Improvements in the Vicinity of Airports or Heliports ([PDF](#)) Dec-02
- I.M. 3.210 Design Criteria – New Construction or Complete Reconstruction ([PDF](#)).....May-03
- I.M. 3.213 Traffic Barriers (Guardrail and Bridge Rail) ([PDF](#)) Nov-01
- I.M. 3.214 3R Guidelines ([PDF](#))May-03
- I.M. 3.216 Economic Analysis (Benefit-to-Cost Ratio) ([PDF](#))..... Oct-01
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- Revision No. 01-2002 ([PDF](#))03-26-02
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Instructional Memorandums To Local Public Agencies Table of Contents

Note: Some of the I.M.s listed below are not yet complete. Incomplete I.M.s are shown in light grey text. Some of the incomplete I.M.s will be based on existing I.M.s that will be renumbered. Other incomplete I.M.s will be based on content that is currently part of the [Project Development Information Packet](#). Still other incomplete I.M.s will include entirely new content. Where applicable, a reference and link to the existing I.M. or Packet document is provided.

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No.	Subject	Revision Date	Written To
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	Attachment B – FHWA Authorization of Utility Relocation Costs Flowchart (see Packet, Flowcharts, Chart No. 9 – Utility Relocation or Railroad Work Federal-aid Authorization Process)	N/A	Both
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	Forms Packet *	N/A	Both
* The documents included in the Forms Packet are not actually a part of I.M. 3.720 or its attachments. However, for convenient download, these documents are bundled together in a self-extracting executable file (forms.exe).			
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No.	Subject	Revision Date	Written To
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INSTRUCTIONAL MEMORANDUMS

To Local Public Agencies



To: Counties	Date: April 12, 2007
From: Office of Local Systems	I.M. No. 2.030
Subject: Transfer of Farm-to-Market Funds to the Local Secondary Road Fund	

Contents: This Instructional Memorandum (I.M.) outlines the restrictions and procedures for a county to transfer Farm-to-Market (FM) funds to its Local Secondary Road Fund, as per Iowa Code Section [309.10](#).

Restrictions

1. A proposed transfer amount cannot exceed the unobligated balance, or 50 % of the county's estimated FM annual allocation, whichever is less.
2. The county cannot have a temporary allocation (be "borrowed ahead") of FM funds under Iowa Code Section [310.27](#).
3. The county's Secondary Road Program cannot propose total expenditures from its local fund for construction on the FM System in excess of the competitive bid threshold for Horizontal Infrastructure, as shown on the [Bid and Quote Thresholds for Iowa Cities and Counties web page](#).
4. The county must have met the minimum transfer under the local effort provisions of the Iowa Code [Section 312.2](#) (8) for the period covered by the last Annual Report.
5. The transfer funds must be used for contract work involving the construction and reconstruction of local secondary roads estimated over the competitive bid threshold for Horizontal Infrastructure. Transfer funds shall not be used for day labor, engineering, right-of-way, and other non-construction costs on local secondary roads.
6. The proposed transfer request may only be made annually in the originally approved Secondary Road Budget.
7. The balance of the statewide FM Account must be sufficient to match Federal funds.

Procedures

If the restrictions have been satisfied, the procedure to request an FM transfer is described below:

1. List the proposed transfer amount on line 6, sheet 2 of your proposed Secondary Road Budget. Note that omissions and/or errors of this amount cannot be corrected by an amended budget and there are no carryovers for this item. If a transfer project did not get started or completed in the same fiscal year, you will need to re-list the budgeted amount again the following year and have the same restrictions.
2. List the proposed transfer projects in the construction program and designate them according to the instructions for completing the construction program.
3. Prior to July 1 each year, the Iowa Department of Transportation's (Iowa DOT) Office of Local Systems will notify you of approval, revision, or disapproval of the proposed transfer amount.
4. Transfer payments for eligible individual project costs can be requested through the Iowa DOT's District Local Systems Engineer by either of the following ways:
 - a) After the project letting, the contract amount can be requested for a transfer payment; or
 - b) Upon project completion, all eligible costs can be sent to the appropriate District Office for a transfer payment.
5. The total for all transfer requests cannot exceed the original budgeted amount.
6. After the Iowa DOT's District Local Systems Engineer reviews and approves the request, the voucher will be sent to the Iowa DOT's Office of Finance for the transfer payment.

INSTRUCTIONAL MEMORANDUMS

To Local Public Agencies



To: Counties and Cities	Date: April 12, 2007
From: Office of Local Systems	I.M. No. 3.050
Subject: In-Kind Contributions	

Contents: This Instructional Memorandum (I.M.) provides guidance for use of in-kind contributions on a Local Public Agency (LPA) Federal-aid project. Topics addressed include general eligibility criteria, a discussion of the different types of in-kind contributions, the procedures for requesting and receiving credit for in-kind contributions, and example calculations showing how in-kind contributions effect the net cash outlay required by the LPA.

Definitions

In-kind contribution – a non-monetary contribution of property, services, materials, or equipment that is used in the development, construction, or implementation of a Federal-aid project.

Third-party – any non-governmental agency, group, organization, or individual.

Small Federal Programs – includes the Transportation Enhancement Program, Recreational Trail Program, and Scenic Byways Program.

Introduction

As amended by the Safe, Accountable, Flexible, and Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU), Section 323 of Title 23, United States Code (U.S.C.) allows contributions of funds, materials, services, or property to be credited toward the non-Federal share of a Federal-aid project's costs, subject to the restrictions and conditions noted below. Such contributions may come from either a third party or an LPA.

Third party donations of funds may be made upon whatever lawful terms are mutually agreeable to the LPA and third party. The LPA may then simply use the donated funds toward the non-Federal share of project costs. Therefore, it is not necessary to include a discussion of donated funds in this I.M. Instead, this I.M. will focus on in-kind contributions.

General Eligibility Criteria

An in-kind contribution must be a project-related activity that would otherwise be eligible for reimbursement with Federal funds. For example, construction work is an activity eligible for Federal-aid reimbursement. Therefore, the value of construction performed with donated labor, materials, or equipment could be used as an in-kind contribution, provided it contributes to the project and complies with approved project design and environmental conditions.

In general, in-kind contributions credited toward the non-Federal share of project costs must come from non-Federal sources. However, for the Small Federal Programs, funds or in-kind contributions from some Federal agencies, other than the Federal Highway Administration (FHWA), may be credited toward the non-Federal share of project costs, subject to certain conditions. LPAs that desire to receive credit for funds or in-kind contributions from other Federal agencies should contact the Iowa Department of Transportation (Iowa DOT) Administering Office for assistance.

In-kind contributions may only be used once as part of the required non-Federal match. In other words, the same in-kind contribution cannot be used as match toward two different Federal-aid projects. In addition, if more than one type of Federal funds are involved in a single project, the same in-kind contribution cannot be used as match for more than one type of Federal funds.

The specific requirements for receiving credit for in-kind contributions vary, depending on the type of contribution and the type of Federal funds being matched. In the sections that follow, each type of contribution is discussed in detail, including: a description, the conditions or requirements for eligibility, and the method for establishing and documenting the value of the in-kind contribution.

Materials and Equipment

Description

This type of in-kind contribution includes materials or equipment that are either physically incorporated into the project or used to carry-out project activities. Typically, these consist of materials or equipment used for construction of the project. However, in some cases, pamphlets, brochures, trail maps, etc. may also be considered as a material contribution, if there is a direct connection to the project being funded. But, under no circumstances will the cost of any promotional items (e.g., pens, key chains, mouse pads, etc.) be considered as an in-kind contribution.

Conditions or Requirements for Eligibility

1. The Federal funds being matched shall be from one or more of the Small Federal Programs.
2. The donated materials or equipment shall be used on or incorporated into the project only *after* the initial FHWA Authorization of Federal funds and *before* FHWA approval of the final voucher.
3. If materials or equipment will be purchased by the LPA for use as an in-kind contribution, they shall be acquired through a competitive bid or quote process.

Valuation and Documentation

Credit for in-kind contributions of materials or equipment will be based on the fair market value of the materials or equipment used on or incorporated into the project. The quality and condition of materials or equipment may be reviewed by the Administering Office prior to approving the in-kind value.

Materials

If the materials were purchased by the LPA for the project, the fair market value will be the actual invoiced cost. Documentation shall include copies of the invoices that show the actual cost paid.

If the materials were supplied out of the LPA's existing inventory (i.e., they were not purchased specifically for the project), or the materials were donated by a third party, the fair market value will be estimated. Documentation shall include a detailed description of all donated materials, and an itemized estimate that includes a quantity and unit value for each item, and a total value for all donated materials. Support for the unit value may include current invoices, price sheets, quotations from local suppliers, or other information that is sufficient to establish the fair market value.

Equipment

If the equipment will not be permanently incorporated into the project, the fair market value will be determined based on the estimated time the equipment will be used during development or construction of the project. Documentation shall include an itemized estimate that includes the following for each piece of equipment: a description (type and size), the hourly rate, the number of hours the equipment will be used, and the total estimated value for its use. The hourly rates shall be based on the [Federal Emergency Management Administration \(FEMA\) Schedule of Equipment Rates](#), the [Rental Rate Blue Book for Construction Equipment](#), or the [Iowa DOT Schedule of Equipment Rates](#), as published by the Office of Local Systems.

If the equipment will be a permanent, integral part of the project, the fair market value will be based on the entire estimated cost or value of the equipment. For equipment that was purchased by the LPA for the project, documentation shall include a copy of the invoice or receipt that shows the purchase price. For equipment that was previously owned by the LPA (i.e., it was not purchased specifically for the project), or was donated by a third party, the value may be based on the [Green Guide for Equipment Values](#), a purchase price quotation for a comparable piece of equipment, or other information that is sufficient to establish the fair market value.

Property (Right-of-Way)

Description

This type of in-kind contribution includes the purchase or donation of real property that is required for the construction or implementation of the project.

Conditions or Requirements for Eligibility

1. The Federal funds being matched may be from any program or combination of programs funded by Title 23 of the United States Code. Besides the Small Federal Programs, this includes such programs as the Surface Transportation Program, Highway Bridge Program, and many others. Some Federal funds earmarked by Congress may also use property as an in-kind contribution, depending on the specific authorizing legislation.
2. The property may be donated or acquired at any time during the development of the project, up until FHWA approval of the final voucher.
3. The donation or acquisition of the property shall not influence the environmental review of the project, such as: the evaluation of the purpose and need, consideration of alternative alignments, or the selection of the final project location.
4. The property is not a 4(f) property (e.g., a publicly-owned park, recreational area, or wildlife refuge).
5. If the property is donated by a third party:
 - a) the third party shall be informed of its right to receive just compensation for its property;
 - b) title to the property must be transferred from the third party to the LPA; and
 - c) if the donated property is not needed because a different alignment or project alternative is chosen, title to the property shall be re-vested to the third party.
6. If the LPA purchases the property for the project:
 - a) the acquisition shall be in accordance with all applicable State and Federal laws (for a summary of these requirements, refer to the Iowa DOT [Local Public Agency Right of Way Manual](#));
 - b) only the fair-market value of the property itself is eligible (other right-of-way incidental costs may not be counted); and
 - c) the property was acquired specifically for the project (i.e., it was not already owned or purchased by the LPA for a different purpose).

Valuation and Documentation

Credit for in-kind contributions of property shall be based on the fair market value of property, as established by a current appraisal. The appraisal shall not include any increase or decrease in value caused by the project. However, there may be instances when mitigation actions of some type are necessary to make the property viable as part of the final project. Any and all of these necessary mitigation costs will be taken into account when making the final determination on the in-kind value of the property. Documentation shall include a copy of the appraisal. The appraisal shall conform to the current edition of the Iowa DOT Local Public Agency Right of Way Manual.

Services

Description

This type of in-kind contribution includes the value of labor, technical services, or other work effort by individuals which directly contributes to the development or construction of the project. These services may be performed by a third party, a consultant hired by the project sponsor, or the project sponsor's own employees. The project sponsor may be either the LPA or a co-sponsoring non-profit organization.

Conditions or Requirements for Eligibility

1. The Federal funds being matched shall be from one or more of the Small Federal Programs.
2. For Transportation Enhancement and Scenic Byways Program projects, the services shall be performed only *after* the initial FHWA Authorization of Federal funds and *before* FHWA approval of the final voucher.
3. For Recreation Trail Program projects, services for planning and environmental studies performed up to 18 months prior to FHWA Authorization are also eligible for use as an in-kind contribution.
4. For consultant services acquired by the project sponsor, the services must have been obtained through a qualifications-based selection process that meets the requirements of Title 23 of the Code of Federal Regulations, Part 172 ([23 CFR 172](#)).

Valuation and Documentation

The credit for in-kind contributions of services shall be based on the fair market value of such services. The fair market value can be determined a number of different ways, but in general, the value approved will be comparable to what it would cost the project sponsor if those services were performed by a construction contractor or a consultant. Additional guidance for each type of service contribution is provided below:

Volunteer Services

The value of volunteer services is determined through a negotiation process between the Iowa DOT and the project sponsor. The value of volunteer labor shall be estimated in a manner similar to the cost of completing such work by a competitive bidding process. Documentation shall include an itemized estimate that includes descriptions of the comparable construction job classifications, and the number of hours and wage rates for each. The wage rates used may include employee benefits and should be typical for the local area.

Professional Services

The value of professional services will be based on the maximum amount approved for the consultant, as shown on the unsigned final draft of the consultant contract. Documentation shall include a copy of the unsigned, final draft consultant contract.

Note: Because the costs for professional services provided as an in-kind contribution for Transportation Enhancement and Scenic Byways Program projects may not be incurred prior to FHWA Authorization, the project sponsor should not execute a contract with the consultant until the Administering Office has approved the proposed in-kind contribution of professional services. However, because Recreational Trail Program projects allow the costs of planning or environmental services incurred up to 18 months prior to FHWA Authorization to be counted as an in-kind contribution, the value of such services may be documented based on an executed contract or actual invoices for such services.

Sponsor Services

The value of services performed by employees of the project sponsor will be determined in the same way as volunteer services. However, under no circumstances shall the project sponsor's services be valued at an amount greater than what would be paid to a professional contractor doing the same work as the result of a competitive bid process, or in the case of professional services, a consultant acquired through a qualifications-based selection process.

The indirect costs associated with a project sponsor's employee services may also be counted as an in-kind contribution. However, indirect costs must be allocated to a project in accordance with an approved cost allocation plan that meets the requirements of the Office of Management and Budget (OMB) Circular [A-87](#) (for LPA employees) or [A-122](#) (for employees of a non-profit organization). If indirect costs are desired as part of an in-kind contribution, the LPA should contact the Administering Office for further assistance.

Procedures

The procedures to request and receive credit for in-kind contributions are as follows:

1. The LPA sends a written request for approval to the Administering Office for use of an in-kind contribution as credit toward the non-Federal share of project costs.

The LPA's request for approval shall identify the project in the Statewide Transportation Improvement Program (STIP), specify the amount of in-kind credit that is being requested, provide a description of the requested contribution(s), and include all required supporting documentation. The request for an in-kind contribution should be submitted with the Concept Statement if possible. Otherwise, the request should be submitted as soon as the supporting documentation is available.

Note: As outlined in the preceding sections for each type of in-kind contribution, Federal rules place limitations on when the work associated with the in-kind contribution may be performed. If the work has already been performed, it may not be eligible for use as an in-kind contribution.

2. The Administering Office reviews the completeness of the submittal. If the LPA's submittal lacks completeness, the Administering Office contacts the LPA and requests additional information.
3. When the LPA's request is acceptable, the Administering Office provides a copy of the in-kind request approval to the Iowa DOT Office of Finance (Project Accounting & Payables) and the Office of Contracts (if the Administering Office is one of the District Offices).
4. When requesting FHWA Authorization for other Federal-aid reimbursable work, the Iowa DOT documents the approved amount of in-kind contribution as part of the FHWA authorization request. If FHWA Authorization has already been requested, the Iowa DOT submits an amendment / modification to the previous FHWA authorization request(s) to document the approved amount of in-kind contribution.
5. After FHWA approval of the authorization request or amendment / modification, the Administering Office notifies the LPA the in-kind contribution has been approved and work associated with the approved in-kind contribution may proceed.

The Administering Office's approval notice will identify the type of in-kind contribution and total dollar value approved. This dollar value will be the maximum amount of in-kind credit that can be applied toward the non-Federal share of project costs. The approved in-kind dollar value may only be increased if a subsequent in-kind request is reviewed and approved by the Administering Office. However, the approved in-kind dollar value may be decreased if the LPA fails to complete the in-kind work that was approved. In such case, the maximum approved value will be decreased on a pro-rated basis.

6. After obtaining the appropriate approvals from the Administering Office, the LPA submits requests for reimbursement of other Federal-aid reimbursable work after expenses are incurred.
7. Before crediting the approved in-kind amount, the Administering Office verifies that the approved in-kind contributions were accomplished. If only part of the approved in-kind contribution has been completed, the Administering Office will credit only that portion that has been completed to date.
8. After verifying the in-kind contribution was accomplished, the Administering Office reimburses the LPA for other eligible and authorized expenses, taking into account the amount of in-kind that has been reviewed and approved to-date.

Example Calculations

The purpose of receiving credit for in-kind contributions is to reduce the LPA's net cash outlay required to satisfy the non-Federal share of the total project costs. However, the effect of applying in-kind contributions to a specific project is dependent on several variables. These variables include: the total value of the in-kind contributions, the maximum amount of Federal funds available for the project (STIP limit), and the total Federal-aid reimbursable costs.

To illustrate the effects each of these variables can have on the net cash outlay required by the LPA, several example calculations are provided on the following page.

Example In-Kind Calculations

Cost Item	Baseline (No In-Kind)	Example 1 (Reimbursable Costs Control)	Example 2 (STIP Limit Controls, In-Kind helps some)	Example 3 (STIP Limit Controls, In-Kind has no effect)	Example 4 (Neither Controls)
STIP Limit (1)	\$135,000	\$135,000	\$85,000	\$68,000	\$135,000
Reimbursement Rate (2)	80%	80%	80%	80%	80%
Reimbursable Costs (3)					
Preliminary Engineering	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000
Right-of-Way	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000
Construction Engineering	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000
Construction	\$70,000	\$70,000	\$70,000	\$70,000	\$70,000
Total Reimbursable Costs	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000
Approved In-Kind Value (4)	\$0	\$60,000	\$30,000	\$30,000	\$10,000
Total Project Costs (5)	\$100,000	\$160,000	\$130,000	\$130,000	\$110,000
80% of Total Project Costs	\$80,000	\$128,000	\$104,000	\$104,000	\$88,000
Federal Funds Payable (6)	\$80,000	\$100,000	\$85,000	\$68,000	\$88,000
Local Cash Required (7)	\$20,000	\$0	\$15,000	\$32,000	\$12,000
Effective Reimbursement Rate (8)	80%	100%	85%	68%	88%

Notes:

- (1) The STIP limit represents the maximum amount of Federal funds programmed for the project in the Statewide Transportation Improvement Program (STIP).
- (2) The reimbursement rate is the Federal government's pro-rata share of eligible project costs. This is the percentage of eligible and properly documented project costs which will be reimbursed to the LPA. These examples use a reimbursement rate of 80%, which is typical for most Federal-aid highway programs.
- (3) Reimbursable costs are any costs that may be reimbursed with Federal funds. Such costs must be for eligible project activities and FHWA authorization must be obtained prior to beginning any work which will be reimbursed with Federal funds.
- (4) The approved in-kind value is established as per the guidance contained in this I.M.
- (5) Total project costs are the sum of all reimbursable costs, plus the value of any in-kind contributions that have been reviewed and approved by the Administering Office.
- (6) The Federal funds payable represents the maximum amount of Federal-aid reimbursement. This figure is equal to the total project costs multiplied by the reimbursement rate, unless this amount exceeds either: (a) the total reimbursable costs, as shown in Example 1; or (b) the STIP limit, as shown in Examples 2 and 3. If 80 percent of the total project costs exceeds either (a) or (b), the Federal funds payable will be equal to the lesser of these two.
- (7) The local cash required is calculated by subtracting the Federal funds payable from the total reimbursable costs. This amount represents the net cash outlay required by the local agency.
- (8) The effective reimbursement rate is shown for comparison purposes only. This rate is calculated by dividing the Federal funds payable by the total reimbursable costs. The effective reimbursement rate illustrates the effect of the in-kind contribution in each of the examples shown above. Generally speaking, in-kind contributions have the effect of increasing the amount of Federal funds payable, subject to the limitations discussed above.

Summary of Example In-Kind Calculations

The preceding examples demonstrate some important points about in-kind contributions:

- The maximum amount of Federal-aid that can be received is limited by either the total reimbursable costs (see Example 1), or the STIP limit (see Examples 2 and 3), whichever is less.
- When the STIP limit is less than the Federal share of reimbursable costs, in-kind contributions have no effect on decreasing the amount of local cash required (see Example 3).

INSTRUCTIONAL MEMORANDUMS

To Local Public Agencies



To: Counties and Cities	Date: April 12, 2007
From: Office of Local Systems	I.M. No. 3.160
Subject: Asbestos Inspection, Removal, and Notification Requirements	

Contents: This Instructional Memorandum (I.M.) includes guidelines and procedures to assist a Local Public Agency (LPA) in complying with the various State and Federal asbestos laws and regulations when demolishing a building structure or an entire bridge. This I.M. also includes the following attachments:

[Attachment A](#) - Notification of Demolition form (also available in [Word](#) format)

Note: The procedures in this I.M. are required for all LPA projects let through the Iowa Department of Transportation (Iowa DOT) and are designed to comply with the Environmental Protection Agency (EPA) and Iowa Department of Natural Resources (Iowa DNR) laws and regulations. The EPA and Iowa DNR laws and regulations must be followed, regardless of which agency conducts the project letting. Therefore, the Iowa DOT strongly recommends the procedures outlined in this I.M. also be used for projects that are let locally.

Definitions

Bridge - any structure including supports, erected over a depression or an obstruction, as water, a highway, or railway. A bridge has a track or passageway for carrying traffic or other moving loads and has an opening measured along the center of the roadway of more than 20 feet. The measurement shall be between the inside faces of abutments, the inside faces of the exterior walls of multiple box culverts, the spring lines of arches, and the horizontal measurement of circular or elliptical structures.

Contacts

To locate a licensed asbestos inspector or contractor, contact the Iowa Division of Labor at 515-281-6175 or visit their [Asbestos Licensees and Permittees](#) web page.

For questions concerning the asbestos laws, regulations, or procedures, contact the Iowa Department of Natural Resources, attn. Mr. Marion Burnside (515-281-8443 or marion.burnside@dnr.state.ia.us).

Bridges

Inspection

If the bridge is constructed entirely of a standard Portland cement concrete (PCC) mixture or is constructed entirely of wood, it is very unlikely that suspect asbestos containing material is present and a thorough asbestos inspection will not be necessary.

If there is a possibility of asbestos being present in or on the bridge to be removed, the LPA must have a thorough asbestos inspection by a person knowledgeable in asbestos materials, sampling techniques, and familiar with all asbestos regulations. Suspect asbestos containing materials on bridges include, but are not limited to, utility conduits, rocker pads, paint on metal, waterproofing membrane between PCC and HMA overlay, expansion joint material, reclaimed hot mix asphalt (HMA) that may have incorporated reclaimed shingles in the mix, and PCC that may have used asbestos fibers in the mix.

A thorough inspection means all suspect asbestos containing materials, or material assumed to contain asbestos, will be sampled and submitted for laboratory analysis, and all such materials will be handled in accordance with the applicable State and Federal regulations. If a city or county is hiring an inspector, the person must be a licensed asbestos inspector. To locate a licensed asbestos inspectors, see "Contacts" above. A three day asbestos inspector training class is available from the [Iowa Division of Labor](#) for \$20 per individual.

As an alternative to collecting samples and submitting them for laboratory analysis, the LPA may presume the material to contain asbestos. However, all such presumed asbestos containing materials would have to be properly removed and disposed of by a licensed asbestos contractor.

Removal

If asbestos is present, a licensed asbestos contractor will be required to remove it prior to the commencement of demolition, or in rare situations in coordination with the bridge contractor's project. The only reason asbestos should still be present at the time bridge demolition begins is if it has been incorporated in the bridge and it can not be removed without part of the bridge being removed. Any bridge debris that is contaminated with asbestos must be disposed of in accordance with the regulations.

To locate a licensed asbestos contractor, see "Contacts" above. The asbestos contractor must complete the Notification of Demolition and Renovation form as detailed in Title 40, Section 61.145 of the code of Federal Regulations ([40 CFR 61.145](#)).

Contract Documents

If these procedures are used on LPA let projects, the language of Article 2401.02, Notification for Complete Removal of Bridge, in the [Iowa DOT Standard Specifications](#) should be included in the contract documents.

LPA projects let through the Iowa DOT that involve demolition of an existing bridge shall use Bid Item 2401-6745625, Removal of Existing Bridge. Do not use Bid Item 2401-6745650, Removal of Existing Structure, if only a bridge is being demolished. If there are structures to be removed, other than the bridge, Bid Item 2401-6745650, Removal of Existing Structures, must also appear on the plans. The use of Bid Item 2401-6745625, Removal of Existing Bridge, is required to automatically generate the "Notification of Demolition" form (see [Attachment A](#)) that the Office of Contracts will send to the contractor.

A plan note should be added to the plans, whether the project is let through the Iowa DOT or LPA, to notify the contractor on the rare occasion that asbestos will still be present at the time bridge demolition begins. This note should notify the contractor whether the LPA will contract with a licensed asbestos contractor and the prime contractor will be required to coordinate with them; or if they will be required to sublet to a licensed asbestos contractor to remove any remaining asbestos during the bridge's demolition. The costs associated with the latter should be included in Bid Item 2401-6745625, Removal of Existing Bridge.

Notification

All bridge demolitions require submission of a "Notification of Demolition" form to the Iowa DNR, even if no asbestos existed.

On Iowa DOT let projects, the Office of Contracts will supply a partially completed "Notification of Demolition" form with the other contract documents after the letting.

On LPA let projects, the LPA should partially complete the "Notification of Demolition" form and send it to the successful bidder with the contract. Use only this form for notification as it meets the EPA and DNR's requirements. The LPA should complete the following parts of the form:

2. Facility info; Owner: the name of the city or county that owns the bridge.
Engineer: the name, address, and phone number of the city or county engineer responsible for the bridge.
Prime Contractor: the name, address, and phone number of the contractor being awarded the contract.
4. Is asbestos present?: check if asbestos will be present or not at the time demolition begins.
5. Facility description:
(new) FHWA No.: the FHWA Structure number that is assigned to the bridge as part of the reconstruction.
Rte: on Farm to Market projects, use the route number; for all others use the name of the street.
Cnty: the name of the county.
Location: directions on how to drive to the bridge if unfamiliar with the area.
Size: the number of square feet of bridge deck.
Age: the number of years since the bridge was built.
6. Procedure, including analytical method, if appropriate, used to detect the presence of asbestos material: PLM, Polarized Light Microscopy, is the standard and least expensive analytical method used by a lab to detect the presence of asbestos. If the bridge is inspected by a competent person, change the mark.

Box Area:

Attention: enter the prime contractor's company name.

Complete the remainder of the blanks in the boxed area with the line number for the Bid Item 2401-6745625, Removal of Existing Bridge, on this contract; the name of the county of the contract; and the project number.

The contractor shall complete the remaining portions of the form and submit it according to Article 2401.02, Notification for Complete Removal of Bridge, in the Standard Specifications. According to [40 CFR 61.145](#) "Delivery of the notice by U.S. Postal Service, commercial delivery service, or hand delivery is acceptable." The Iowa DNR will not accept Fax or e-mail because the postmark or delivery notice date is used to meet the Iowa DNR's notification requirement.

Once the contractor sends the notification to the Iowa DNR, they may proceed as planned unless contacted by the Iowa DNR.

Lack of notification will allow the Iowa DNR to assess penalties up to \$10,000 on the LPA, the contractor, or both.

Building Structures

If a building structure is to be demolished, the procedures are similar to those described for bridges above. However, there are some important differences, and it is beyond the scope of this I.M. to adequately describe the process for buildings. Therefore, the Iowa DOT strongly recommends the LPA contact a licensed asbestos inspector for additional guidance and assistance.

The asbestos inspection and removal must be completed prior to demolition. For projects let through the Iowa DOT, this work should ordinarily be completed before the project is submitted for letting.

NOTIFICATION OF DEMOLITION

-
1. Type of notification: ORIGINAL REVISED
 2. Facility info; Owner: _____
Engineer: _____

ph: _____

Prime Contractor: _____

ph: _____

Removal Contractor if not the Prime: _____

Address: _____
 - 2a. Contact Person: _____ ph: _____
 3. Type of operation: DEMOLITION / REMOVAL OF EXISTING BRIDGE
 4. Is asbestos present?: NO YES
 5. Facility description: (existing bridge data from plans or Engineer)
(new) FHWA No.: _____
Rte/Cnty/St: _____ / _____ / IOWA
Location: _____

Present/Prior Use: Vehicular bridge / Vehicular bridge
Size: _____ sq.ft. No. of Floors: 1 Age: _____ Yrs
 6. Procedure, including analytical method, if appropriate, used to detect the presence of asbestos material: PLM Inspected by competent person.
 7. Scheduled removal dates: Start ____/____/20____ Complete ____/____/20____
 8. Procedures to be followed in the event that unexpected asbestos is found or previously non-friable asbestos material becomes crumbled, pulverized, or reduced to powder: STOP WORK. CALL A CERTIFIED ASBESTOS CONTRACTOR.
 9. I certify that the above information is correct to the best of my knowledge.

(Signature of Prime Contractor Representative)

(Date)

Attention _____

This form is specific to Contract Line No. ____ for _____ County project _____

- o Verify or correct response to item 6.
- o Complete items 1, 2, 2a, 7, and 9.
- o Send a copy to the Engineer shown in item 2.
- o Send the original to the DNR at the following address:

Air Quality Bureau
Attn: Mr. Marion Burnside
Iowa Department of Natural Resources
7900 Hickman Road, Suite 1
Des Moines, IA 50322

FAX: 515/242-5094

INSTRUCTIONAL MEMORANDUMS

To Local Public Agencies



To: Counties and Cities

Date: April 12, 2007

From: Office of Local Systems

I.M. No. 3.720

Subject: Local Letting Process – Federal-aid

Contents: This Instructional Memorandum (I.M.) includes the required methods, procedures, documents, and forms that a Local Public Agency (LPA) shall use to procure and administer a Federal-aid construction contract through a local letting or solicitation of quotes. This I.M. also includes the following attachments:

[Attachment A](#) – Pre-Award Checklist and Certification

[Attachment B](#) – Post-Award Checklist and Certification

[Attachment C](#) – Supplemental Agreement

Introduction

In an effort to streamline the delivery of Transportation Enhancement (TE) program projects, on November 12, 1996, the Federal Highway Administration (FHWA) issued a memorandum that permitted additional flexibility in the procurement of construction contracts for TE projects.

This FHWA memo permits an LPA to procure a construction contract for TE projects that are not located on the street or highway right-of-way according to Title 49 of the Code of Federal Regulations, Part 18 ([49 CFR 18](#)), also known as the Common Rule. The Common Rule allows the LPA to use State procedures (i.e., State laws, regulations, and policies) to procure a construction contract. *For work that is located on the street or highway right-of-way, in addition to the Common Rule requirements, the competitive bidding requirements of [23 CFR 635, Subpart A](#) must also be satisfied.*

This I.M. describes the State procedures that have been developed by the Iowa DOT and approved by the FHWA. These procedures may be used for qualifying contracts where the work is either on or off the highway right-of-way. Since 1996, the FHWA has also allowed certain other types of Federal-aid contracts to follow these procedures.

Definitions

Qualifying contract – To use these procedures, the proposed contract must meet *all* of the following conditions:

1. The contract work will be reimbursed by one or more of the following Federal transportation programs:
 - Transportation Enhancement
 - Federal Recreational Trails
 - National Scenic Byways
 - Safe Routes to School (infrastructure projects only)

If the contract work will be reimbursed by *any other* type of Federal funds, the contract shall be let by the Iowa DOT.

2. The contract work is part of a public improvement project.
3. If the contract work includes construction of a bicycle or pedestrian trail that involves grading or hard surface paving, such as asphalt or concrete, the estimated contract cost is less than \$100,000.

Public improvement – As defined in [Section 26.2](#) of the Code of Iowa. In summary, this includes any building or construction work which is constructed under the control of a governmental entity and is paid for in whole or in part with funds of the governmental entity. However, this definition excludes several specific types of work, such as: work that is part of a road, bridge, or culvert project; and repair or maintenance work performed by government employees.

Public improvement project – A project that involves construction, reconstruction, or improvement that results in a betterment to a facility by improving its original design or function.

Procurement Methods

The LPA shall procure a construction contract by using either competitive bids or competitive quotes in accordance with [Chapter 26](#) of the Code of Iowa, as described below.

Competitive quotes

This relatively simple procurement method shall be used for securing services or supplies that do not cost more (in aggregate) than the current applicable competitive bid thresholds, as specified by the Code of Iowa. The required procedures for competitive quotations are specified by [Section 26.14](#) of the Code of Iowa and 761 Iowa Administrative Code, Chapter 180 ([761 IAC 180](#)).

In summary, this method requires the LPA to:

1. make an oral or written solicitation for quotes that describes the work to be performed, including plans and specifications, if applicable, and all other required terms, conditions, and pertinent information;
2. make a good faith effort to obtain at least two quotes from contractors regularly engaged in the type of work to be performed; and
3. award a firm, fixed-price (lump sum or unit price) contract to the responsible quoter whose quote, conforming with all the material terms and conditions of the solicitation for quotes, is the lowest in price; or reject all quotes.

Note: Some of the procedures allowed by Chapter 26 of the Code of Iowa and 761 IAC 180 are not allowed for Federal-aid contracts procured under the procedures outlined in this I.M. These restrictions include:

- As a minimum, competitive quotes shall be used, even if not required by the Code of Iowa.
- For projects located on a public road right-of-way, no public agency shall be allowed to submit quotes for the proposed contract work.

Competitive bids

This procurement method shall be used for contracts with estimated costs in excess of the current applicable competitive bid thresholds, as specified by the Code of Iowa. The required procedures for a public letting are specified by [Sections 26.3](#) through 26.13 of the Code of Iowa.

In summary, this method requires the LPA to:

1. publish a public advertisement for sealed bids;
2. hold a public hearing on the proposed plans, specifications, and estimate;
3. at the time and place specified in the notice to bidders, open, announce the amount of the bids, and file all proposals received; and
4. pass a resolution to either: award a firm, fixed-price (lump sum or unit price) contract to the responsible bidder whose bid, conforming with all the material terms and conditions of the invitation for bids, is the lowest in price; or reject all bids.

Bid Thresholds

The bid thresholds specified by the Code of Iowa are updated regularly. For the current thresholds, refer to the Office of Local Systems' [Bid and Quote Thresholds for Iowa Cities and Counties](#) web page. Contracts that qualify for the procedures outlined in this I.M. shall use the bid thresholds for Vertical Infrastructure, as listed on this web page.

Division of Contract Work

Work of the same type (i.e., typically done by a certain construction trade) shall not be arbitrarily broken into separate contracts in order to avoid the competitive bid threshold or to qualify for use of the local procurement procedures outlined in this I.M.

Example: If the project involves trail construction with an estimated total cost of \$150,000, the project work may not be broken into two separate contracts of \$75,000 each.

Work of different types may be divided into separate contracts and may be considered independently under the qualifying contract criteria, provided all of the following conditions are met: a) all resulting contracts will be procured using at least competitive quotes; b) at least one of the resulting contracts will be procured using

competitive bids, and c) all resulting contracts with an estimated cost in excess of the competitive bid threshold will be procured by competitive bids.

Example: A depot renovation project has an estimated total cost of \$215,000 and will procure separate contracts for the roofing work (estimated at \$20,000), exterior brick tuck-pointing (estimated at \$70,000) and interior finish woodwork (estimated at \$125,000). In this example, the finish woodwork must be let for bids, because the estimated cost for this contract still exceeds the competitive bid threshold. The roofing and tuck-pointing contracts may be procured using either bids or quotes.

Procedures

To satisfy and document the State and Federal requirements for locally procured Federal-aid contracts, the following procedures have been developed. The LPA shall thoroughly review all of these procedures and associated documents before beginning the process for locally procured Federal-aid contracts. Note: *Failure to follow these procedures may jeopardize Federal-aid reimbursement of the work.*

Instructions and Checklists

[Attachment A](#) – Pre-Award Checklist and Certification describes the step-by-step process that the LPA must follow to ensure compliance with the applicable State and Federal regulations related to procurement of the construction contract. Prior to awarding a contract, this checklist and certification shall be completed by the LPA and submitted to Iowa DOT to document compliance with these regulations.

[Attachment B](#) – Post-Award Checklist and Certification describes the step-by-step process that the LPA must follow to ensure compliance with the applicable State and Federal regulations related to performance of the construction contract. Prior to requesting final reimbursement for the contract work, this checklist and certification shall be completed by the LPA and submitted to Iowa DOT to document compliance with these regulations.

Agreement

Because of the additional responsibilities assumed by the LPA under these procedures, an additional agreement must be executed, as shown in [Attachment C](#) – Supplemental Agreement. This agreement between the LPA and the Iowa DOT specifies the LPA's responsibilities in procuring a Federal-aid construction contract. This agreement must be executed before advertising for bids or quotes.

Documents and Forms

The bid / quote documents and construction forms listed below are not included as an attachment to this I.M. However, all of these documents are available on the Internet in either Adobe Acrobat's Portable Document Format (PDF) or Microsoft Word format, or in some cases, both. These documents may be downloaded individually by clicking on the links below, or as a group in the Forms Packet.

To download the Forms Packet:

1. [Click here](#).
2. When prompted, click on "Save."
3. Specify a location on your computer or network.
4. At the "Download Complete" dialogue box, click "Open Folder."
5. Double click on the file named "forms.exe."
6. At the WinZip Self-extractor dialogue box, click on "Browse," select a folder, and click "OK."
7. Click on the "Unzip" button.
8. After the extraction is complete, click "OK," then "Close."

Bid / Quote Documents

The following forms and contract documents shall be used when obtaining bids or quotes, as outlined in [Attachment A](#) - Pre-Award Checklist and Certification:

- *Bidding Proposal for County / City Projects (Form 740384)* ([PDF](#)) ([Word](#)). This Iowa DOT form must be used for taking sealed bids for qualifying contracts.
- *Request for Quotation (Form 740386)* ([PDF](#)) ([Word](#)). This Iowa DOT form must be used for receiving quotes for qualifying contracts.

- *Proposal Notice* ([PDF](#)). This document lists and summarizes the Federal-aid contract provisions that shall apply to the contract work. As a condition of the bid or quote, the person or firm submitting the bid or quote agrees to the certifications and regulations set forth in this document.
- *DBE Contract Provisions* ([PDF](#)). If a Disadvantaged Business Enterprise (DBE) goal will be set for the contract, these additional contract provisions shall also be included as part of both the bid documents and the signed contract documents. This document specifies the Contractor's DBE obligations related to the DBE program.
- *Statement of DBE Commitments (Form 517012)* ([PDF](#)). If a DBE goal was set for the contract, this form must be completed by the bidder and signed by the LPA to document the amount of DBE commitment for the contract. Even if a goal was not set, the LPA shall complete the applicable portions of the form and submit it to the Administering Office. For more information, refer to the instructions included with the form.
- *Bulletin Reporting Form (Form 650013)* ([PDF](#)) ([Word](#)). Qualifying contracts that involve highway type work must be advertised in the Iowa DOT's [Weekly Letting Report](#), published by the Office of Contracts. This form may be used to supply the necessary information to the Iowa DOT so the project may be advertised in the Weekly Letting Report. If the contract will be obtained using quotes, or is for non-highway type work, advertisement in the Weekly Letting Report is encouraged, but not required.

Construction Forms

The following forms must be used in administering the construction contract, as outlined in [Attachment B – Post-Award Checklist and Certification](#):

- *Project Engineer's EEO Project Site Inspection / Wage Report (Form 650170)* ([PDF](#)) ([Word](#)) This form is used for verification and documentation of compliance with Equal Employment Opportunity (EEO) and minimum wage rate requirements.
- *Form FHWA-1391* ([PDF](#)) For all open Federal-aid contracts in July, the Contractor must complete this form and submit it to the Iowa DOT in order to document the race and gender of its employees working on the contract during the last week in July.
- *Certification of Subcontractor Payments (Form 518002)* ([Word](#)). This form shall be completed by the Contractor and submitted with the request for final payment. It documents the timeliness of payments made to subcontractors in accordance with the prompt payment requirements included in the *Proposal Notice*.
- *Certification of DBE Accomplishments (Form 517013)* ([PDF](#)) This form documents the actual amounts paid to DBE firms on all locally procured Federal-aid contracts. Even if a goal was not set or no DBE firms were used, the LPA shall complete the applicable portions of the form and submit it to the Administering Office. For more information, refer to the instructions included with the form.
- *Change Order (Form 830240)* ([PDF](#)) ([Word](#)) This form shall be used to document any changes to the contract as construction progresses. It must be initiated by the LPA and approved by the Iowa DOT before any change order related work is completed. A final change order form must also accompany the LPA's request for final reimbursement.
- *Certificate of Completion and Final Acceptance of Agreement Work (Form 640003)* ([PDF](#)) ([Word](#)) This form is also completed by the LPA and forwarded to the Iowa DOT with the LPA's request for final reimbursement. It is used to verify that the LPA and the Iowa DOT have accepted the contract work as complete.
- *Interest Payment Information (Form 830236)* ([PDF](#)) ([Word](#)) This form must accompany the LPA's request for final reimbursement. This form provides information necessary to determine if interest is due to the Contractor, as required by the Code of Iowa, [Section 573.14](#). If interest is due, the Iowa DOT will return this form to the LPA with the appropriate interest rate. The LPA shall then calculate and make the interest payment that is due the Contractor. For more information, refer to Appendix 2-38 of the Iowa DOT [Construction Manual](#).

Pre-Award Checklist and Certification

For Locally Procured Federal-Aid Contracts

The following checklist describes the procedures and prescribes the sequence of steps that a Local Public Agency (LPA) must follow *prior* to awarding a Federal-aid construction contract. These procedures may only be used for qualifying contracts, as defined in [I.M. 3.720](#), Local Letting Process – Federal-aid.

Note: This checklist is not a complete list of all project development activities, but instead focuses only on those activities that are related to contract procurement. This checklist assumes that the LPA has already completed the applicable project development steps, as outlined elsewhere in the [Federal-aid Project Development Guide](#).

The LPA shall complete and submit this checklist and certification to the Iowa Department of Transportation (Iowa DOT) Administering Office as specified in the steps below. This checklist will also be used by Administering Office staff to review and document the LPA's compliance with the various Federal and State laws, regulations and policies relating to procurement of Federal-aid construction contracts.

Items with an asterisk (*) are the responsibility of the LPA. While the LPA may use the services of a consultant to perform some of these responsibilities, the LPA is ultimately responsible for ensuring that these responsibilities are carried out.

Checklist

- * 1. LPA requests permission from the Administering Office to procure the contract locally, by means of either sealed bids or quotes. The written request must include the following items:
 - the Iowa DOT project number;
 - a detailed description of the type and scope of the proposed contract work; and
 - an up-to-date cost estimate for the proposed contract work.
- 2. The Administering Office reviews the request and verifies that the proposed work qualifies for local procurement of a Federal-aid contract.
- 3. If the proposed work qualifies, the Administering Office prepares and sends the LPA an unsigned copy of the Supplemental Agreement for Locally Procured Federal-Aid Contracts, as shown in [Attachment C](#). If the proposed work does not qualify, the Administering Office notifies the LPA accordingly.
- * 4. If it has not done so already, the LPA thoroughly reviews the Supplemental Agreement and all of the guidance, information and forms contained in [I.M. 3.720](#), Local Letting Process – Federal-aid. If the LPA has questions concerning the procedures or requirements, the LPA contacts the Administering Office for assistance.
- * 5. LPA signs and returns the Supplemental Agreement to the Administering Office.
- 6. The Administering Office signs the Supplemental Agreement and distributes copies to the LPA and other Iowa DOT offices as appropriate.
- * 7. The LPA checks its file to see if FHWA Environmental Concurrence has been received from the Iowa DOT, Office of Location and Environment. If it has not yet been received, the LPA contacts the Administering Office for assistance. For more information, refer to [I.M. 3.112](#), FHWA Environmental Concurrence Process.

NOTE: The LPA shall not begin right-of-way negotiations until FHWA Environmental Concurrence has been received.

- * 8. The LPA checks the status of any needed right-of-way (including acquisitions, easements, or any type of property rights). If any needed right-of-way has not been obtained, the LPA contacts the Administering Office for assistance. All right-of-way must be obtained before issuing an advertisement for bids or quotes. Note: Projects that involve Federal-aid in any aspect of the work, even if Federal-aid is not used for the property acquisition itself, must follow the Federal requirements for property acquisition. For more information, refer to [I.M. 3.605](#), Right-of-Way Acquisition.

- * 9. The LPA reviews the proposed contract work to determine if a Disadvantaged Business Enterprise (DBE) goal will be set, and if so, the level of DBE goal that will be established. For guidance on setting DBE goals, refer to [I.M. 3.710](#), DBE Guidelines.
- * 10. The LPA prepares a complete set of bid or quote documents for the proposed contract work. This shall include, as a minimum, the following documents:

Notice to Bidders The LPA may use its own form of notice used for other locally let public improvement projects. At a minimum, the Notice to Bidders must contain the following information:

- The time, date, and location for filing and opening of bids or quotes.
- The general nature or description of the proposed contract work.
- In general terms, when the proposed contract work must begin and be completed.
- Whether or not a DBE goal has been set for the contract. If a goal has been set, specify the percentage DBE goal.
- If more than 50% of the work is located within the existing right-of-way of a Federal-aid highway and is estimated to cost more than \$2,000, or if any part of the contract work will be reimbursed with Safe Routes to School (SRTS) program funds, include a notification that Davis-Bacon predetermined wage rates will apply to all work under the contract. The notification should be similar to the following example, where "XXXXXX" is the number of the wage rate determination in effect at the time the bid documents are issued:

"The predetermined wage rates for the State of Iowa, as specified in General Decision Number IAXXXXXX and required by Section XI of the Proposal Notice, are in effect for this contract. The bidder may obtain a copy of this wage rate determination on-line at: http://www.ia.bidx.com/lettings/wage_rates.pdf."

- A notification that sales tax exemption certificates will be issued by the LPA to the successful bidder and its subcontractors so that they may purchase materials and supplies for the contract free of sales tax.

Note: State law allows the LPA the option of either issuing exemption certificates or requesting a refund of sales tax paid on materials or supplies used for public improvement projects. However, the Iowa DOT *requires* the use of exemption certificates for State or Federally funded contracts. For locally procured Federal-aid contracts, the LPA shall be responsible for obtaining these certificates from the [Iowa Department of Revenue](#), as specified in the [701 Iowa Administrative Code, Chapter 19](#), Rule 19.12. These certificates shall be used by the successful bidder when purchasing materials or supplies for completion of the contract.

Plans and / or Specifications These shall be developed as appropriate for the complexity and scope of work to be performed. They must provide enough detail to enable a prospective contractor or supplier to prepare an accurate bid or quote. The method of measurement and basis of payment shall be described for each contract bid item. Because of differing Federal requirements, the plans shall also indicate the following:

- if the contract work will be reimbursed in whole or in part by the SRTS program funds; and
- if the contract work is located on a Federal-aid highway (Federal-aid highways include all roads shown on the [Federal Functional Classification Maps](#), except those classified as Local and Rural Minor Collectors).

Iowa DOT Bid or Quote Form

- If sealed bids will be used to procure the contract, the LPA shall use the *Bidding Proposal for County / City Projects (Form 740384)* ([PDF](#)) ([Word](#)). If a DBE goal was set for the contract, the Bidding Proposal must specify the established DBE goal (as a percentage of the total contract amount).
- If quotes will be used to procure the contract, the LPA shall use the *Request for Quotation (Form 740386)* ([PDF](#)) ([Word](#)).

Iowa DOT Proposal Notice The bid or quote documents shall contain the *Proposal Notice* ([PDF](#)) which includes the Federal-aid contract provisions that are applicable for locally procured Federal-aid contracts.

DBE Documents If a DBE goal was set for the contract, the bid documents must also include the following (if no goal was set, these are not required):

- the *DBE Contract Provisions* ([PDF](#)), which specifies the DBE requirements that must be satisfied by both the bidder / contractor and the LPA; and
- the *Statement of DBE Commitments (Form 517012)* ([PDF](#)), which must be completed by all bidders to indicate their proposed level of DBE involvement on the contract.

- * 11. After FHWA Environmental Concurrence has been obtained, and any needed right-of-way has been obtained, the LPA sends a request to advertise for bids or solicit quotes to the Administering Office. This request shall include the following:
- the proposed bid or quote documents, as described above;
 - a detailed cost estimate, which includes the estimated unit or lump sum costs for each item of work and a total estimated contract cost;
 - if the estimated cost exceeds \$100,000, and no DBE goal is proposed for the contract work, an explanation as to why no DBE involvement is proposed; and
 - a completed and signed *Project Development Certification (Form 730002)* ([PDF](#)) ([Word](#)), as per [I.M. 3.750](#), Project Development Certification Instructions.

NOTE: The LPA shall not advertise for bids or solicit quotes until after the LPA has received written approval from the Administering Office to do so.

12. If not already requested, the Iowa DOT requests FHWA authorization for the contract work.
13. The Administering Office reviews the bid or quote documents. If the documents are not acceptable, the Administering Office works with the LPA to correct any deficiencies.
14. The Administering Office confirms that FHWA Environmental Concurrence and FHWA authorization have been obtained, and the *Project Development Certification (Form 730002)* has been reviewed and approved by the appropriate Iowa DOT offices.
15. If these are complete, the Administering Office notifies LPA that it may proceed to advertise for bids or solicit quotes. If any of these are not complete, the Administering Office contacts the LPA and explains what additional steps are necessary in order to proceed.
- * 16. If using competitive bids, the LPA shall advertise the project in accordance with Code of Iowa [Section 26.3](#). In addition, the LPA shall:
- Make a good faith effort to obtain at least 3 bids. This may include contacting prospective contractors or publishing the notice to bidders in a relevant contractor organization publication or a relevant plan room service.
 - If the contract is for highway type work, advertise the project in the Iowa DOT's [Weekly Letting Report](#). If the contract is for non-highway type work, advertisement in the Weekly Letting Report is encouraged, but not required. The LPA may send a request to the Iowa DOT, Office of Contracts for advertisement in the Weekly Letting Report via letter, e-mail, or by using the *Bulletin Reporting Form (Form 650013)* ([PDF](#)) ([Word](#)). For additional instructions, refer to [I.M. 3.720](#), Local Letting Process – Federal-aid.
 - After the local advertisement for bids is published, send a copy of the local advertisement to the Administering Office.
- * 17. If using competitive quotes, in accordance with Code of Iowa [Section 26.14](#) and 761 Iowa Administrative Code, Chapter 180 ([761 IAC 180](#)), the LPA shall make a good faith effort to obtain at least 2 quotes from contractors or suppliers that are regularly engaged in providing the type of work or supplies that are being requested.
- * 18. If using competitive bids, the LPA shall hold a public hearing in accordance with Code of Iowa [Section 26.12](#).

- * 19. If using competitive bids, the LPA shall open bids in accordance with Code of Iowa [Section 26.10](#). If the estimated contract cost is greater than \$100,000, an Administering Office representative may attend the public letting.

NOTE: The LPA shall not award a contract until receiving written approval from the Administering Office to do so.

- * 20. Within 5 business days after bids are opened or quotes are received, the LPA shall review all bids or quotes received for conformity with the bidding requirements. Note: The LPA shall keep copies of all quotes or bids received, regardless of whether the bids or quotes will be accepted or rejected.

If a DBE goal was set for the contract, the LPA shall complete the following additional steps:

- Review the DBE commitment of the otherwise lowest responsive bidder and determine if that bidder made a good faith effort to achieve the DBE goal. Good faith efforts shall be judged in accordance with the criteria set forth in the *DBE Contract Provisions* ([PDF](#)) and in [I.M. 3.710](#), DBE Guidelines.
- If the lowest responsive bidder made a good faith effort, proceed to Step 24.
- If the otherwise lowest responsive bidder did not make a good faith effort, the LPA informs the otherwise lowest responsive bidder and offers an opportunity for an administrative reconsideration of its good faith effort.
- If the otherwise lowest responsive bidder requests an administrative reconsideration of its good faith effort within three (3) business days of the LPA's offer, proceed to the next step. If administrative reconsideration is not requested, proceed to Step 24.

- * 21. The LPA notifies the Administering Office of the bidder's request for administrative reconsideration and forwards the following information to the Administering Office:

- The LPA's reasons for finding that the bidder did not make a good faith effort.
- The bidder's *Statement of DBE Commitments (Form 517012)* ([PDF](#)). Note: the bidder is not allowed to modify their original DBE commitment.
- Additional written documentation provided by the bidder to justify their good faith efforts to meet the DBE goal.

22. The Iowa DOT's Administrative Reconsideration Committee evaluates the bidder's request and makes a determination of the bidder's good faith effort. The Administering Office notifies the LPA and the bidder of its decision.

- * 23. If the Iowa DOT approves the bidder's request, the LPA shall consider the bidder responsive with respect to the DBE good faith effort requirement. If denied, the LPA returns to Step 20 and reviews the good faith effort of the next lowest bidder.

- * 24. If the LPA intends to award a contract to the lowest responsible and responsive bidder or quoter, the LPA notifies the Administering Office in writing and requests concurrence in award of the contract. This request shall include the following:

- a completed and signed Pre-Award Checklist and Certification (this document)
- a tabulation of all bids or quotes received (if a DBE goal was set for the contract, the tabulation of bids shall also specify the DBE commitment submitted by each bidder)
- copies of all bids or quotes received
- if a DBE goal was set, signed copies of all *Statement of DBE Commitments (Form 517012)* received; if a DBE goal was not set, one signed copy of this form with only the applicable parts completed by the LPA.

If all bids or quotes will be rejected, the LPA shall explain in writing why all bids or quotes will be rejected and its future plans for the project (i.e., whether it will be re-let, revised in scope, cancelled, etc.).

25. The Administering Office reviews the bid tabulation and the copies of bids or quotes received, including the *Statement of DBE Commitments (Form 517012)* ([PDF](#)). The Administering Office also reviews the Pre-Award Checklist and Certification and verifies all the necessary steps have been completed.

If acceptable, the Administering Office signs and dates the Pre-Award Checklist and Certification and notifies the LPA of its concurrence in award of the contract. If there are irregularities or problems with the bids or quotes, or if all the necessary steps have not been completed, the Administering Office works with the LPA to correct any deficiencies.

LPA Certification

As the duly authorized employee of the local public agency named below, having responsible charge of the project named below, I hereby certify, under penalty of perjury under the laws of the United States and the State of Iowa, that the above noted responsibilities assigned to the local public agency have been completed.

Project No.: _____ Local Public Agency: _____

Description of Proposed Contract Work: _____

Name: _____ Title / Position: _____

Signature: _____ Date: _____

Iowa DOT Review

As the authorized representative of the Iowa Department of Transportation, I have reviewed this checklist and found the local public agency named above to be in substantial compliance with its responsibilities as assigned above. I have also verified the responsibilities assigned to the Iowa DOT have been completed. The local public agency hereby receives Iowa DOT concurrence in award of the above described contract.

Name: _____ Iowa DOT Office: _____

Signature: _____ Date: _____

Post-Award Checklist and Certification

For Locally Procured Federal-Aid Contracts

The following checklist describes the procedures and prescribes the sequence of steps that a Local Public Agency (LPA) must follow *after* receiving Iowa Department of Transportation (Iowa DOT) Administering Office concurrence in the award and *prior* to receiving final reimbursement for a Federal-aid construction contract. These procedures may only be used for qualifying contracts, as defined in [I.M. 3.720](#), Local Letting Process – Federal-aid.

Note: This checklist is not a complete list of all project development activities, but instead focuses only on those activities that are related to contract procurement. This checklist assumes that the LPA has already completed the applicable project development steps, as outlined elsewhere in the [Federal-aid Project Development Guide](#).

The LPA shall complete and submit this checklist and certification to the Administering Office as specified in the steps below. This checklist will also be used by Administering Office staff to review and document the LPA's compliance with the various Federal and State laws, regulations and policies relating to procurement of Federal-aid construction contracts.

Items with an asterisk (*) are the responsibility of the LPA. While the LPA may use the services of a consultant to perform some of these responsibilities, the LPA is ultimately responsible for ensuring that these responsibilities are carried out.

Checklist

- * 1. After receiving Administering Office concurrence in award of the contract, the LPA takes formal action to award the contract, as required by Code of Iowa [Section 26.9](#) and [Section 26.10](#), and forwards an unsigned set of contract documents to the successful bidder or quoter for signature. The contract documents shall include:
- the form of contract used by the LPA (if sealed bids were used)
 - *Bidding Proposal for County / City Projects (Form 740384)* ([PDF](#)) ([Word](#)) or *Request for Quotation (Form 740386)* ([PDF](#)) ([Word](#))
 - *Proposal Notice for Locally Procured Federal-Aid Contracts* ([PDF](#))
 - *Certification of Subcontractor Payments (Form 518002)* ([Word](#))
- If the contract included a DBE goal, the following additional contract documents shall be included:
- *DBE Contract Provisions* ([PDF](#)); and
 - a completed *Statement of DBE Commitments (Form 517012)* ([PDF](#)), signed by representatives of the contractor and the LPA.
- * 2. After receipt of the signed contract documents from the contractor, the LPA signs the contract. The LPA also obtains the tax exemption certificates for the contractor and any subcontractors from the Iowa Department of Revenue. The LPA signs the tax exemption certificates and returns them to the contractor with the executed contract documents.
- * 3. Within thirty 30 calendar days of taking formal action to award the contract, the LPA provides 2 copies of the fully executed contract documents to the Administering Office. In addition to those listed in Step 1 above, the contract documents shall include the following:
- all bonds required by the contracting authority, such as the bid bond, payment bond, or performance bond;
 - all insurance certificates required by the contracting authority;
 - a copy of the tax exemption certificates issued to the contractor and subcontractors.
4. The Administering Office reviews the contract documents. If the contract documents are not acceptable, the Administering Office works with the LPA to correct any deficiencies. If the contract documents are acceptable, the Administering Office notifies the LPA and distributes copies of the contract documents to other Iowa DOT offices as appropriate.

- * 5. The LPA monitors the work progress and the contractor's compliance with the contract documents. The LPA's inspection and construction administration activities shall include, but are not limited to:
 - At least once every six months, the LPA shall perform a site inspection and wage rate interview, complete the *Project Engineer's EEO Project Site Inspection / Wage Report (Form 650170)* ([PDF](#)) ([Word](#)), and place a copy of this form in its project file.
 - If change orders are necessary, the LPA shall prepare change orders using the *Change Order (Form 830240)* ([PDF](#)) ([Word](#)) and obtain written approval from the Administering Office before authorizing the contractor to begin any change order related work.

- 6. During the last week in July, the Administering Office sends a copy of *Form FHWA-1391* ([PDF](#)) and instructions to all contractors with open locally procured Federal-aid contracts. Copies of these letters are provided to the LPAs. The contractors complete the forms and return them to the Administering Office. If a contractor fails to submit the form by mid-August, the Administering Office sends a reminder letter and provides a copy to the LPA. If the contractor fails to comply by the last working day of August, the Administering Office notifies the LPA that Federal-aid reimbursement for contract costs will be withheld until the contractor complies.

- * 7. As work progresses, the LPA makes payments to the contractor and the contractor makes payments to its subcontractors in accordance with the contract documents.

- * 8. After payments to the contractor are made, the LPA may periodically submit requests for Federal-aid reimbursement to the Administering Office. Upon receipt, the Administering Office reviews and processes the billings received from the LPA for reimbursement.

- * 9. Upon completion of the project, the LPA verifies the project was completed in accordance with the contract documents. If so, the LPA sends a request for final reimbursement to the Administering Office. This request shall include the following forms and documentation, completed as appropriate:
 - Post-Award Checklist and Certification (this document)
 - *Certification of Subcontractor Payments (Form 518002)* ([Word](#))
 - *Certification of DBE Accomplishments (Form 517013)* ([PDF](#)), even if no DBE goal was set or no DBE firms were used
 - *Certificate of Completion and Final Acceptance of Agreement Work (Form 640003)* ([PDF](#)) ([Word](#))
 - The final *Change Order (Form 830240)* ([PDF](#)) ([Word](#)), if any
 - The final construction progress voucher (including all approved change orders)
 - The *Interest Payment Information (Form 830236)* ([PDF](#)) ([Word](#)), completed in accordance with Appendix 2-38 of the [Construction Manual](#).

- 10. The Administering Office reviews the LPA's request for final reimbursement. If the Administering Office concurs, the Administering Office begins processing the final reimbursement request and requests Federal Highway Administration (FHWA) approval. If there are problems or discrepancies, the Administering Office works with the LPA to correct them.

- 11. After receiving approval of the final voucher from the FHWA, the Administering Office makes the final Federal-aid reimbursement and distributes copies of the approved final voucher to the LPA, the appropriate Metropolitan Planning Organization (MPO) or Regional Planning Affiliation (RPA), and other Iowa DOT offices as appropriate.

LPA Certification

As the duly authorized employee of the local public agency named below, having responsible charge of the project named below, I hereby certify, under penalty of perjury under the laws of the United States and the State of Iowa, that the responsibilities assigned the local public agency as noted above have been fulfilled.

Project No.: _____ City or County Name: _____

Name: _____ Title / Position: _____

Signature: _____ Date: _____

Iowa DOT Review

As the authorized representative of the Iowa Department of Transportation, I have reviewed this checklist and found the local public agency named above to be in substantial compliance with its responsibilities as assigned above. I have also verified the responsibilities assigned to the Iowa DOT have been completed.

Name: _____ Iowa DOT Office: _____

Signature: _____ Date: _____

Supplemental Agreement
For Qualifying Locally Procured Federal-Aid Contracts

Recipient: _____

Project Number: _____

Original Agreement No: _____

This is a supplemental agreement between _____ (hereinafter referred to as Recipient) and the Iowa Department of Transportation (hereinafter referred to as the Iowa DOT).

Pursuant to the terms of the original agreement, and subject to the conditions and requirements set forth in Instructional Memorandum (I.M.) [3.720](#), Local Letting Process – Federal-aid, the Iowa DOT agrees to allow the Recipient to locally procure a construction contract or contracts for this project or portions of the project.

The Federal regulations that apply to a project vary significantly depending on the funding source and whether the project is located on or off the right-of-way of a public highway or street. Accordingly, the requirements are addressed separately below.

Requirements for all Projects

The Recipient shall procure all construction contracts according to the requirements listed in paragraphs 1 through 3 below:

1. The Recipient shall comply with all laws, administrative rules and procedures for public purchasing and contracting as applicable to political subdivisions of the State of Iowa. Procurement shall be accomplished by competitive quotes or competitive bids, unless some other cost effective method, such as the use of Recipient local forces, is proposed by the Recipient and approved by the Iowa DOT.
2. Prior to awarding a locally procured Federal-aid contract, the Recipient shall: (a) follow the procedures listed in I.M. 3.720, [Attachment A](#) – Pre-Award Checklist and Certification, and (b) complete, sign and return this checklist and certification to the Iowa DOT.
3. Prior to requesting final reimbursement for a locally procured Federal-aid contract, the Recipient shall: (a) follow the procedures listed in I.M. 3.720, [Attachment B](#) – Post-Award Checklist and Certification, and (b) complete, sign and return this checklist and certification to the Iowa DOT.

Additional Requirements for Selected Projects

If any part of the contract work is physically located within the boundaries of a public highway or street right-of-way, or if any part of the contract work will be reimbursed with Safe Routes to School (SRTS) program funds, the Recipient shall procure the construction contract(s) according to the following requirements, which are in *addition* to those listed in the paragraphs above.

4. The Recipient shall procure the contract(s) by means of sealed bids as specified in I.M. 3.720, Attachment A – Pre-Award Checklist and Certification, unless some other means of accomplishing the work, such as force account, can be shown to be more cost effective. Before procuring the work by any other means than competitive bidding, the Recipient shall request and receive Iowa DOT approval, in accordance with the procedures outlined in [I.M. 3.810](#), Federal-aid Construction by Local Agency Forces.
5. As required by [23 CFR 635.117\(a\)](#), if any part of the project work is located within the right-of-way of a Federal-aid highway, or if any part of the contract work will be reimbursed with SRTS funds, the Recipient shall not use convict labor for construction, unless it is labor performed by convicts who are on parole, supervised release, or probation
6. As required by 23 CFR 635.117(b), the Recipient shall not impose procedures or requirements which will operate to discriminate against the employment of labor from any other state, possession or territory of the United States.

7. The Recipient shall not use publicly owned equipment in construction work to be reimbursed with Federal-aid, unless use of such equipment is shown to be cost-effective. If the recipient desires to use publicly owned equipment, either as part of force account work or as a rental to the contractor, the requirements of [23 CFR 635.106](#) must be met. The Recipient shall also request and receive Iowa DOT approval for such use, as specified by [I.M. 3.760](#), Public Interest Findings.
8. If the construction contract requires the contractor to purchase equipment, and ownership of such equipment will be transferred to Recipient at the end of the project, Federal-aid participation in the costs of such equipment will be limited to the portion of the amortized equipment cost that is directly attributable to the time the equipment is used on the project. The initial cost of the equipment shall be amortized over the useful life of the equipment. "Equipment" shall be as defined in [49 CFR 18.3](#).
9. As required by [23 CFR 635.409](#), the Recipient shall not impose any requirement or enforce any procedure which operates to require the use of, or provides a price differential in favor of, articles or materials produced within the State of Iowa. This policy also applies to materials of foreign origin, except as otherwise permitted by Federal law (such as the Buy America provisions).
10. As required by [23 CFR 635.112](#)(e), no public agency shall be allowed to bid in competition or enter into subcontracts with private contractors. However, this restriction does not preclude the Recipient from performing highway construction work on a force account basis, subject to the requirements set forth in [I.M. 3.810](#), Federal-aid Construction by Local Agency Forces.
11. As required by [23 CFR 635.110](#), the Recipient shall not implement procedures or requirements for bonding, insurance, prequalification, qualification, or licensing which restricts competition or prevents submission or consideration of a bid by a responsible contractor.
12. As required by [23 CFR 635.105](#), the Recipient agrees that it has adequate staff and is suitably equipped to satisfactorily complete the project work. A full-time employee of the Recipient shall have responsible charge of the project. Responsible charge means that the employee is: aware of the day-to-day operations of the project; involved with decisions regarding change orders; aware of the qualifications, assignments, and performance of the consultant staff; and visiting the project site on a frequency that is appropriate for the size and complexity of the project.

In witness whereof, each of the parties hereto has executed this Supplemental Agreement as of the date shown opposite its signature below.

RECIPIENT:

Signature: _____ Date: _____, 20____

Name: _____ Title: _____

IOWA DEPARTMENT OF TRANSPORTATION:

Signature: _____ Date: _____, 20____

Name: _____ Office: _____