As provided for in Iowa Code section 310.27 and 761 of the Iowa Administrative Code (IAC) chapter 170, counties may be allowed to proceed with Farm to Market (FM) projects using advance allocations of FM Funding. This is also known as “borrowing ahead”. However, the Iowa Department of Transportation (Iowa DOT) may restrict counties ability to borrow ahead as needed to maintain solvency of the FM fund as whole.

Counties are currently under the restrictions from the Local Systems mailing dated September 10, 2013. Based on our current projections of the increase in the gas tax, the FM fund balance is growing; therefore, we have discussed various options with the Iowa County Engineers Association Executive Board and the FM Fund Rules Guidance Committee. After considering their input, we have decided to implement the following new restrictions and procedures, effective for projects turned-in for the June 2015 letting and continuing until further notice:

1. A county borrowed ahead less than two years may let an FM funded project if the county's FM obligations do not exceed three years after the project is let.

2. A county borrowed ahead two years or more but less than five years may let an FM Funded project if all of the following conditions are met:
   - the project uses Federal - aid, State-aid, or safety funds; and,
   - the portion of total project costs paid for with FM funds, including engineering or right of way costs if applicable, does not exceed 30%; and,
   - if a county is borrowed ahead more than 3.5 years, it may not incur additional FM obligations in excess of one half of its estimated FM receipts for the current year.

3. A county that does not meet the preceding conditions may not let any projects, unless 100% of the project costs will be paid for with other funds. In other words, the proposed project does not result in any increase to the county's overall FM obligations.

A county's “borrow ahead” status will need to be calculated prior to the proposed letting using the FM Financial Worksheet tool in Transportation Programming Management System (TPMS). All check plan
Submittals involving projects with FM funding must be accompanied by the FM Financial Worksheet so that Iowa DOT district staff can determine if the project meets these restrictions.

If needed, to meet the requirements in the Iowa Code and this memo, a county may offset proposed additional obligations by transferring other funds into its FM account prior to the proposed letting. The amount transferred shall be based on the engineer's estimate. If a county elects to award a contract in excess of the engineer's estimate, the county shall transfer an additional amount of local funds into its FM account to make up the difference. If the county awards a contract for less than the engineer's estimate, the difference shall remain in the county's FM fund. For instructions on transferring Secondary Road Fund money to the FM fund, refer to I.M. 2.010.

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