

### **I.M. 5.030 – Iowa DOT Letting Process**

“As a condition of letting the project, the LPA should have adequate financial resources to award a contract if a reasonable bid is received. Therefore, the LPA should not reject a bid because of inadequate funds, if the bid is within 10% of the LPA’s estimate.”

**Change Orders** happen. It is recommended that an LPA have an additional 10% construction contingency set aside for these.

**Hiring Consultants:** It is strongly recommended to ask about Consultant’s training and experience with Federal-aid project requirements. Federal-aid projects have different requirements than State-aid or locally funded projects. Also, make sure you have project closeout as a scope item in your consultant agreement if they are performing Construction Engineering services.

**STBG, STBG-Swap, and City Bridge (HBP) Funds are to be used for Construction only.** Preliminary Engineering, Construction Engineering, Right of way Acquisition, and Utilities not as a part of the construction contract are not eligible costs for reimbursement.

**Discretionary grants** come with additional strings (reporting and such) above and beyond typical formula funded Federal-aid projects (STBG, HBP, TAP, ICAAP). Those additional strings become the grant recipient’s responsibility.

**Federal Grant Application Reminders:** As most of you are likely aware, this Infrastructure Bill includes several grant programs beyond the formula programs like STBG, HBP, TAP, and ICAAP. To minimize future challenges and avoid “surprises”, Local Systems wants you to be aware of the below items prior to submitting grant applications.

1. Any funds being utilized as "non-Federal match" included in a grant application become federalized and must also follow federal-aid processes and procedures. This may include, but is not limited to, following the consultant selection process or federalizing all project phases. Example: If Preliminary Engineering (PE) or Construction Engineering (CE) services are included within a RAISE application as a “local match”, regardless of the funding source, the full federal-aid RFP process shall be followed. See I.M. 3.310, Federal-aid Participation in Consultant Costs.
2. All programs transitioning from Federal-aid Swap to Federal-aid will be required to be Federal-aid starting with the February 2023 letting. This means the now Federal-aid programs shall not be proposed as non-Federal match in grant applications since Swap will no longer be available. The programs for cities that will be Federal-aid moving forward include the STBG funds awarded through TMAs and MPOs, while the STBG funding awarded through RPAs will remain STBG Swap Funding. The City and County bridge projects will be Federal-aid moving forward as well.
3. STBG, STBG-Swap, and City Bridge Funds are to be used for Construction only. This should be taken into consideration as well in any grant application proposed funding.

**Additional Resources:** This is not an all-inclusive list, and we strongly recommend reading the [Iowa DOT Federal-aid Project Development Guide for Local Public Agencies](#), but the following are a good refresher for Federal-aid projects: Project Development Submittal Dates and Information (refer to [I.M. 3.010](#)), Concept Statement (refer to [I.M. 3.020](#)), Preliminary Plans (refer to [I.M. 3.400](#)), NEPA Clearance (refer to [I.M. 4.020](#)), ROW Acquisition (refer to [I.M. 3.600](#)), Check Plans (refer to [I.M. 3.700](#)), Final Plans (refer to [I.M. 3.700](#)).