

Regulatory Analysis

Notice of Intended Action to be published: Iowa Administrative Code 761—Chapter 178
“Project Cost Reporting Requirements for Cities and Counties”

Iowa Code section(s) or chapter(s) authorizing rulemaking: 314.1A

State or federal law(s) implemented by the rulemaking: Iowa Code sections 309.1, 309.22, 309.93, 312.14, 314.1, and 314.1A

Public Hearing

A public hearing at which persons may present their views orally or in writing will be held as follows:

September 30, 2024
1 to 1:30 p.m.

[Microsoft Teams Link](#)
Or dial: 515.817.6093
Conference ID: 669 636 465

Public Comment

Any interested person may submit written or oral comments concerning this Regulatory Analysis. Written or oral comments in response to this Regulatory Analysis must be received by the Department of Transportation no later than 4:30 p.m. on the date of the public hearing. Comments should be directed to:

Nicole Moore
800 Lincoln Way
Ames, Iowa 50010
Phone: 515.460.0763
Email: nicole.moore@iowadot.us

Purpose and Summary

The intended benefit of the proposed rules is to implement cost reporting of projects that cities and counties construct.

Analysis of Impact

1. Persons affected by the proposed rulemaking:
 - Classes of persons that will bear the costs of the proposed rulemaking:
No one will bear the costs of the proposed rulemaking.
 - Classes of persons that will benefit from the proposed rulemaking:
The taxpayers and contractors of Iowa benefit by knowing project costs.
2. Impact of the proposed rulemaking, economic or otherwise, including the nature and amount of all the different kinds of costs that would be incurred:
 - Quantitative description of impact:
No additional costs.
 - Qualitative description of impact:
No additional costs.
3. Costs to the State:
 - Implementation and enforcement costs borne by the agency or any other agency:
None.
 - Anticipated effect on state revenues:

None.

4. Comparison of the costs and benefits of the proposed rulemaking to the costs and benefits of inaction:

Since there are no additional costs incurred, the benefits of the rules are achieved by providing information on project costs.

5. Determination whether less costly methods or less intrusive methods exist for achieving the purpose of the proposed rulemaking:

The Department already has instructions on the Department's website that inform local jurisdictions how to report project costs to the Department. The rules and the website are duplicative; however, the rules are required by statute.

6. Alternative methods considered by the agency:

- Description of any alternative methods that were seriously considered by the agency:

None.

- Reasons why alternative methods were rejected in favor of the proposed rulemaking:

Iowa Code section 314.1A requires the Department to adopt rules.

Small Business Impact

If the rulemaking will have a substantial impact on small business, include a discussion of whether it would be feasible and practicable to do any of the following to reduce the impact of the rulemaking on small business:

- Establish less stringent compliance or reporting requirements in the rulemaking for small business.

- Establish less stringent schedules or deadlines in the rulemaking for compliance or reporting requirements for small business.

- Consolidate or simplify the rulemaking's compliance or reporting requirements for small business.

- Establish performance standards to replace design or operational standards in the rulemaking for small business.

- Exempt small business from any or all requirements of the rulemaking.

If legal and feasible, how does the rulemaking use a method discussed above to reduce the substantial impact on small business?

This chapter does not have an impact on small business.

Text of Proposed Rulemaking

ITEM 1. Rescind 761—Chapter 178 and adopt the following **new** chapter in lieu thereof:

CHAPTER 178 PROJECT COST REPORTING REQUIREMENTS FOR CITIES AND COUNTIES

761—178.1(314) Purpose and contact information.

178.1(1) The purpose of these rules is to establish requirements for the reporting by cities and counties of project cost information to the department, in accordance with Iowa Code section 314.1A.

178.1(2) Questions regarding this chapter may be directed to the Local Systems Bureau, Iowa Department of Transportation, 800 Lincoln Way, Ames, Iowa 50010 or www.iowadot.gov/local_systems.

761—178.2(309,314) Definitions.

“*Bridge*” means the same as defined in Iowa Code section 309.1.

“City” means a municipal corporation as defined in Iowa Code section 312.8 or 362.2.

“Construction” means the building or development of a road, street, bridge, or culvert in a new location when:

1. The new location deviates substantially from the existing alignment, and
2. The result is an entirely new road or street for the greater part of the length of the project.

“Culvert” means the same as defined in Iowa Code section 309.1.

“Day labor” means road, street, bridge, or culvert work, or materials that have not been subjected to bids. This includes work performed by permanent or temporary city or county employees, materials purchased by a city or county without taking formal bids, or contractor services that were not formally bid.

“Improvement” means a betterment to a road, street, bridge, or culvert. The work increases the value of the facility and enhances the facility, its traffic operations, or its safety beyond the original design. The work would not be so extensive as to be classified as construction or reconstruction, but it could involve rehabilitation, restoration, or resurfacing (3R) work.

“Reconstruction” means a significant change to the existing type of road, street, bridge, or culvert or its geometric or structural features. Some realignment and the use of current design criteria may be involved.

761—178.3(309,312,314) Detailed instructions furnished to cities and counties.

178.3(1) Each year, the department provides cities and counties a set of detailed instructions for reporting the following information:

- a. The cost of day labor and contracts for construction, reconstruction, and improvement projects on the farm-to-market, secondary road, and municipal street systems.
- b. The cost of purchasing, leasing, and renting construction and maintenance equipment.
- c. The use of this equipment for construction, reconstruction, and improvement projects on the farm-to-market, secondary road, and municipal street systems.

178.3(2) These instructions constitute the form, content, and method of preparation acceptable to the department. Cities and counties include this information in the annual reports they submit to the department under Iowa Code sections 309.22 and 312.14.

761—178.4(314) Project reporting. Reporting of projects accomplished by day labor or contract is required for any construction, reconstruction, or improvement project that has a total cost of 90 percent or more of the applicable bid threshold. Other reporting requirements set out in the Iowa Code still apply.

178.4(1) *Types of projects.*

a. *Bridge.* Bridge project types include the following:

- (1) Bridge. This project type includes removal of existing structures and all new construction, reconstruction, and improvement of bridges.
- (2) Culvert. This project type includes new construction or installation of an individual box or pipe culvert with a span or diameter that is greater than 4 feet but no greater than 20 feet.

b. *Road.* Road project types include the following:

- (1) Roadway construction. This project type includes but is not limited to all types of excavation, overhaul, clearing and grubbing, removal of pavement, and culverts included with grading.
- (2) Surfaces. This project type includes but is not limited to:
 1. Hot mix asphalt and Portland cement concrete pavements and overlays on roads, streets and shoulders.
 2. Stabilized bases and granular surfacing on new grades.
- (3) Roadside construction. This project type includes but is not limited to:
 1. Erosion control structures, such as check dams and letdown structures.
 2. Landscape treatments, such as seedbed preparation, seeding, sodding, mulching, fertilizing, and planting of shrubs and trees on newly graded roads.

3. Construction of shoulders on paved roads and rebuilding or raising entrances due to shoulder construction.

(4) Traffic control. This project type includes but is not limited to installation of major signs, traffic signals, railroad crossing signals, guardrail, roadway lighting, construction signing, and pavement markings on newly paved roads and streets.

(5) Miscellaneous. This project type includes but is not limited to construction, reconstruction, or installation of storm sewers, subdrains, retaining walls, noise barriers, and sidewalks.

178.4(2) *Contract work.* The cost of contract work on a project is the contract price plus additions and deductions.

178.4(3) *Day labor.* The cost of day labor on a project includes the following expenditures:

a. Labor. Labor cost includes the wages of city or county employees for their time devoted to the project, plus corresponding fringe benefits, such as but not limited to IPERS, FICA, and insurance.

b. Equipment. Equipment cost is calculated based on the equipment used on the project and the time the equipment is used. If an item of equipment is rented or leased, its rental or lease rate may be used to calculate cost. If an item of equipment is not rented or leased, its cost is to be calculated using the standard rate established by the department for that type of equipment or using a city- or county-established rate based on actual expense data. The department establishes equipment rates each year based on the latest "Rental Rate Blue Book for Construction Equipment."

c. Materials. Materials cost is the cost of materials and supplies consumed or expended on the project. The materials and supplies may be procured directly for the project or charged to the project from stock on hand. The cost of used material is its salvage value.

d. Overhead. Overhead cost is the prorata share of indirect costs to be allocated to day labor projects. Indirect costs are the city's or county's road- or street-related costs that cannot be charged directly to any project. The city or county may use its records to calculate the cost of overhead, or it may use a standard overhead rate of 10 percent of the labor cost, excluding fringe benefits.

These rules are intended to implement Iowa Code sections 309.1, 309.22, 309.93, 312.14, 314.1, and 314.1A.