

From: [Nordholm, Gail \[DOT\]](#)
To: [Nordholm, Gail \[DOT\]](#)
Subject: New Farm to Market Borrowing Restrictions
Date: Wednesday, December 29, 2010 9:00:00 AM

TO: County Engineers

CC: District Local Systems Engineers, Service Bureau,
and Office of Local Systems

FROM: Office of Local Systems

SUBJECT: New Farm to Market Borrowing Restrictions

DATE: December 29, 2010

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 a whole.

Counties are currently under the restrictions as outlined in our January 21, 2010 memo on this subject. Based on our current projections, the FM fund balance is beginning to show signs of rebuilding. Therefore, after consulting with the Iowa County Engineer's Association Executive Board and the FM Fund Rules Guidance Committee, we have decided to implement the following new restrictions and procedures, effective with the March 2011 letting and continuing until further notice:

1. A county borrowed ahead less than three years may let an FM funded project if the county's FM obligations do not exceed four years after the project is let.
2. A county borrowed ahead three years or more but less than 5 years may let an FM funded project if all of the following conditions are met:

- The project uses Federal-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 four 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 funds other than FM funds (the proposed project would not result in any increase to the county's overall FM obligations).

A county's "borrow ahead" status will be calculated prior to the proposed letting using the FM Financial Worksheet tool in Transportation Program 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 these restrictions, 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 the 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, see I.M. 2.01.

If you have any questions, **please do not reply to this note**. Instead, please contact me as shown below. Thank you.

Nicole Fox, P.E.
Secondary Roads Engineer
Office of Local Systems
Iowa Department of Transportation
Phone: 515.239.1506
Email: nicole.fox@dot.iowa.gov

Mailings are available at the Local Systems Weekly Mailing web address

http://www.iowadot.gov/local_systems/mailing/main_mailing.htm