

INSTRUCTIONAL MEMORANDUMS

To Local Public Agencies



To: Counties	Date: December 19, 2014
From: Office of Local Systems	I.M. No. 2.005
Subject: Farm-to-Market Program	

Contents: This Instructional Memorandum (I.M.) provides information, guidelines, and procedures for the distribution, uses, and restrictions associated with Farm-to-Market (FM) funds for counties.

Funding Sources and Eligible Uses

The FM Fund is comprised of 8% of the Road Use Tax Fund (RUTF), per Iowa Code section [312.2](#). Iowa Code section [310.4](#) states that the FM Fund shall be used for the establishment, construction, reconstruction, or improvement to the FM System, including drainage; grading; surfacing; resurfacing; construction of bridges or culverts; the elimination, protection, or improvement of railroad crossings; acquiring of additional right-of-way; and all other expenses incurred in the construction, reconstruction, or improvement of the FM System. Transfers of funds may be made from the FM Fund to the Local Secondary Road Fund as per [I.M. 2.030](#), Transfer of Farm-to-Market Funds to the Local Secondary Road Fund. Also, transfers can be made from the Local Secondary Road Fund to the FM Fund as per [I.M. 2.010](#), Transfer of Local Secondary Road Use Tax Funds to the Farm-to-Market Fund. For procedures to modify the FM System, refer to [I.M. 4.210](#), Modification of the Farm-to-Market (FM) System, and [I.M. 4.220](#), Farm-to-Market Review Board Advisory Opinions on Proposed Jurisdictional Transfers.

Allocation, Borrowing, and Reallocation Procedures

Iowa Code section [310.27](#) allows for counties to accumulate up to 3 years worth of funds. Counties are also allowed to “borrow ahead” (temporarily allocate) up to 5 years worth of funds. If a county does not spend its allocation of FM funds within 3 years, the funds greater than 3 years of allocation get distributed amongst the remaining counties. The Iowa Department of Transportation (Iowa DOT) Office of Finance tracks receipts and expenditures for each county’s FM Fund. The Iowa DOT Office of Local Systems has a spreadsheet that keeps track of the years borrowed ahead or accumulated. The spreadsheet is published monthly and can be found on the Office of Local Systems [Funding Information](#) web page. In consultation with the Iowa County Engineers Association (ICEA) Executive Board, the Office of Local Systems may also impose additional restrictions on future obligations from the FM Fund, if necessary, to preserve a positive cash flow for the statewide FM Fund. If this occurs, a memo will be issued detailing the additional restrictions. Counties also must follow [I.M. 2.040](#), Temporary Allocation of Farm-to-Market Funds, before using a temporary allocation of FM funds.

Project Development and Department Oversight

Projects with Federal-aid or State-aid

In addition to the procedures outlined below for projects funded only with FM funds, Counties must also follow all applicable Federal-aid and State-aid requirements, as indicated in the project funding agreement.

Projects using only FM Funds

The Iowa DOT is responsible to ensure the project is an eligible use of FM funds, meets the Iowa Code restrictions for temporary allocations, complies with any additional restrictions imposed by the Office of Local Systems, and meets the Iowa DOT’s requirements for letting. Otherwise, the Iowa DOT has very limited oversight.

Counties will need to conduct their own design exceptions, and are encouraged but not required to use [I.M. 3.218](#), Design Exception Process. Counties should keep design exceptions on file in their office for FM funded projects.

The basic project development steps are shown below. For details to complete any particular step, see the referenced I.M.

1. Budget and Program Project. Include the project in the County Five Year Program (CFYP), as developed through the Transportation Program Management System (TPMS). The project does not need to be included in the Secondary Road Budget, as the project will not be paid from the local Secondary Road Budget. There is no I.M. on this procedure; however, instructions are issued annually and can be found on the Office of Local Systems [County and City Reports](#) web page. TPMS builds the project numbers according to [I.M. 3.060](#), Project Numbers.
2. Check/Final Plans. Submit check/final plans electronically to the appropriate Iowa DOT District Office, complete with all bid items and notes, according to [I.M. 3.005](#), Project Development Submittal Dates and Information. Refer to [I.M. 3.505](#), Check and Final Plans, for more information.
3. Right-of-Way/Relocation Assistance. If Federal-aid will be used on a later project phase, FHWA Environmental Concurrence must be received from the Iowa DOT's Office of Location and Environment before right-of-way is acquired. Refer to [I.M. 3.605](#), Right-of-Way Acquisition, and [I.M. 3.750](#), Project Development Certification Instructions.
4. Letting. Projects are let at the Iowa DOT unless conditions warrant special approval from the Office of Local Systems. Refer to [I.M. 3.705](#), Local Letting Process - State or Local Funded, or [I.M. 3.730](#), Iowa DOT Letting Process.

Construction Voucher Process

For projects on the FM System, project payments are made to Contractors using the Contractor Pay System (CPS). The County authorizes payment to the Contractor by completing a voucher, which is sometimes referred to as a "309 Voucher", or by generating a voucher in the FieldManager software. The Office of Finance processes these payments after they receive paperwork from the County for a 309 Voucher, or the electronic submittal for FieldManager vouchers. If a project has Federal-aid, the Office of Finance requests reimbursement from FHWA, and the reimbursement is transferred into the FM account from which the project payment was made.

To fill out the 309 vouchers, follow the steps below:

- Enter the total quantity that you want paid to date in the appropriate column. For projects using only FM funds (and State-aid when applicable), enter the quantities in the "Rural Non-Participating" column for each applicable item. For projects that have Federal-aid participation, enter the quantities in the "Rural Participating" column for Federal-aid eligible items and the "Rural Non-Participating" column for non-Federal-aid eligible items.
- Enter the total number of working days charged to date, as applicable, on the top left area of the voucher in the block titled "Days Worked, To Date".
- Enter the date of "This Voucher" on the top right area of the voucher.
- The County Engineer must sign all of the vouchers. For the semi-final voucher, the County Engineer and Contractor must sign the voucher. For the final voucher, the County Engineer, Board of Supervisors, and the Contractor must sign the voucher. The Contractor signs the final voucher in the "Claimant's Certification" box located on the bottom right of the voucher form.
- The intermediate and final vouchers for projects using only FM funds can be submitted directly to the Office of Finance. If the construction costs include Federal-aid or State-aid, the final voucher has to be submitted to the District Office, instead of the Office of Finance, as part of the Final Forms Packet.

The Office of Finance mails the first voucher to the County upon receiving confirmation that the contract has been fully awarded. Subsequent vouchers will be mailed to the County upon receipt of a voucher submitted for payment, or upon receipt of a Change Order that adds items to a contract or adjusts quantities of existing contract items.

To submit FieldManager vouchers, follow the instructions written in the FieldManager Users Guide.

The FieldManager program is used to track project quantities, and also generates Working Day Reports and can issue Change Orders. The delay of waiting for the hard copy of updated 309 vouchers is eliminated with the use of this program. This program is available for use on FM projects that are let through the DOT. There is no cost for installation of the FieldManager software but it does require a key fob (approximately \$ 50.00) to access the Iowa DOT accounting system. Training to use the program is available yearly through the Iowa DOT and can be scheduled at a location in the county if needed.

Project Close-out Procedures

For projects using only FM Funds, the County Engineer will certify on the Statement of Completion and Final Acceptance of Work ([Form 830435](#)) that the work was completed in substantial compliance with the plans and specifications. The Statement of Completion and Final Acceptance of Work requires the signature of the County Engineer and the Board of Supervisors. The Board of Supervisors may pass a resolution, as described in [I.M. 3.940](#), County Engineer Resolution, in order for the County Engineer to sign on behalf of the Board of Supervisors. The Statement of Completion and Final Acceptance of Work should be mailed to the Office of Finance. Once the project audit has been completed, the Final Packet should be mailed to the Office of Finance. The Final Packet includes the Interest Payment Information Form ([Form 830236](#)), the Final 309 Voucher, the Final Payment Form ([Form 830436](#)), Contractor Evaluation Report Form ([Form 517031](#)), and Certification of Subcontractor Payments Form ([Form 518002](#))

For projects using State-aid in conjunction with FM funds, the above listed forms should be submitted to the District Office, along with a letter stating the amount of State-aid being requested to be transferred to the County's FM fund. The District Local Systems Engineer (DLSE) will conduct a review of the completed project to assure substantial compliance with the terms of the funding agreement. The DLSE will sign the Statement of Completion, if the completed work is found acceptable, and a copy of the signed form will be forwarded to the County Engineer.

For projects using Federal-aid in conjunction with FM funds, the project closeout procedures should follow [I.M. 3.910](#), Final Review, Audit, and Close-out Procedures for Federal-aid projects.

If the project was a jointly sponsored project, the counties involved will need to reconcile their FM accounts at the completion of the project. The county who initially paid for the project will need to be reimbursed by the other county's FM account. The county that needs to reimburse the paying county will need to submit an email or letter to the Office of Finance stating the amount of FM funds to be transferred from their county to the paying county. The email or letter shall also include the project number for which the FM funds are being transferred.

Use of FM Funds for 3R Projects

Iowa Code Section [310.4](#) states that the FM Fund shall be used for establishment, construction, reconstruction, or improvements to the FM System. Projects that are not generally considered construction shall meet the following requirements to ensure that the proposed work constitutes an "improvement" in accordance with this Code section.

General Requirements

- The road must be part of the FM System.
- The road must meet the conditions of [I.M. 3.214](#), 3R Guidelines, "3R Table for Rural Collectors" under the "Resurfacing" category.
- Projects must cost more than \$50,000.
- Projects must be shown in the CFYP.
- For Granular Resurfacing projects, the application rate must be equal to or greater than 250 tons per mile.

- Counties must meet the current FM borrowing restrictions.
- The work must be done by contract. Reimbursement of FM funds for performance of the work by county forces is not allowed.

Types of Projects that are Applicable:

- Granular Resurfacing (see below for more information)
- Double Seal Coat
- Full Depth Patching
- Surface Recycling
- Longitudinal Subdrains
- Pavement Markings
- Crack Cleaning or Sealing
- Fog Sealing
- Slurry Sealing
- Other similar projects

Procedure for FM Granular Resurfacing Contracts to be Let Locally

Note: These procedures are applicable to projects using only FM funds; they are not applicable to FM projects with Federal-aid or State-aid participation. The reasons for which FM granular resurfacing contracts can be let locally are that typically the contractors are local and the projects need to be let quickly to get the rock onto the roads as early as possible in the spring and summer.

1. The County sends a request to the appropriate DLSE, and includes a cost estimate and general description of the project.
2. The DLSE forwards the request to the Office of Local Systems.
3. The Office of Local Systems verifies that the County meets the current FM borrowing restrictions and the guidelines set forth in this I.M.
4. The Office of Local Systems informs the DLSE and County of its decision.
5. The County submits plans, a FM Financial Worksheet (located in TPMS), and letting information (notice to bidders, bidding proposal) to the DLSE. The DLSE reviews this information to make sure it is consistent with the original project description. The County must also submit the Bulletin Reporting Form ([Form 650013 \(Word\)](#)) to the Office of Contracts so the project can be included in the local letting information on the Office of Contracts' webpage. This can also be accomplished by using the "Local Letting Notice" on the ICEA Service Bureau website.
6. Once the project has been let, submit the bid tabulations to the DLSE and request concurrence in the award of contract. The DLSE will notify the County in writing if the contract award can proceed.
7. After the contract has been signed, the County sends a copy to the DLSE and Office of Local Systems.
8. The DLSE forwards a copy of the contract to the Office of Finance.
9. The County submits a Universal Payment Voucher ([Form 181001](#)), along with invoices from the Contractor, to the DLSE in order to request payment. Follow the instructions below for filling out the Universal Payment Voucher. The Function Code for granular surfacing projects = 444. The DLSE submits a voucher to the Office of Finance, who will issue payment to the Contractor. The DLSE copies the Office of Local Systems on the voucher submittal.

Use of FM funds for Non-construction Work

FM funds can be used for consultant contracts, utility relocation payments, and right-of-way payments, as long as the work is being completed as part of an FM project. The Iowa DOT has a responsibility to review the FM eligibility of these contracts and payments.

While FM funds can be used for consultant contracts, they can't be used for in-house engineering expenses. Iowa Code Section [310.28](#) prohibits the salary and expenses of the county engineer from being paid from the FM fund.

In order to make payments from the FM account for these services, follow the steps below:

1. Complete the Universal Payment Voucher form ([Form 181001](#)) as follows:
 - Voucher Number and Date: Enter the Voucher Number and Date on the top right area of the form. The Voucher Number is the sequential number of the Universal Payment Voucher submitted for payment to the Vendor for a particular project number. The Date is the date that the voucher form is filled out, not the date of the invoice.
 - Contract No.: Typically this field can be left blank.
 - Vendor Number: Typically this field can be left blank.
 - Social Security/Tax I.D. Number: Enter the Social Security Number or Federal Tax I.D. Number of the individual/business in which the payment is being made on the top middle area of the form.
 - Name and Address: Enter the name and address of the person/business for which the payment is being made in the box on the top left area of the form.
 - Vendor Invoice: Enter the date and invoice number from the invoice on which payment is being made. The invoice may be a typical type of invoice, such as from a consultant for design services, or it may be a right-of-way acquisition contract. If it is a right-of-way acquisition contract, use the date of the last signature on the contract as the date and the parcel number as the invoice number.
 - Item Number: Enter 1, 2, 3, etc. if you are paying out multiple warrants to the Vendor on one Universal Payment Voucher form.
 - Cost Center: Typically this field should be entered as "8010" for the FM Fund. If this does not apply, contact the DLSE for assistance.
 - System Number: Enter the system number from the assigned project number. The system number is the two digits or alpha-numeric combination immediately preceding the county number located at the end of the project number.
 - County Number: Enter the county number associated with the project number (last two digits of the project number).***
 - Control Section: Enter the "C0xx" alpha-numeric combination or the four digit city number for an FM extension project, from the project number.
 - Or Bldg Number: Typically this field can be left blank.
 - Paren or Unit: Enter the paren number of the project number.
 - Design Bridge or Plate & Parcel or A Number or Job Number: Typically this field can be left blank.
 - Object Code: Use "860".

- Function Code: Use a function code that best matches what is being paid. Typical Function Codes are as shown below. If these do not apply, contact the DLSE for assistance.
 - Design = 201
 - Right-of-way = 301
 - Utilities = 310
- Rural/Urban: Typically, a "1" is entered since FM will typically only be used for rural roads. However, there are situations in which a county may administer a city project that is located on an FM extension, in which case a "2" may be appropriate.
- Part/Non-Part./Suspense: If Federal-aid funds are authorized for the costs being submitted for payment, enter a "1". If no Federal-aid funds are authorized for the costs being submitted for payment, enter a "2".
- Amount: Enter the amount to be paid for each invoice that is listed.
- Total: Enter the total amount of payment being made to the Vendor on the Universal Payment Voucher form.
- Approval Authority: On the top line, the County Engineer signs. The middle line may be signed by the Board of Supervisors if the County Engineer does not have the authority to sign on behalf of the Board. Refer to [I.M. 3.940](#) County Engineer Resolution, for more information on the County Engineer having authority to sign on behalf of the Board of Supervisors. The bottom line is for the DLSE's signature.
- Claimant's Certification: If an original invoice was submitted for payment, no signature is required. If an original invoice was not submitted or is unavailable, then the Vendor needs to sign and date this block.

Attach all supporting documentation (e.g. invoice, ROW Contract) to the voucher when submitting for payment.

Attach a copy of the agreement or contract between the County and Vendor with the first payment request for certain types of agreements or contracts (e.g. engineering, appraisals, and railroad). The payments will be held to the amounts stipulated in the contract unless a supplemental agreement is submitted.

2. Submit the Universal Payment Voucher form and supporting documentation to the appropriate DLSE.
3. The DLSE will review the form, and if it is acceptable, the DLSE signs the form. The original form and supporting documentation are then forwarded to the Office of Finance for payment processing.
4. The Office of Finance processes payment to the Vendor as appropriate.