

FHWA AUTHORIZATION BASICS

For Local Public Agency (LPA) Federal-Aid Projects

Introduction

The Project Development Information Packet (Packet) is designed to help the LPA successfully develop and complete projects that use federal-aid funds. One of the most important things to understand about the various federal-aid highway programs is the Federal Highway Administration (FHWA) authorization process. The intent of this document is to help the LPA gain a firm understanding of the FHWA authorization process, thereby reducing the likelihood of experiencing administrative problems, which in some cases, can result in the loss of federal funds.

FHWA Authorization Overview

Basically, the various federal-aid highway programs are reimbursement programs. That is, the LPA, after completing the necessary steps and receiving the appropriate approvals, pays project expenses up front. In turn, the LPA is reimbursed by the federal government at the agreed upon pro-rata share for properly documented, eligible and authorized project costs. The federal government's pro-rata share for most of the federal-aid highway programs is 80%. The remaining percentage of the project costs are the responsibility of the LPA. Reimbursements to the LPA are processed by the Iowa Department of Transportation (Iowa DOT).

As noted above, for reimbursement to occur, project costs to be reimbursed with federal-aid funds must be authorized by FHWA. This authorization must occur before beginning any work for which federal-aid reimbursement will be requested. This is the single most important aspect of the authorization process. If the LPA does not have written confirmation from the Iowa DOT that FHWA authorization has been secured, work should not begin. The cost of work occurring prior to FHWA authorization will not be reimbursed with federal-aid funds.

FHWA Authorization Process

Following is a step by step description of the federal-aid authorization process. This process is generalized for the sake of clarity. The actual authorization process will vary depending on the specific type of work that is being authorized. See the [section below](#) for more information on the specific types of project work that require FHWA authorization.

1. The LPA sends its request for FHWA authorization to begin a specific type of project work to the District Local Systems Engineer (DLSE), supplying the appropriate documentation for the type of work being requested.
2. The DLSE reviews the LPA's request and verifies the needed clearances and reviews have been completed.
3. If acceptable, the DLSE sends notice to the Office of Contracts to request FHWA authorization. The Office of Contracts verifies the availability of federal funds and prepares the electronic Authorization/Agreement document or Amendment/Modification document, using the Financial Management Information System (FMIS).

4. The Office of Contracts sends the electronic document through FMIS to FHWA for review and approval.
5. FHWA reviews the electronic document using FMIS and, if acceptable, electronically signs the document. If the request is not acceptable, FHWA contacts the Office of Contracts to resolve any questions or issues.
6. After FHWA has signed the electronic document, the DLSE notifies the LPA that FHWA authorization has been obtained and the LPA may now begin the requested work. Any work occurring prior to effective date of FHWA authorization is not eligible for federal-aid reimbursement.

When is FHWA Authorization Needed?

In general, FHWA authorization is needed prior to beginning any work for which federal-aid reimbursement will be requested. There are several different types of project work that are eligible for federal-aid reimbursement. Some of these include:

- Preliminary Engineering (PE) – the cost for a consultant engineer or architect to perform preliminary design services. PE costs include everything from conceptual designs up to contract letting documents. Refer to the [Federal-Aid Consultant Checklist](#), located Index No. 1, for more information.
- Construction Engineering (CE) – the cost for a consultant engineer or architect to perform construction inspection and / or project administration services. Refer to the Federal-Aid Consultant Checklist, located Index No. 1, for more information.
- Right-of-Way (ROW) Acquisition and Incidentals – Acquisition costs include the costs for acquiring property by fee title, or the use of property by permanent or temporary easement. Incidental costs include appraisal fees, title searches, and preparation of preliminary surveys, plats, and property descriptions. Refer to the [Local Public Agency Manual](#), published by the Iowa DOT Office of Right-of-Way, for more detailed information about eligible ROW costs and ROW acquisition procedures. Also see [Chart 8 – ROW Authorization Process](#), located in the Flow Charts section of the Packet, for the steps needed to obtain FHWA authorization for ROW costs.
- Utility Relocation – the costs to relocate utilities that must be moved in order to construct the project. Utility relocation costs are eligible for federal-aid reimbursement if the utility is privately owned and has a property interest in its current location (it is on a privately owned easement or property) or if the utility is publicly owned and is in the public road right-of-way. See [Chart 9 – Utility Relocation and Railroad Work Authorization Process](#), located in the Flow Charts section of the Packet, for details on how to obtain FHWA authorization of utility relocation costs.
- Railroad Work – the costs for modifications to railroad facilities that are required in order to construct the project. Cost of improvements that are for the sole benefit of the railroad are not eligible. See [Chart 9 – Utility Relocation and Railroad Work Authorization Process](#), located in the Flow Charts section of the Packet, for details on how to obtain FHWA authorization of railroad work costs.

- Force Account Work – the costs incurred by the LPA in performing construction work with its own forces. See [Force Account Construction Guidelines](#), located in Index No. 3 of the Packet, for more information about force account work and the steps needed to obtain FHWA authorization.
- In-House Engineering – the costs of project-related engineering work performed by LPA staff. See [In-House Engineering Guidelines](#), located in Index No. 2 of the Packet, for more information on the steps needed to obtain FHWA authorization.
- In-Kind Contributions – In-kind contributions are donated funds, right-of-way, labor, services, materials or equipment that are donated for use in the project by the LPA or a third party. Note: The type of in-kind contribution that may be used is different for different types of projects. Most federal-aid projects only allow donated funds or ROW as an in-kind contribution. However, Transportation Enhancement (TE) projects allow all of the above types of donations.

Subject to approval by the Iowa DOT, the agreed upon value of the in-kind contribution is applied as a credit toward the local match of federal funds. While in-kind contributions are not “authorized” in the same sense in which federal-aid funds are authorized, they do need to be recorded as part of the FHWA authorization for a project’s federal-aid funds so that the credit for the in-kind value may be applied toward the local match. Refer to [In-Kind Contribution Guidelines](#), located in Index No. 4 of the Packet, for guidance, eligibility limitations and instructions on how to obtain Iowa DOT approval of in-kind contributions.

- Construction Work – the cost for constructing the project, usually by means of a construction contract obtained through a competitive process. For projects let through the Iowa DOT, the Iowa DOT obtains FHWA authorization as a part of the letting process. Projects normally are not submitted for letting until they have received all the clearances and reviews necessary for FHWA authorization. For projects that qualify for local lettings (certain TE and National Recreational Trails projects), the Iowa DOT also obtains FHWA authorization after verifying that all of the necessary clearances and reviews have been completed. However, locally let projects should not be advertised for bids until written confirmation of FHWA authorization is received from the Iowa DOT.

For locally let projects, refer to [Index No. 9](#) of the Packet for the instructions, forms and procedures to conduct a local federal-aid letting. For projects let at the Iowa DOT, refer to [Chart 12 – DOT Pre-letting Process](#), and [Chart 13 – DOT Post-letting Process](#), located in the Flow Charts Section of the Packet, for more information.

Glossary of Terms

A separate [Glossary of Terms](#) document, also included in this section of the Packet, defines and explains many of the terms used in this document and elsewhere in the Packet.