

State Aid Federal Aid Agency Agreement Overview

Agreements are used to spell out the responsibilities of each agency (MnDOT and LPA) on the project. They can be used as an instrument to collect and/or disburse funds needed on the project. SALT has an overall agency agreement with each State Aid agency.

Types of agreements used by federal aid section:

- I. Delegated Contract Process (DCP)—One agency agreement for state aid clients, one agreement per project for non-state aid clients. DCP agreement specifies responsibilities of each agency in a federal aid project. This agreement was rewritten in late 2017 for all state aid clients who had a previous DCP agreement or had a project in the 2018-2021 STIP. This type of agreement is not considered a grant.
- II. Force Account (FA)—used when the LPA is going to do work or provide materials for the project that they wish to be reimbursed for with federal funds. The LPA must document that it is clearly in the public interest that the materials or services not be provided by private vendors, consultants or contractors (cannot assume that the Agency forces can perform work at a lower cost). Information must be provided for Agency costs. Proposals must be “cost plus fixed fee” type; estimating tasks to be performed, number of hours for different employees, employee salaried and overhead, and all direct costs specified and estimated. This type of agreement is not considered a grant.
- III. Right of Way (ROW)—used to purchase right of way with federal funds for a project. Very limited usage is allowed in Minnesota. This type of agreement is considered a grant.
- IV. Preliminary Engineering (PE)—used for studies, design or other engineering activities paid for with federal funds for a project. Very limited usage is allowed in Minnesota. This type of agreement is considered a grant.
- V. Construction Engineering (CE)—used for federal reimbursement of construction engineering activities, such as inspection, surveying, and materials testing. Very limited usage is allowed in Minnesota. This type of agreement is considered a grant.
- VI. Fund Exchange Agreements—Donor and Recipient—used to exchange federal funds and state aid funds between 2 or more counties or 2 or more cities. See guidelines for criteria. This type of agreement is not considered a grant. Cities and counties cannot exchange with each other.
- VII. Advance Construction (AC)—used when an LPA wants to build a project before the federal funds are available. It is basically a promissory note for the LPA to reserve federal funds in a future year. LPA must cover all costs until the project is converted to federal funds. This type of agreement is not considered a grant.
 - a. Traditional—Project funds are in a different federal fiscal year
 - b. Cash flow—Projects let in the same fiscal year, but greater than \$5,000,000

- VIII. General Construction
- IX. Specific Construction
- X. Other agreements including fund transfers to other federal entities. This type of agreement is not considered a grant.

SALT Federal Aid Agreement Project Set Up Processes

Federal funds that are used for preliminary engineering (PE), construction engineering (CE), right of way projects (ROW), and Force Account projects (FA) will require additional steps before work can begin and federal funds can be reimbursed. PE, CE, and ROW work must be in the STIP. PE and ROW will usually have it's own SP # and CE can be included in construction's but will need to be specifically called out in STIP.

Who will be doing the work?

- **Process 1:** Local Public Agency (LPA), Railroad, Utility
- **Process 2:** Consultant

Process 1:

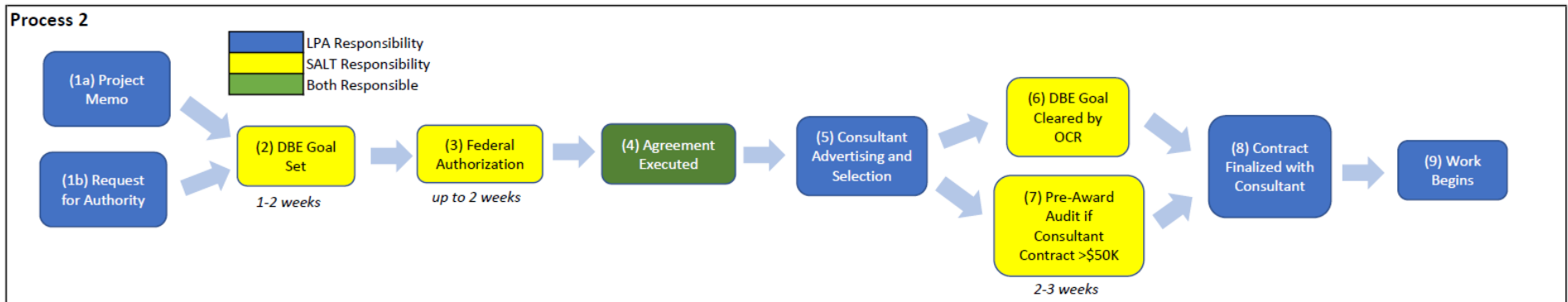
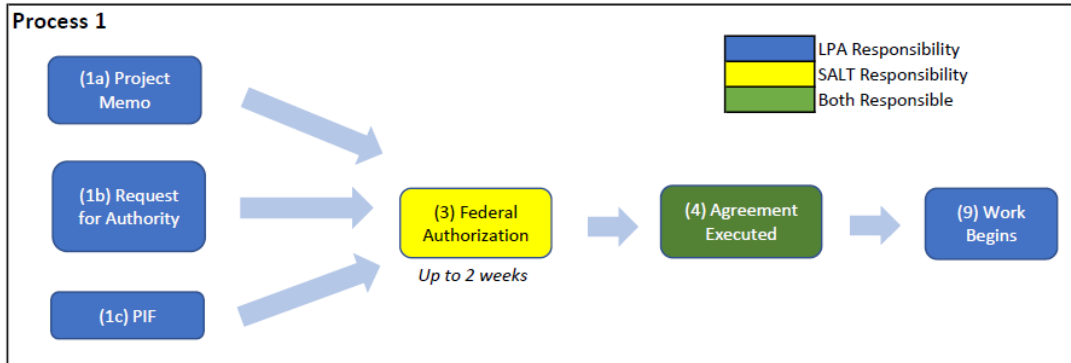
- 1a. LPA submits a project memo (PM)
 - PE would have a minor impacts PM, ROW would need it's own PM, and CE would be a part of the construction PM.
- 1b. LPA submits a Request for Authority form
 - New form that is the DCP01 type document for agreement projects.
- 1c. LPA submits PIF
 - A PIF is not needed if a railroad or utility company is doing work on their own system
- 3. SALT requests federal authorization once the above are approved
 - A parcel map with estimated costs is needed for authorization of ROW projects
- 4. Agreements routed and executed
 - SALT drafts agreements
 - LPA Council or Board resolution needed
- 9. Work can begin

Process 2:

- 1a. LPA submits a project memo (PM)
 - *PE would have a minor impacts PM, ROW would need it's own PM, and CE would be a part of the construction PM.*
- 1b. LPA submits a Request for Authority form
 - *New form that is the DCPO1 type document for agreement projects.*
2. SALT requests DBE goal from MnDOT Office of Civil Rights to be used in consultant solicitation
3. SALT requests federal authorization once the above are approved and the DBE goal is set
4. Agreement routed and executed
 - *SALT drafts agreement*
 - *LPA Council or Board resolution needed for approval*
5. LPA solicits for consultant
 - *Qualifications base selection required per the Brooks Act*
6. DBE goal cleared by MnDOT OCR if there is one
7. Pre-Award Audit of chosen consultant done by MnDOT **BEFORE** contract is finalized if it is >\$50K
 - *Chosen consultant needs to submit Pre-Award Audit Information Package*
8. LPA finalizes contract with chosen consultant
9. Work can begin

This is an overview of the processes. Please contact Rachel Broughton at rachel.broughton@state.mn.us, SALT Agreement Engineer, to make sure the process works for your specific project and help guide you through it.

Agreement project setup processes



Activity duration information is an estimate and can vary based on project size, work load, etc. Activities without durations are dependent on LPA processes.