



Dear Transportation Partners,

The Iowa DOT Local Systems Bureau wanted to share some helpful information regarding Federal Discretionary Grant applications. Several Local Public Agencies (LPAs) have applied for or will be applying for Discretionary Grants through the US DOT. It is great to see this happening and to see the advancement of LPA projects within the state of Iowa.

When new programs or grants become available, we can sometimes experience challenges. We would like to make you aware of some challenges we've seen, so we can all work together to streamline projects and procedures in Iowa.

Occasionally, LPAs and/or their consultant writing the grant will propose to include Preliminary Engineering (PE) and/or Construction Engineering (CE) fees as part of the grant application. Please note, regardless of whether PE and CE are proposed as Federal-aid or "local match", they must follow the Federal-aid process listed in [I.M. 3.310](#). While it's understandable the LPA may want to get started right away after being awarded a grant, if the PE is included in the grant application, then the LPA can't start the PE process until the grant agreement is signed with FHWA. The grant agreement process may take 12 months or longer, which can be a major delay for LPA projects. Instead, we recommend stating in the grant application that "It is anticipated that engineering fees will be approximately \$xxx,xxx and will not be used as local match".

Another situation that we've encountered is when an LPA believes they've followed [I.M. 3.310](#), but hasn't followed precisely every step. Whether utilizing Federal-aid or "local match" to pay for consultant fees as part of the Federal Discretionary Grant, all the steps in I.M. 3.310 need to be followed. If all steps are not followed, consultant services are considered ineligible for reimbursement or "local match" consideration.

Please do not plan to utilize Swap funding as a matching fund source, unless the RPA has already awarded STBG-Swap funding for your project (STBG-Swap is only available for cities within RPAs). And as a reminder, STBG funding, regardless of whether it is Federal-aid or Swap funds, is for construction only.

We urge you to keep the funding as simple and clean as possible, as this will make it easier for everyone. Less funding sources equals less divisions to keep track of during project development and construction. The easiest way to keep the funding simple is by utilizing Federal-aid for construction only, using local funds for PE and CE, and clearly noting PE and CE will not be used as "local match" in the grant application.



A couple of other suggestions would be to reach out to others that have been successful in securing these funds and attend Federal-aid Overview Seminars (information can be found on the [Local Systems Training webpage](#)) or hire an experienced Team to help you through the process.

We thank you for your time and invite you to reach out with any additional questions, including any logistical questions regarding proposed funding matches before submitting any USDOT grant applications. Cities should reach out to [Jenifer Bates](#). Counties should reach out to [Niki Stinn](#).

Sincerely,

The Local Systems Bureau Team

https://iowadot.gov/local_systems/contact-us