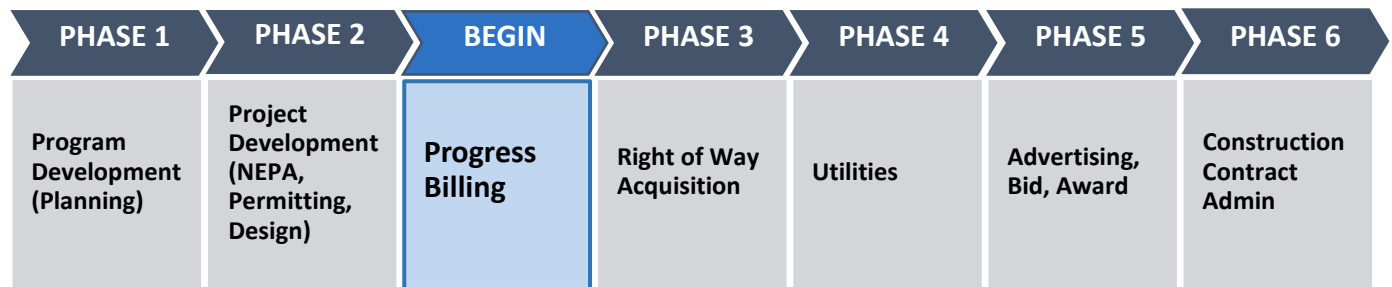


## Chapter 3. Progress Billing (Reimbursement Costs)

Certified Local Public Agencies (LPAs) may submit progress billings and obtain reimbursement for work completed after the following occurs:

- A Certification Program agreement is executed between the LPA and ODOT
- A supplemental project agreement or authorization is also executed between the LPA and ODOT (generally referred to as “project agreement”)
- FHWA authorization of federal funding is obtained
- The LPA receives a “notice to proceed” letter from ODOT



### 3.1 OVERVIEW

All progress billings shall be submitted to the ODOT project contact by the LPA in accordance with the terms of the LPA agreements.

The execution of the LPA Certification Program agreement and supplemental project authorization does not constitute authorization of federal funds. FHWA authorization of federal funds is separate from the LPA agreement process.

The expenditure account (EA) is established upon FHWA’s authorization of federal funds. The EA permits invoicing by the LPA and billing by ODOT to the project.

The LPA shall use the following identifiers in all project correspondence with ODOT:

- Supplemental project authorization or agreement number
- Key number
- Project name

Local agencies receive federal funds on a cost reimbursement basis at the federally authorized pro-rata share limited to the amount of federal funds authorized for the project.

It is important for LPAs to maintain clear, consistent financial and supporting documents on the project file throughout the life of the project, as project files may be subject to review or audit by state or federal authorities at any time.

### 3.2 PROGRESS PAYMENTS PROCEDURES FOR CERTIFIED AGENCIES

Progress payments must be based on documented measurements of work performed so the contractor can be fairly compensated and public funds will only be expended on completed and eligible work.

#### 3.2.1 Local Agency Responsibilities

The LPA shall submit all progress billings to the attention and address of the ODOT project contact in accordance with the terms of the LPA's Certification Program agreement, which are summarized in this section.

**Agreement Invoice Requirements:** The LPA shall present invoices for one hundred percent of actual costs incurred by the LPA on behalf of each project directly to the LPA's ODOT project contact for review, approval, and reimbursement to the Agency. Costs will be reimbursed consistent with federal funding provisions and the applicable supplemental project authorization.

LPA invoices shall include the following:

- Invoice number
- Vendor number
- *Remit to* name and address
- LPA's applicable Certification Program agreement number
- ODOT's expenditure account (EA) number
- Supplemental project authorization number
- Project name as shown in the supplemental project authorization
- Itemization and explanation of all expenses for which reimbursement is claimed

All invoices received from the LPA must be approved by ODOT project contact prior to payment.

The LPA's actual costs eligible for federal-aid or state participation shall be those allowable under the provisions of the Federal-Aid Policy Guide (FAPG), Title 23 CFR Parts 1.11, 140 and 710.

### Itemizing and Explaining Expenses for Reimbursement:

To ensure a smooth progress billing review, the LPA should submit clear legible copies of the following supporting documents and information as needed to verify the federal eligibility of costs incurred during the billing cycle:

- Math calculations: Show both total costs and federal pro-rata share on the invoice.
- Work Performed Timeframe: LPA and LPA's consultant/contractor invoices should show the "Effective from \_ to \_" dates. Date range should match all itemized expenses.
- Notice to Proceed Date: LPA's and LPA's consultant/contractor invoices should show the date Notice to Proceed was given for the work being billed.

**Audit Tip** – The LPA's actual notice(s) to proceed to the consultant/contractor should be maintained in the project file, and the date(s) shown on invoices should be consistent with the dates shown on the notice(s).

- LPA-generated summary of costs report: Recommended to help summarize billing information when there are multiple expenditures.
- Bid/pay item progress estimate payments: Recommended especially during construction to verify total costs and authorization.
- Consultant/contractor invoices: Shows at a minimum, summary report of consultant expenses (ODOT may request full support documents if needed).
- LPA's costs breakdown: Show item/unit breakdown of costs for charges billed.
- Materials purchase orders: Provide copies of receipts.
- Project-specific costs: Provide receipts/back-up showing costs of items billed.
- LPA salary/wage reports: Verify total eligible costs.
- LPA salary/wage reports including ICAP rates: Show department and unit classifications, the approved ICAP rate %, and LPA has approved letter on file with ODOT Financial Services.
- Travel/transportation documents: Supports per diem rates charged to project.
- Any other relevant project charge documents: Supports reimbursement request.
- Pay verification documents: LPA's cancelled checks, check register, or other payment confirmation to support reimbursement for costs incurred by the LPA.

**Invoices for project progress billing for periods of not less than 1 month:** Invoices for services including, but not limited to, preliminary engineering and construction engineering shall be presented for periods of not less than one (1) month duration, based on actual expenses to date.

**Invoices due to ODOT within 90 days from the date costs are incurred:** Partial billing for project progress payments shall be submitted to ODOT per the project intergovernmental agreement. ODOT requests invoicing within ninety (90) days from date that costs are incurred by the LPA.

**Expedited construction contractor reimbursement payments within 10 working days:** ODOT will reimburse LPA for construction contractor payments within ten (10) working days of receipt of payment request from LPA. When ODOT project contact receives an invoice from LPA, the project contact shall forward the invoice to ODOT Financial Services for payment.

**Final invoices within 45 days of the end of each funding phase:** Final invoices shall be submitted to ODOT for processing per the applicable supplemental project authorization, typically within forty-five (45) days from the end of each funding phase as follows:

- Preliminary engineering, which ends at the date ODOT gives notice to proceed with the construction phase
- Last payment for right of way acquisition
- Construction contract completion

### **3.2.2 ODOT Responsibilities**

ODOT is responsible for processing and making payments to LPAs for the pro-rated federal share of the actual and eligible costs incurred by the LPA on behalf of the project, as specified in the Certification Program agreement and the applicable supplemental project authorization.

## **3.3 IDENTIFYING FEDERAL-AID REIMBURSABLE AND NON-REIMBURSABLE CHARGES**

Reimbursement of costs eligible for FHWA's participation is provided under 2 CFR 200 and 23 CFR 140. The following is an overview of federal reimbursement policies.

No costs may be claimed for reimbursement if incurred prior to FHWA authorization to proceed with the work. All work must be programmed with FHWA.

If an LPA has an approved 2 CFR 200 indirect rate plan, then ODOT will reimburse the approved rate for eligible indirect costs. Otherwise, ODOT will only reimburse direct costs.

Indirect cost rates must be developed and maintained as described in 2 CFR 200 Appendix VII. Developing an indirect cost rate may also require the development of a Cost Allocation Plan as described in 2 CFR 200 Appendix V.

If an LPA meets the requirements set forth in 2 CFR 200.414(f), the LPA may request approval to receive reimbursement for indirect costs up to the currently applicable federal de minimis rate.

### **3.3.1 Recouping Indirect Costs for Federally Funded Projects**

For state and local governments to recoup some of the costs of maintaining departments capable of delivering federally funded projects, an agency must develop an indirect cost rate to apply towards federal jobs or qualify for reimbursement at the current federal de minimis rate.

The federal government is authorized to pay state and local governments for their indirect costs associated with delivering and managing federally funded projects in 2 CFR 200. Indirect costs are costs that benefit more than one project, such as administration, management, computer support departments, and central services departments. For a complete list and more detailed definition, see 2 CFR 200.

Once the LPA develops a rate and receives approval, the LPA can apply the rate against all federal bills for projects within the specific department.

- **Benefits:** The benefit of maintaining an indirect rate is that as the LPA requests federal funds, the indirect costs associated with managing that project are includable costs in the cost estimation. This could mean more money for the individual LPA.
- **Limitations:** Be aware, however, that the federal government only provides a limited amount of funding for transportation, so once the total amount is allotted, having an indirect rate won't increase the budgetary amount the LPA receives. However, applying the rate will allow for quicker access to the funds.
- **Central services cost allocation plan:** If the LPA has a central services department, it is possible to include some costs to federal projects if the LPA develops an indirect cost allocation plan and then applies the indirect cost allocation plan to develop its indirect cost rate. The indirect cost allocation plan is a separate document that would have to be maintained and updated along with the indirect rate.

### **a. Developing an Indirect Cost Rate**

To recoup indirect costs on federal projects, the LPA is responsible for developing an indirect rate to apply towards federal projects.

The rate is a calculated percentage of indirect costs that can be attributable to maintaining a department that successfully completes federal projects. It is the ratio of the indirect costs to a direct cost base. In other words, the portion of administrative, overhead, central services resources consumed that can adequately be assigned to a particular department or agency that has federal projects.

A separate indirect rate is usually necessary for each department or agency of the governmental unit claiming indirect costs because the amount of indirect costs consumed by each department or agency will be different. Example: The administration of a small two-person department could be much less than the administration and management costs of a large, 50-person unit. Costs such as system maintenance, utilities, human resources services and other costs would also differ depending on the type of agency or department, the number of employees in the office, and the systems needed to operate the department or agency.

The assignment of indirect costs can be determined using several different accounting methods laid out in 2 CFR Part 200, Appendix VII, including:

- The simplified rate - used when a department or agency has only one major function or where all its major functions benefit from the indirect costs at approximately the same degree. This rate is good for agencies where the level of federal awards is relatively small.
- Multiple allocation base methods – when a governmental department or agency has several major functions which benefit from its indirect costs in varying degrees. To appropriately assign indirect costs, a method of pooling costs in individual buckets is used.
- Special indirect cost rate – when a department or agency's units within the whole use indirect costs at very different levels and using methods 1 or 2 would not adequately consider the cost usages appropriately.
- Restricted rate – used when a federal award restricts the reimbursement of certain indirect costs.

For additional information on developing and submitting indirect cost rates to ODOT for use on federal-aid projects, refer to Local Government Indirect Cost Rate Plans Frequently Asked Questions and Certification Program Bulletin 101-53, which is reissued each year with any required updates to how to prepare and submit indirect cost rates to ODOT for approval (see the resources section at the end of this chapter).

### **b. Developing an Indirect Cost Allocation Plan**

LPAs could develop an indirect cost allocation plan if the agency has a central services department and wants a portion of those central services costs to be distributed to federal projects. The results of allocations assigned under this plan will aid the agency or department in the complete development of the indirect cost rate as discussed above.

### **c. De Minimis Rate Qualification**

If an LPA meets the requirements set forth in 2 CFR 200.414(f), the LPA may request approval to receive reimbursement for indirect costs up to the currently applicable federal de minimis rate. The LPA should submit a Certification of De Minimis Indirect Cost Rate Certification letter to ODOT.

Per 2 CFR 200.414(f), the LPA must meet the following eligibility criteria to qualify to use the de minimis indirect cost rate:

- Does not have a current Federal negotiated indirect cost rate; and
- Received less than \$35 million in direct federal funding for the fiscal year requested.

The LPA is also required to certify the de minimis indirect cost rate will be applied in accordance with federal requirements. Once approved, the de minimis indirect cost rate may be used indefinitely.

### **d. Submittal and Audit Requirements**

Certified LPAs must submit indirect cost rates to ODOT Financial Services on an annual basis for review and approval. Rates are effective from July 1 to June 30 of each year and rates should be submitted by December 31 to receive timely approval. Without an approved indirect cost rate, the LPA may only request reimbursement for direct costs. See Certification Program Bulletin 101-53 for additional details on submittal of indirect costs rates to ODOT.

If requested by any federal agency, the LPA must produce the plans and all documentation for review and approval. It is required that all supporting documentation used in compiling and maintaining the plan be retained at the LPA to ensure compliance with federal regulations. The indirect cost plan is subject to audit during the LPA's program review.

### **3.3.2 Definitions**

To communicate effectively regarding billing and costs, it is important to clarify the various definitions of costs used throughout this chapter as well as 2 CFR 200 and other reimbursement statutes.

#### **a. Total cost of federal awards**

Total cost is comprised of allowable direct costs plus the allocable portion of allowable indirect costs, less applicable credits – 2 CFR 200.402.

#### **b. Actual Costs**

Actual costs are costs that an agency expends funds on. Examples of actual costs include:

- Engineering services 23 CFR 1.11
- ROW for purposes of highway projects 23 CFR 1.23
- Administrative Settlement Costs 23 CFR 140.505
- Bond payments for interstate projects 23 CFR 140.602
- Project Related Audit expenses 23 CFR 140.801
- Railroad project costs 23 CFR 900
- Real estate costs and ROW for STIP projects 23 CFR 710.203

#### **c. Direct costs**

Direct costs are those costs that can be identified and attributed specifically with a particular project only and can be items that don't expend funds, such as depreciation -- 2 CFR 200.413. Examples of direct costs include:

- Compensation of employees for time spent on federally funded project
- Costs of materials consumed, acquired or expended specifically for the purpose of a federally funded project
- Equipment and other approved capital expenditures
- Travel expenses needed to carry out federal award



#### **d. Indirect costs**

Indirect costs are those costs incurred for a common or joint purpose benefiting more than one project and not readily assignable to the project specifically benefited without effort disproportionate to the results achieved -- 2 CFR 200.414. Examples of indirect costs allowable under 2 CFR 200 include:

- State/local-wide central services costs
- General administration
- Accounting and personnel services
- Depreciation or use allowances on buildings and equipment
- Costs of operating and maintaining facilities 2 CFR 200.414(a)

#### **e. Eligible costs**

Eligible costs are those costs that include all the possible costs that the federal government will reimburse.

#### **f. Ineligible costs**

Ineligible costs are costs that the federal government will not reimburse. Some examples of these types of costs include:

- Lobbying costs
- Bad debts
- Contributions and donations
- Fines and penalties for failing to comply with the law

This is not an exhaustive list. Please refer to 2 CFR 200.420 for guidance.

**g. Allowable costs**

Allowable costs are:

- Necessary and reasonable for proper and efficient performance and administration of federal awards
- Allocable to federal awards under 2 CFR 200 (includes direct and indirect costs)
- Authorized or not prohibited under state or local laws or regulations
- Conform to any limitations or exclusions set forth in 2 CFR 200, federal law, terms and conditions of agreement or other governing regulation as to types and amounts of cost items
- Consistent with policies, regulations, and procedures that apply uniformly to both federal awards and other activities of the governmental unit
- Accorded consistent treatment with other federal awards
- Determined in accordance with generally accepted accounting principles
- Not to be included as a cost or used to meet cost sharing or matching requirements of any other federal award
- Are the net of all applicable credits
- Adequately documented - 2 CFR 200.403(g)

**h. Unallowable costs**

Unallowable costs are those costs that cannot be billed to a federal job even with an approved Cost Allocation Plan or an Indirect Cost Rate Proposal unless a specific agreement expressly authorizes them.

**i. Allocable costs**

Allocable costs are those costs allocable to a particular project assignable to the project in accordance with relative benefits received.

**j. Participating costs**

Participating costs are those costs that the federal government has agreed to or does pay on a specific project. All participating costs are eligible costs but depending on the agreement and the results of the project management, all eligible costs may not be reimbursable.

#### **k. Non-participating costs**

Those costs that are typically eligible under the federal government payment scheme but are not being reimbursed under the terms of a specific agreement or result in not being paid by federal government due to actions by state or local agencies.

Some ways in which eligible costs become non-participating include:

- If the federal funds are limited, some eligible costs will be coded as non-participatory as a means of narrowing the items that the federal money will reimburse for (may be referred to as overmatch).
- If an agency that is managing any part of the project makes mistakes, like failing to comply with engineering standards or contract terms, items that were eligible and participating become nonparticipating by the nature of the noncompliance.
- If an agency responsible for the project begins work on the project prior to authorization, costs that were incurred before the authorization become non-participatory.

### **3.3.3 Standards for Selected Items of Cost**

The following standards are used for determining the eligibility of selected items of cost. In general, costs must be reasonable, necessary and allocable to the specific project. The eligibility of the selected items of cost is subject to the general policies and principles stated above.

#### **a. Salaries and Wages**

- Subject to appropriate authorization requirements, federal funds may participate in the cost of salaries, wages and related payroll expenses incurred for periods of time public employees are actively engaged, either directly or indirectly, in project-related activities.
- Salaries, wages and related payroll expenses of the LPA for maintenance, general administration, supervision and other overhead expenses are not eligible for reimbursement.

#### **b. Travel and Transportation**

- Federal funds may participate in the cost of commercial transportation, privately owned automobiles and per diem or subsistence essential to the completion of the project and is performed in accordance with prescribed procedures.
- Reimbursement may be made for use of privately owned automobiles and per diem or subsistence incurred in conformance with the established reimbursement policy of the LPA.

**c. Employee Leave and Holidays**

- The LPA may claim reimbursement for the costs of leave (e.g., annual, sick, military, jury, etc.) that is earned, accounted for and used in accordance with established procedures. The cost of such leave must be a liability of the LPA, must be equitably distributed to all activities, and the pro rata costs distributed to a federal-aid project must be representative of the amount that is earned and accrued while working on the project.
- Compensatory leave granted by the LPA in lieu of payment of overtime to eligible employees may be claimed for reimbursement if accrued and granted under established policies on a uniform basis. Such leave costs must meet the criteria discussed in paragraph (a) of this section.
- Costs for other leave of a similar nature which may be unique to a specific LPA may also be reimbursed provided it meets the criteria set forth in paragraph (a) of this section.

**d. Social Security, Retirement and Other Payroll Benefits**

- Federal funds may participate in allocable costs incurred for social security, retirement, group insurance premiums and similar items applicable to salaries and wages of public employees engaged in work in federal-aid projects.
- The costs for such benefits must be a liability of the LPA and must meet the criteria set forth in paragraph (a) of this section.

For specific forms and processes used for reimbursement purposes, contact the ODOT project contact.

### **3.3.4 Eligible Costs**

Classifications of work programmed with FHWA and eligible for federal-aid include the following:

#### **a. Preliminary Engineering**

Preliminary engineering work, including the following activities, is generally eligible for federal-aid:

- Design
- Surveying and mapping
- Identifying environmental impacts
- Developing environmental mitigation
- Performing foundation investigations
- Preparing plans, specifications and estimates (PS&E)
- Centerline and right of way plan preparation
- Incidental construction staking (to the extent such staking is necessary to review construction plans)
- Other related preliminary work

Preliminary engineering work may also include traffic counts, studies undertaken to determine traffic demands, holding of public hearings, preparation of right of way cost estimates, legal and other costs incidental to the location and design of a highway project necessitating the acquisition of right of way thereon up to but not including the appraisal of individual parcels for acquisition purposes. These engineering costs are generally incurred prior to the beginning of construction.

During the construction phase of a project when a major change takes place that requires additional design or preliminary engineering efforts, the appropriate expenditure account for the preliminary engineering phase may be reopened on a case-by-case basis after approval from FHWA. In such situations, it is important to confirm with your ODOT project contact which tasks or activities should be charged to the reopened preliminary engineering phase or the construction phase.

## **b. Acquisition of Right of Way**

Activities related to the acquisition of right of way are participating functions such as the following:

- Continued preparation of right of way plans
- Appraisal for parcel acquisition
- Review of appraisals
- Negotiations
- Preparation for and trial of condemnation cases
- Management of properties acquired
- Furnishing of relocation advisory assistance
- Other related labor expenses

Other items related to right of way that are generally participating, including the following:

- Excess land (appraised value) including uneconomic remnants
- Improvements (appraised salvage value)
- Right of way acquired after certification by the LPA that right of way necessary for a designated federal-aid highway project has been acquired
- Judgments in condemnation cases that are not appealed when the attorney's closing report indicated a basis for appeal, but the amount in excess of the review appraiser's determination of value is nonparticipating
- Landowner costs
- Attorney fees
- Witness fees
- Expert witness fees
- Similar costs to a landowner based on value of the services received and are paid by the LPA in connection with acquisition of right of way, regardless of whether such costs are included in court judgments or court costs in litigated condemnation cases, e.g., statutory evaluation allowance.

### **c. Construction Engineering**

Construction engineering is generally considered participating and includes all the post-award activities necessary for the contracting agency to inspect, manage and oversee the construction project. The costs must be necessary, reasonable and allocable to the federal-aid construction project. 2 CFR 200 Subpart E: Cost Principles. Construction engineering costs are generally incurred only after approval of the PS&E. Construction engineering costs are also incurred prior to the following dates:

- The completion date of the final contract pay estimate and its submission to the contractor.
- The final date of charges for required material testing.
- The completion date of the separation of contract cost by code type, location, etc., whichever is applicable to that portion of the construction engineering phase involved.

For additional information regarding construction engineering, see Chapter 16: Construction and Contract Administration, in this manual.

### **d. Construction Costs**

Construction costs include payments to the contractor that are not otherwise ineligible or nonparticipating.

### **e. Highway Planning**

Highway planning includes the orderly and continuing assembly and analysis of information about highways, such as the history of highway development and their extent, dimensions and conditions, use, economic and social effects, costs and future needs. For planning activities to be participating and therefore funded with Surface Transportation Block Grant Program (STBG) funds, they must be part of ODOT's Unified Planning Work Program or the Metropolitan Planning Organization's (MPO) annual work program for planning within a MPO boundary. Normally these are not standalone projects.

### **f. Research and Development**

Research and development involves the search for more complete knowledge of the characteristics of the highway system and translating research results into practice. For research and development activities to be participating and therefore funded with STBG funds, they must be part of ODOT's Unified Planning Work Program or the MPO's annual work program for planning within an MPO boundary. Normally these are not standalone projects.

**g. Administrative Settlement Cost – Contract Claims**

Services related to the review and defense of claims against federal-aid projects are, in most cases, participating functions.

**h. Miscellaneous Functions**

Costs incurred for other activities which are properly attributable to, and for the benefit of, federal-aid projects but are not assignable to any of the previously defined functions might be considered participating functions.

**i. Construction Costs for Other than Contractor Payments**

The following types of construction costs are generally authorized participating costs:

- Royalty expenses for material furnished by the LPA that are used by the contractor
- Temporary signs, traffic control labor, traffic control devices and temporary illumination furnished by the LPA (The initial basic cost of traffic control devices purchased for use on the project is an authorized participating cost. Federal participation will not be requested for used items furnished by the LPA.)
- Striping and pavement marking work performed by local forces

Other items not specifically identified in this list such as construction engineering costs, material furnished by the LPA, work performed by local forces, are eligible for participation in accordance with the requirements of this chapter.

**3.3.5 Participating Cost Criteria**

Although some expenditure categories are not mentioned specifically in 23 CFR 140, Subpart I as eligible for federal participation, local agencies wishing to seek federal participation may request approval from the FHWA prior to billing. The expenditures that relate to the federal-aid project should be well identified through proper documentation.

The following criteria must be met for charges to be considered participating when charged directly to a federal-aid project:

- The work must be programmed with FHWA
- The costs must have been incurred after the date of FHWA authorization to proceed with the work
- The costs must be wholly for the benefit of the project being charged, e.g., labor performed directly for that project, supplies used during a project, etc.



### **3.3.6 Allowable Costs Criteria**

The list of items that could be included as allowable costs are within 2 CFR 200.

Some examples of participating costs for federal-aid projects include, but are not limited to the following items:

#### **a. Labor**

Costs to assess project impacts, develop alternatives, design, and survey, prepare plans, appraise right of way, inspect construction activities, audit agreements, etc.

#### **b. Travel and Per Diem**

Travel costs for employees involved in any participating activity related to the project.

#### **c. Materials**

Costs for materials incorporated into a federally approved project.

#### **d. Supplies**

Costs for supplies that are purchased and consumed entirely on a federally approved project. Such supplies might include cloth tape, cylinder molds, drafting supplies, film (including costs related to developing and printing), hubs, paint (marking spray), stakes, royalty on materials and initial or new costs of temporary traffic control devices.

#### **e. Services**

Material testing, document reproduction, mapping, computer and equipment usage charges may be participating, but the costs will be based upon rates set by FHWA.

### **3.3.7 Unallowable or Ineligible Costs**

Unallowable costs include those costs identified in 2 CFR 200 such as the following items.

#### **a. Bad Debts**

Any losses arising from uncollectible accounts and other claims and related costs are not allowable.

#### **b. Contingencies**

Contributions to a contingency reserve or any similar provisions for unforeseen events are unallowable.

#### **c. Contributions and Donations**

Donations to a project are unallowable.

**d. Entertainment**

Costs of amusements, social activities and incidental costs relating thereto, such as meals, beverages, lodgings, rentals, transportation and gratuities, are unallowable.

**e. Fines and Penalties**

Costs resulting from violations of or failure to comply with federal, state and local laws and regulations are unallowable.

**f. Governor's Expenses**

The salaries and expense of the state office of the governor or the chief executive of a political subdivision are considered a cost of general state or local government and are unallowable.

**g. Interest and Other Financial Costs**

Interest on borrowings (however represented), bond discounts, cost of financing and refinancing operations and legal and professional fees paid in connection therewith, are unallowable except when authorized by federal legislation.

**h. Legislative Expenses**

Salaries and other expenses of the state legislature or similar local governmental bodies, such as county supervisors, city councils, school boards, etc., whether incurred for purposes of legislation or executive direction, are unallowable.

**i. Under-recovery of Costs under Grant Agreements**

Any excess of cost over the federal contribution under one grant agreement is unallowable under other grant agreements.

### **3.4 UTILITY RELOCATIONS, ADJUSTMENTS AND REIMBURSEMENT**

Federal participation for utility relocations is subject to the provisions of 23 CFR 645, Subpart A.

There are four eligibility criteria that are presented in 23 CFR 645, Subpart A. Federal funds may aid in relocation costs necessitated by highway construction if any one of the four criteria are met:

- The utility has a property interest in its present location
- The State has some legal or legislative authority to pay for relocation costs
- The Utility is municipally owned and occupies public right of way
- The utility relocation involves implementing safety corrective measures to reduce roadside hazards of utility facilities to highway users

Another website that provides a more detailed description of utility relocation reimbursement is operated by the FHWA. This website provides clear, detailed descriptions of the CFRs and is very helpful on this subject.

For additional information see Chapter 11: Utility Relocation, in this manual.

### 3.5 REIMBURSEMENT FOR RAILROAD WORK

Costs must be incurred per 23 CFR 646, Subpart B and will be reimbursed in accordance with 23 CFR 140, Subpart I.

For further details see Chapter 12: Railroad Coordination, in this manual.

### 3.6 QUARTERLY REPORTS

FHWA requires ODOT to report on the “total project costs” for each federal-aid project, including costs that are state or locally funded or ineligible for federal reimbursement. ODOT’s supplemental project authorizations require that LPAs “report the final cost of each phase of the project at the completion of each phase, as well as the Total Project Cost at the end of the Project” to the ODOT Certification Program, with a copy to ODOT project contact. In addition, ODOT is required to collect and report contract award and payment information to FHWA.

For Certified LPA projects, project cost and contract payment information is collected through a quarterly reporting process. Quarterly reports are required on all federal-aid projects undertaken by Certified LPAs.

Quarterly, throughout the life of the project and at the end of the project, the Certification Program will send all Certified LPAs project-specific Certified Local Public Agency Quarterly Reports form 734-5034 and ODOT-provided information needed to complete that quarter’s report for each project.

Certified LPAs shall complete and submit Quarterly Report form 734-5034 for each active project according to the form instructions. Quarterly Reports are submitted to the ODOT Certification mailbox, with a copy to the ODOT project contact.

A sample of this form, instructions, and tutorial videos on how to complete the forms are located on the Certification Program webpage under Compliance – Forms & Guidance.

### 3.7 RESOURCES

For questions not covered here, contact the [ODOT Certification Program](#).

| Provider | Resource Title   | Description   | Link  |
|----------|--|---|---|
| eCFR     | Code of Federal Regulations<br>2 CFR Part 200  | Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards | <a href="https://www.ecfr.gov/current/title-2/subtitle-A/chapter-II/part-200?toc=1">https://www.ecfr.gov/current/title-2/subtitle-A/chapter-II/part-200?toc=1</a>   |
| FHWA     | Program Guide – Utility Relocation and Accommodation on Federal-Aid Highway Projects | Guidance document   | <a href="https://www.fhwa.dot.gov/reports/utilguid/">https://www.fhwa.dot.gov/reports/utilguid/</a>   |
| FHWA     | Utility Program  | Webpage   | <a href="https://www.fhwa.dot.gov/utilities/">https://www.fhwa.dot.gov/utilities/</a>   |
| ODOT     | Certification Program Bulletins  | Webpage   | <a href="https://www.oregon.gov/odot/LocalGov/Pages/certification-bulletins.aspx">https://www.oregon.gov/odot/LocalGov/Pages/certification-bulletins.aspx</a>   |
| ODOT     | Certification Program Compliance – Forms & Guidance                                  | Webpage (includes sample Quarterly Report form 734-5034)  | <a href="https://www.oregon.gov/odot/LocalGov/Pages/certification-guidance-forms.aspx">https://www.oregon.gov/odot/LocalGov/Pages/certification-guidance-forms.aspx</a>   |
| ODOT     | De Minimis Rate Certification  | Template  | <a href="https://www.oregon.gov/odot/LocalGov/Documents/De%20Minimis%20Rate%20Certification%20template%2011-18-2022.docx">https://www.oregon.gov/odot/LocalGov/Documents/De%20Minimis%20Rate%20Certification%20template%2011-18-2022.docx</a> |
| ODOT     | Local Government Indirect Cost Rate Plans FAQ's                                      | Informational document  | <a href="https://www.oregon.gov/odot/LocalGov/Documents/Local%20Government%20Indirect%20Cost%20Rate%20Plans%20FAQs.pdf">https://www.oregon.gov/odot/LocalGov/Documents/Local%20Government%20Indirect%20Cost%20Rate%20Plans%20FAQs.pdf</a>     |