

## **CDOT / LOCAL AGENCY INTER-GOVERNMENTAL AGREEMENTS CHAPTER 3**

### **Introduction**

After the Local Agency project has been approved for funding and incorporated into the STIP, a detailed sequence of events is initiated by CDOT and the Local Agency to bring the project to completion. The Federal Highway Administration (FHWA) requires all Federal-Aid Highway funds available to the Local Agency to be administered by CDOT, and it assigns responsibility to CDOT for proper expenditure of the funds and proper completion of the work. CDOT's main objective is to assist the Local Agency in completing each project successfully with as little administrative oversight as possible while ensuring that all Federal and State requirements are fulfilled.

### **Inter-Governmental Agreement Overview**

When projects are funded with Federal and Local Agency funds, an Inter-Governmental Agreement (IGA) is required between CDOT and the Local Agency to define project scope, project responsibilities, detailed funding amounts, encumbered project funds, and payment obligations. Maintenance responsibilities must also be defined.

There are several "standard" agreements (IGAs) for Local Agency projects. The CDOT Agreements Unit will determine the appropriate agreement. Information used to develop an agreement is based on the Local Agency Contract Administration Checklist, the CDOT Form 463 - Design Data, the required phases (i.e., design, right-of-way, utilities and construction) and associated funding. This information is gathered during meetings with the Local Agency. For a complete list of funding categories, prefixes and funding splits, see "TEA-21 and SAFETEA-LU Funding Categories" in Appendix B. Work within CDOT right-of-way may require additional licensing agreements.

The process is depicted in Figure 2, "Inter-Governmental Agreement (IGA) Process" on Page 3-4.

CDOT always writes the CDOT/Local Agency agreement. The Local Agency will review and sign the agreement. The Local Agency is required to provide an appropriate ordinance or resolution committing to provide its share of project costs. The Local Agency returns the resolution or ordinance and the signed IGAs to CDOT for final signature. After IGA execution, CDOT will issue a Notice to Proceed to the Local Agency. Any work performed by the Local Agency prior to receipt of the Notice to Proceed is not eligible for reimbursement.

The CDOT/Local Agency agreement defines the financial responsibilities of both parties. The IGA includes the total amount payable to the Local Agency and the amount that the Local Agency must pay CDOT for reimbursable project direct and indirect charges.

CDOT direct project charges are costs for work performed by CDOT staff for project development and construction administration. Indirect project charges are a percentage of the direct costs assessed against the project to cover CDOT's administrative costs.

CDOT's payment obligation is the amount of Federal funds that are to be paid to the Local Agency.

"Exhibit C" of every agreement contains the financial and budget details of the agreement. Local agencies may provide additional local funds which are known as overmatch. In most cases that amount is not identified in Exhibit C. If the project has overmatch and the State is doing the work, then the overmatch must be budgeted and shown in the IGA.

The agreement also identifies the IGA encumbrance amount (for CDOT budget encumbrance purposes), which equals the Federal-aid amount and the Local Agency match minus CDOT direct project charges, CDOT indirect charges, and estimated right-of-way costs.

The Local Agency is financially responsible for all overruns. If the Local Agency becomes aware that the costs are going to overrun the agreement amount, the Local Agency should immediately contact the CDOT Project Manager to determine if additional Federal or State funds are available. If the funds are available, the Local

Agency needs to review the IGA to see which IGA Modification Tool may be used. Typical IGA Modification Tools are a funding letter, change order, task order, or IGA amendment. The Local Agency then submits a request with justification to the CDOT Project Manager for the IGA amendment. If CDOT approves the request, the amendment will be executed, which revises funding and/or scope. An additional TIP/STIP amendment may be necessary. See Appendix A for a copy of the Form 1186.

The IGA contains FHWA Title VI assurances. A sample assurance is available in Appendix B.

## INTERGOVERNMENTAL AGREEMENT (IGA) PROCESS

