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## General Guidance

2019-2022 STIP

Minnesota Department of Transportation  
Office of Transportation System Management  
(651) 366-3750

<http://www.dot.state.mn.us/planning/program/stip.html>

*Upon request, this material will be made available in an alternative format such as large print, Braille or audio recording. Printed on recycled paper.*

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## Intent and Purpose

The State Transportation Improvement Program (STIP) is a federally mandated document which must include a listing of projects and programs planned with federal participation in the next four fiscal years. The document identifies the funding and scheduling of transportation projects. It includes projects and programs on the federal, state, city, and county transportation systems, multimodal projects (highway, passenger rail, freight, public transit, bicycle and pedestrian), and projects and programs in the National Parks, National Forests, and Indian tribal lands.

This guidance is intended for MnDOT's Central Office STIP Coordinators and District STIP Coordinators who directly involved in the process of creating the annual STIP. It provides the specific guidance for items related to the development of the STIP. Questions regarding the contents should be directed to:

*Minnesota Department of Transportation  
Office of Transportation System Management  
Mail Stop 440, Third Floor South  
395 John Ireland Boulevard  
Saint Paul, MN 55155-1899  
651-366-3750*

## Projects Not Required in the STIP

The STIP shall include capital and non-capital surface transportation projects (or phases of projects) within the boundaries of the State proposed for funding under title 23 U.S.C. and title 49 U.S.C. Chapter 53 (including transportation alternatives and associated transit improvements; Tribal Transportation Program projects, Federal Lands Transportation Program projects, and Federal Lands Access Program projects; HSIP projects; trails projects; and accessible pedestrian walkways and bicycle facilities), except the following that may be included:

- (1) Safety projects funded under 23 U.S.C. 402 and 49 U.S.C. 31102;  
*Example: NHTSA non-construction safety projects*
- (2) Metropolitan planning projects funded under 23 U.S.C. 104(d) and 49 U.S.C. 5305(d);  
*Example: MPO planning activities in an approved UPWP; example activities- data collection and analysis, asset and other management systems, planning studies, TIP development, public outreach, and long range planning*
- (3) State planning and research projects funded under 23 U.S.C. 505 and 49 U.S.C. 5305(e);  
*Example: DOT SP&R Part 1 and 2 - Planning and Research Projects*
- (4) State planning and research projects funded with Surface Transportation Program funds;  
*Example: Projects eligible for SP&R funding but funded with other federal funding sources*
- (5) Emergency relief projects (except those involving substantial functional, locational, or capacity changes);  
*Example: Declared emergency resulting in projects that reopen the road to traffic or replacement of roadway in-kind*
- (6) Research, development, demonstration, and deployment projects funded under 49 U.S.C. 5312, and technical assistance and standards development projects funded under 49 U.S.C. 5314;  
*Examples: Every Day Counts (EDC), Accelerated Innovation Deployment Demonstrations (AIDD), Technology Transfer (T2), and State Transportation Innovation Council Incentive grants*
- (7) Project management oversight projects funded under 49 U.S.C. 5327; and  
*Examples: Project Management Plans, Financial Plans or other Project Management activities*
- (8) State safety oversight programs funded under 49 U.S.C. 5329.  
*Examples: Safety data collection and analysis, HSIP development, public and agency outreach, and target setting*

## List of Various Programs

### Accelerated Innovation Deployment (AID) Project

The Accelerated Innovation Deployment (AID) Grant is one program under the multi-faceted Technology and Innovation Deployment Program (TDP) offered by the Federal Highway Administration (FHWA) to provide funding to offset risk as an incentive to accelerate the implementation and adoption of innovation in highway transportation. Projects eligible for funding shall include proven innovative practices or technologies such as those in the “Every Day Counts” initiative (EDC). Innovations may include infrastructure and non-infrastructure strategies or activities that are a significant improvement over the applicant’s conventional practice.

FHWA made \$15M available in FFY 2014 and the program is offered on a rolling basis. Minnesota is eligible to receive up to two grants -- one for MnDOT, and another for a MPO, local government or tribal government. Awards are capped at \$1M and subject to Federal matching requirements. Projects must be ready to initiate within 6 months of applying for AID funds.

AID projects are required to be amended into the currently approved STIP once selected. Contact the Office Transportation System Management for guidance on how to submit a formal STIP amendment.

### Bridge and Road Construction (BARC)

BARC funds, also referred to as Road Repair funds, are unique in that they may be spent either through a normal state letting, a contract arranged through the District, or for materials and rental equipment needed by the District. BARC funds are not meant to be used for routine maintenance or for the purchase of equipment, both of which are considered operations expenses. BARC funds should be used for the actual construction, reconstruction, and improvement of trunk highways. Each MnDOT District is responsible for setting its own BARC budget to meet their District needs.

### Department of Public Safety and National Highway Traffic Safety Administration Fund/Project

Projects that are partially or fully funded with DPS and/or NHTSA funds (from SAFETEA-LU) should be treated as a federal project and must follow all federal rules and regulations. However, if those funds are part of a MnDOT federal project, they would be considered as “state funds” when authorizing, but DPS and/or NHTSA funds are still considered as federal funds and cannot be used as a match on any MnDOT federal project.

For STIP purposes, DPS and/or NHTSA funds should be programmed in the “Other” column of the ATIP template and description must include an explanation of the funding source and the appropriate amount.

## Districtwide Setaside

Districts will identify the funding source and put in as setasides for each year of the STIP. For the first year, no federal funds are allowed in setasides. Districts are responsible for tracking and managing the eligibility constraints of these funds in the state road construction program. An amendment is required to identify a federally funded project from any of the setasides in the STIP.

## Flexible and Shelf Project Definition

Flexible projects are those that have funding either committed in the STIP or identified in the CHIP and have an assigned letting date which correlates to when that funding is available. Construction documents (plans, special provisions, permits, etc.) will be completed on a more aggressive schedule determined by the District so that the letting date can be advanced a minimum of a year if additional funding is available. All flexible projects must be listed in the STIP in the year they are funded, not the year they can be flexed for delivery. This also means these projects should have the inflation rate applied to them for the year they are funded in the STIP or CHIP. Likewise, PPMS should show a let date for the project which corresponds to is shown the funding year in the STIP or CHIP.

Shelf projects are those which do not have funding identified in either the STIP or the CHIP. Construction documents (plans, special provisions, permits, etc.) will be completed on a schedule determined by the District, after consultation with Senior Leadership, so that the projects could be let should additional funding become available. Shelf projects can be in PPMS as “Planned” status with no funding committed and no let date identified.

## Greater MN Noise Wall Program

MnDOT’s Noise Policy allows communities outside of the metropolitan area to become eligible for federal and/or state funded Noise Barrier Projects. MnDOT Office of Environmental Stewardship (OES) will assist the Districts in conducting preliminary noise analysis and develop a solicitation and scoring system based on needs, cost effectiveness and noise level.

\$1,000,000/year is available for FY 2019-FY 2022. Noise Barrier projects are required to be included in the STIP once identified. Please refer to “Centrally Funded Programs” guidance for how to code them in the STIP. For more information about the program, contact Peter Wasko, Office Environmental Stewardship.

## Historic Bridge Program

Historic bridges need to go through a process to ensure that they are not replaced without thorough investigation into all available options. Districts should work with the MnDOT Bridge Office and State Historic Preservation Office (SHPO) representatives to ensure options are investigated. Historic bridge projects in the STIP should be smart coded as \*\*HB\*\* in the project description. It should not be assumed that historic bridges require replacement.

For additional information on Historic Bridge program go to <http://www.dot.state.mn.us/historicbridges/>.

## **Indefinite Delivery Indefinite Quantity Project (IDIQ)**

Indefinite Delivery/Indefinite Quantity (IDIQ) is a contracting process for the Department. The IDIQ contracting method establishes a minimum guaranteed and maximum contract amount. Costs of specific items/services are identified in the contract; however, the quantity of such items/services as well as the timing in which the work will occur are not specified. Task orders will be added to the contract as funds and needs warrant. In addition, IDIQ contracts cannot span across multiple Districts.

### *Funding for IDIQ Project*

All IDIQ projects should be included in the STIP for tracking purposes. At this time, only state trunk highway funds should be used to fund IDIQ projects; federal funds should not be used on IDIQ projects. All IDIQ projects should be entered into PPMS using the standard PPMS procedures.

### *IDIQ Project in the STIP*

- Project Descriptions: IDIQ projects should be smart coded in the STIP and should include the project description, minimum and maximum amount of the contract, and expiration date of the contract.
- Example: **\*\*IDIQ\*\*** DISTRICTWIDE SEALCOAT, IDIQ MINIMUM \$500,000, MAXIMUM \$1M, CONTRACT EXPIRATION DATE: JUNE 2018
- Project Financing: Only state trunk highway funds may be used for IDIQ projects at this time. The minimum contract amount should be included in the STIP.
- The Budget Tracking form takes place of the PPMS change form (on IDIQ projects only).
- If a District plans to use Operations budget authority, the Operations budget authority must be transferred into the District's SRC budget prior to adding the project to the STIP. For more information about the IDIQ program, contact Brad Cornelius.

## **National Highway Freight Program (NHFP)**

FAST Act established the new National Highway Freight Program (NHFP) to improve the efficient movement of freight on the National Highway Freight Network and to improve safety, flexibility, efficiency, and environmental impacts of freight movement in the country.

MnDOT allocated approximately \$25M per year (federal and state funds) for the freight program during the next four years, SFY 2019-2022. Selected projects must be included in the STIP (refer to the Centrally Funded Program guidance for coding). Contact Maureen Jensen or Nicole George in MnDOT's Office of Freight and Commercial Vehicle Operations for a list of projects and questions related to the program.

## **Rail Grade Crossing Safety Project**

The prioritized statewide list of rail grade crossing safety improvement projects is developed by MnDOT's Office of Freight and Commercial Vehicle Operations based on the following criteria:

- Ranking the relative hazards of public grade crossings in the state by utilizing a multi-faceted hazard index formula
- Soliciting local road authorities, counties and railroads for proposed projects
- Conducting on-site diagnostic inspections of conditions at the crossings

For clarification, Rail Highway Safety projects are funded with their own Railway-Highway Crossing apportionments. They are not part of Highway Safety Improvement Program (HSIP) funds. All selected projects are required to be included in the STIP. Contact Amy Johnson, MnDOT's Office of Freight and Commercial Vehicle Operations for a list of projects and questions related to the program.

## **Section 164 Sanction HSIP Project (MnDOT)**

The federal transportation bill includes specific provisions related to the 23 U.S.C. Section 154 and Section 164, also referred to as Repeat Offender laws. States are encouraged to enact these laws meeting the minimum Federal standards. States that fail to meet the requirements of these provisions are penalized by the reservation of apportioned Federal-aid funds.

MnDOT estimates to receive approximately \$6.9 million per year of Section 164 federal funds to conduct Highways Safety Improvement Program eligible activities with no match required. MnDOT's Office of Traffic Safety and Technology (OTST) solicits and manages the program statewide. Section 164 HSIP projects are required to be included in the STIP. Refer to "Centrally Managed Program" guidance on how to show these projects in the ATIP.

Section 164 Sanction funds are not made available to Minnesota at the same time as other federal funds, therefore these projects should not be scheduled for letting until the third and fourth quarters of the SFY. Generally 40% of the projects should be let in the third quarter and 60% should be let in the fourth quarter of the SFY.

## **Transportation Economic Development (TED) Program (Ongoing Appropriation)**

The Transportation Economic Development (TED) Program is a joint effort of the Minnesota Department of Transportation (MnDOT) and the Department of Employment and Economic Development (DEED). The program's purpose is to fund construction, reconstruction, and improvement of state and local transportation infrastructure in order to create and preserve jobs, improve the state's economic competitiveness, increase the tax base, accelerate transportation improvements to enhance safety and mobility, and promote partnerships with the private sector.

Selected TED projects are required to be included and smart coded in the STIP. Refer to “Centrally Funded Programs” guidance for coding the ATIP template. For more information about the program go to: <http://www.dot.state.mn.us/funding/ted/index.html> or contact Key Buckeye.

## Program Contacts

**Table 1: Program Contacts**

<b>Program</b>	<b>Contact</b>
Advance Construction	Brad Cornelius
Americans with Disabilities (ADA)	Dick Chng
Bond Programs	Sue Thompson
Bridge Off System Program	Patti Loken
Corridors of Commerce	Patrick Weidemann
Early Let Late Award	Thanh Vo
Greater MN Noise Wall Program	Peter Wasko
Highway Safety Improvement Program (HSIP)	Brad Estochen
Highway Safety Improvement Program (HSIP) (DPS Section 164)	Brad Estochen
Highway Safety Improvement Program (HSIP) (MnDOT Section 164)	Brad Estochen
Historic Properties	Kathryn McFadden
Indefinite Delivery Indefinite Quantity (IDIQ)	Brad Cornelius
Intelligent Transportation Systems (ITS)	Sue Sheehan
Local Government Advance and Payback (LGA)	Pa Youa Xiong
Major Regional and Community Improvement Priorities (RCIP)	Patrick Weidemann
Rail Grade Crossing	Amy Johnson
Safety Rest Areas	Robert Williams
Statewide Performance Bridge Program	Amber Blanchard

Program	Contact
Statewide Performance Freight Program	Maureen Jensen/Nicole George
Statewide Performance Pavement Program	Dave Janisch
Statewide Performance Program Mobility	Lynne Bly
Greater MN Transit	Deborah Ellis
Transportation, Community, System Preservation Program	John Lindemer
Transportation Economic Development (TED)	Ken Buckeye/Philip Schaffner
Transportation Revolving Loan Fund (TRLF)	Pa Youa Xiong
Weigh Stations	Maureen Jensen

## List of Project Types

### Advance Construction (AC) and Payback

FHWA's AC process is a tool used by Minnesota to manage project funding. It allows us to spread the funding across multiple construction years as the funds are needed. AC affects the federal target in the year(s) the funding is used on a project. For MnDOT projects, AC affects the State Road Construction Budget (SRC) only in the year the construction begins.

For example:

*A 2019 project that will take three construction seasons to construct uses a total of \$30 million in federal funds. This project will use \$10 million in 2019, \$15 million in 2020 and \$5 million in 2021. Without the use of AC, the full \$30 million in federal funds is tied up in 2019 even though the project will span three construction seasons. With the use of AC, the project will be shown as using \$10 million in federal funds in 2019 and \$20 million in AC funds. This way the federal funds can be used throughout the life of the project. The project is now considered a 2019 AC project with paybacks (AC conversions) in 2020 and 2021. The \$10 million, \$15 million and \$5 million will go against the federal targets in 2019, 2020 and 2021 respectively.*

The advantage of not tying up the full amount of federal funds in the first year of a project is that the District can fund other projects in that year. Another advantage is having the ability to finance a high cost project that may cost beyond what is available in federal target for one year. AC Paybacks shown in the STIP are referred to as "Planned AC."

Any changes in AC Payback should go through Pa Youa Xiong or Brad Cornelius.

## Alternate Bid Project

As MnDOT expands its use of Alternative Bid projects, the following approach should be used when programming Alternate Bid project in the ATIP:

- The project total should be the LOWER of the two project totals for all years of the ATIP.
- To minimize potential STIP modifications or amendments, the project description should not be too specific in describing the fix (e.g., 3" mill and 3.5" bituminous overlay"); it should be more generic so that it would cover either alternative. The description should be smart coded as **\*\*AB\*\***.

## Associated Project

Construction plans most commonly contain multiple SPs (one Prime SP and two or more associated SPs). An associated SP is assigned when the work is being done on a different control section than the Prime SP's control section. Since the project will be authorized under the Prime SP, associated SPs are not required to be shown in the project description of the Prime SP. Associated SPs sometimes referred to as associated projects. Associated projects are not required to be shown as separate lines in the STIP unless:

- It includes a local federal share on MnDOT let projects; or
- It uses another federal fund type that is different than the federal fund type used on the Prime SP.

Do not show associated SPs in the STIP description unless it meets one or more of the requirements above.

## Cooperative Agreement – Local Let Projects

Local let projects may include MnDOT's participation and therefore requires a MnDOT project number. MnDOT's participation on a local let project also requires a Cooperative Agreement between MnDOT and the local authority. When no federal funds are involved, the STIP shows a MnDOT project number (SP) and only the TH dollars (TH column) using an "AM" program code. When either MnDOT federal or local federal funds are used, the STIP must show both MnDOT federal, local federal share, and the associated matches.

MnDOT only accounts for the state share and does not track the local portion. Cooperative Agreements can have different fund combinations as follow:

- MnDOT TH funds
- MnDOT TH and local federal funds
- MnDOT federal and local federal funds
- MnDOT federal, but without local federal funds (never be done)

### Cooperative Agreement in STIP

Tables 2 through 4 show how different types of cooperative agreements should be listed in the STIP.

**Table 2: Local Project with MnDOT TH Funds**

STIP – 1 Line	Who	Program	TH \$	Other \$
4444-44	S	AM	100,000	

**Table 3: Local Project with MnDOT TH Funds and Local Federal Funds**

STIP – 2 Lines	Who	Program	FHWA \$	TH \$	Other \$
4444-44	S	AM		100,000	
111-111-111	L	RD	400,000		100,000

**Table 4: Local Project with MnDOT Federal Funds and Local Federal Funds**

STIP – 2 Lines	Who	Program	FHWA \$	TH \$	Other \$
1111-11	S	AM	800,000	200,000	
222-222-222	L	RD	400,000		100,000

### Early Let Late Award (ELLA) Project

MnDOT’s ELLA process is a tool used to manage project delivery and fluctuations in funding. This process is used on MnDOT projects only and affects both the federal and state funding targets and the State Road Construction Budget in the year of funding availability. ELLA projects are required to be smart coded in the STIP description using **\*\*ELLA\*\***.

ELLA projects are let in one state fiscal year (July 1 to June 30) and awarded (i.e., funds actually encumbered) in the following fiscal year.

The advantage of ELLAs are that it allows the project to be let and awarded in advance of funding availability so that work can begin as soon as the next SFY begins. Under the regular project letting process, a project is advertised, let and awarded in the year that funding is available. This process is not available beyond MnDOT as MnDOT’s Trunk Highway fund cash flows the project until Federal funds are available and the Trunk Highway fund cannot cash flow non-Trunk Highway projects. For questions regarding ELLAs, contact Thanh Vo.

## Multiple District/ATP Project

At times, multiple district/ATP involvements are required to design and/or fund a single construction project. This is when the project starts in one district/ATP going across its border and ends within another district/ATP.

To help identify multiple district/ATP projects in the STIP, the descriptions must include the “design” district and the total amount funded by each of the ATPs. Please refer to Figure 4B of Template Guidance Part II for the multiple District/ATP description format.

Multiple District/ATP project is identified where the work is being done on one control section; however, requires two SPs. One SP is assigned by the district doing the design work, XXXX-XX, and the other SP will be the same except adding the letter M extension at the end, XXXX-XXM (M stands for multiple districts). The district who designs the project is the project owner regardless what the funding split will be. The district that does not design the project, but may partially or fully fund the project will acquire SP XXXX-XXM.

Project with work being done on two different control sections, where one control section is located in one district/ATP and the other control section is in the other district/ATP, requires two different SPs each assigned by their own District.

### *Multiple District/ATP Project Types*

- Project with the same SPs, designed by one ATP, and funded by another ATP
- Project with the same SPs, designed by one ATP, and funded by both ATPs
- Project with different SPs, designed by one ATP, and funded by both ATPs
- Project with different SPs, designed and funded by both ATPs

### *Multiple District Project funding in STIP*

Project with the same SP, designed by one ATP, and funded by another ATP:

- Designed by ATP 2
- Funded by ATP 1

**Table 5: Project with Same SP, Designed by One ATP and Funded by another ATP**

STIP – 2 Lines	ATP	District	FHWA \$	TH \$
5555-55	2	2	0	0
5555-55M	1	1	800,000	200,000

Project with the same SP, designed by one ATP, and funded by both ATPs:

- Designed by ATP 1
- Funded by ATPs 1 and 3

**Table 6: Project with Same SP, Designed by One ATP and Funded by Both ATPs**

STIP – 2 Lines	ATP	District	FHWA \$	TH \$
5555-55	1	1	800,000	270,000
5555-55M	3	3	800,000	200,000

Project with different SPs, designed by one ATP, and funded by both ATPs:

- Designed by ATP 1
- Funded by ATPs 1 and 2

**Table 7: Project with Different SPs, Designed by One ATP and Funded by Both ATPs**

STIP – 2 Lines	ATP	District	FHWA \$	TH \$
5555-55	1	1	800,000	200,000
6666-66	2	2	800,000	200,000

Project with different SPs, designed and funded by both ATPs:

- Designed and funded by ATPs 1 & 2

**Table 8: Project with Different SPs, Designed and Funded by Both ATPs**

STIP – 2 Lines	ATP	District	FHWA \$	TH \$
5555-55	1	1	800,000	200,000
6666-66	2	2	800,000	200,000

### Shared Construction – MN DOT Let Project

Shared Construction is the local work that is being done as part of a MnDOT let project. MnDOT is responsible and pays for the entire project and the local agency reimburses MnDOT the local share or the local match if federally funded, through “Shared Receipts”. Shared Receipts and/or local federal shares are credited to the District’s Budget when received. The tables below reflect all local shares in T790129 Appropriation as the local receipts will off-set expenditures.

Shared Construction projects utilizing state aid funds, local federal funds, or non-TH bond funds will require a State Aid project number, XXX-XXX-XXX (assigned by MnDOT’s State Aid Office).

With Shared Construction, the State Aid project number is most often associated to the MnDOT project number. MnDOT’s project number is called Prime SP and State Aid project number is called Non-Prime SP.

(See tables below). Prime SP required to be shown in the STIP and Non-Prime SP is not required to be shown in the STIP unless local federal funds are used.

*Shared Construction Types*

- MnDOT project with MnDOT TH funds and local funds (local or State Aid)
- MnDOT project with MnDOT federal, and local funds (local or State Aid)
- MnDOT project with MnDOT federal and local federal funds
- MnDOT project with MnDOT federal where the locals contributing match to MnDOT federal funds (must have prior approval from Maryanne Kelly-Sonnek).

*Shared Construction in the STIP*

Tables 9 through 11 show on shared construction projects should be listed in the STIP.

**Table 9: MnDOT Project with MnDOT TH Funds and Local Funds (Local or State Aid)**

STIP – 1 Lines	TH \$	Other \$
1111-11	80,000	20,000

**Table 10: MnDOT Project with MnDOT Federal and Local Funds (Local or State Aid)**

STIP – 1 Lines	FHWA \$	TH \$	Other \$
1111-11	800,000	200,000	20,000

**Table 11: MnDOT Project with MnDOT Federal and Local Federal Funds**

STIP – 2 Lines	FHWA \$	TH \$	Other \$
1111-11	800,000	200,000	
222-222-222*	400,000		100,000 + \$\$\$

\*If State Aid SP is unknown at the time of developing the STIP, use 1111-11L. With new process in place, a modification is required to change 1111-11L to the real State Aid SP once identified and the two SPs must be adjacent to each other.

*Tied Project*

For cost saving purposes, individual projects with their own construction plans being let together on the same letting date and under one letting contract are called tied projects. All tied projects (prime SP) are required to be shown in the STIP as separate projects and the description should list all the tied SP(s).

- Example: MN 61, NB FROM HOMESTEAD RD TO SOUTH END BR# 9341 AT KNIFE RIVER, CPR WORK. (TIED TO 6933-92 & 6980-59)

## Other STIP Related Guidance

### Bridge Eligibility

Bridges on the National Highway System (NHS) are eligible for National Highway Performance Program (NHPP) funds. Bridges on any other federal aid system are eligible for STBGP funds. Bridges off the federal aid system are eligible for Off-System Bridge funds. At this time, Bridge Sufficiency Rating is not part of the criteria for a bridge to receive federal funding; however, it is required for a bridge replacement project which uses off-system federal funds and must have a sufficiency rating of 50 or less.

### Cost Split on Project

Periodically, a review of cost/quantity splits on State Highway projects becomes necessary. Recognizing the desire to keep splits to a minimum and also recognizing the need to meet the requirements placed on MnDOT by federal and state requirements, the following are considered minimum splits requiring separate quantities/cost estimates on plan sheets.

#### *Bridges/Culverts*

Federal Regulations require the reporting of bridge/culvert data on projects using Federal funds. Quantities for bridges must be broken out regardless of the type of Federal funds used. This is also the case for bridges being replaced by culverts and culverts being replaced by culverts. Both the old and new bridge numbers from structure being replaced should be reported. Approach work from touchdown point to touchdown point is an eligible bridge replacement cost on projects using Federal bridge funds and should also be reported separately if possible. This ensures that Minnesota is maximizing the use of its bridge apportionments. Each bridge type should have a separate column of quantities.

In the case of bridge rehabilitation, separate quantities are also required and the bridge number of each bridge being rehabilitated should be shown.

#### *Highway Safety Improvement Program (HSIP)*

Federal regulations require the reporting of quantities on HSIP eligible items. Federal HSIP funded projects or HSIP funded work on a larger project must be approved by the Office of Traffic, Safety, and Technology (OTST). This work should be shown on plans with quantities and costs separated from other costs.

#### *Surface Transportation Block Grant - Transportation Alternative Program (STBG-TAP)*

Projects using Transportation Alternative Program (TAP) funding is required to show quantities and associated costs for eligible items in order for MnDOT to be reimbursed with federal funds.

### *Congestion Mitigation and Air Quality (CMAQ)*

Federal CMAQ funds are available for use in the Twin Cities Metropolitan Planning Organization area. Projects using CMAQ funds are required to show quantities and associated costs for eligible CMAQ items.

### *Multiple System Types*

Sometimes a project will have work on more than one highway system type. Different Route Systems are eligible for different federal share amounts (e.g., 90/10 for Interstates and 80/20 other NHS routes). Work being done on different systems requires separated quantities/cost estimates. There are some exceptions to this and if in doubt contact OTSM.

### *Multiple Federal Fund Types*

Frequently multiple federal funding types are used on one project. Federal funds are assigned to a project based on the type of work to be done, and to effectively use all the various federal funds available to the state. Every attempt is made to keep the number of funds used on a project to a minimum, however this is not always possible and care should be taken to provide splits necessary to capture all the funds. Just the fact that multiple funds are shown on a project in the STIP does not guarantee that all those funds will ultimately be used on the project. It will depend on what funds are available for use at the time of project authorization. A best practice is to separate costs according to the guidance above to ensure the best use of federal funds.

### *Non-Participating (Non-Par Work)/Local Match*

All non-participating and local work must be identified and broken out of the Federal aid eligible work.

The Office of Transportation System Management (OTSM) continues to work towards minimizing the number of separate quantities and cost estimates needed on plans. However it is much easier to establish the splits on the original quantity sheets rather than redo the plan sheets for the proper splits at the time of authorization (this can hold up an authorization).

Remember to:

- Identify bridge numbers (and culvert numbers)
- Separate quantities/cost estimates for each federally funded bridge and culvert
- Use PPMS as your first check for multiple funds
- Separate quantities and cost estimates must be provided to use Federal NHPP, NHFP, STBGP, HSIP, STBGAP, and CMAQ funds

### **Federal Fund Eligibility**

National Highway Performance Program (NHPP): If any portion of the work is on or adjacent to the NHPP system, then the whole project is NHPP eligible.

Surface Transportation Block Grants Program (STBGP): If any portion of the work is being done in a small urban area, then the whole project is eligible for STBGP small urban. However, in order to fund the project with STBGP small urban, the district/ATP is required to consult with the regional transportation planning organization.

Transit STBGP:

- If the capital purchase was for use in the small urban area and was also being used in the rural area, then the whole project is eligible for STBGP small urban.
- If the capital purchase was specifically for the rural area, then the project is not eligible for STBGP small urban.

**Federal Share on Projects**

Most federally funded projects provide an 80% or 90% share requiring a 20% or 10% non-federal match. MnDOT projects are required to maximize federal funding unless approved by OTSM. For State Aid projects, a minimum 30% federal share is required on all federally funded projects. Table 12 shows two examples of fully funded federal projects with an 80/20 split.

**Table 12: Examples for Maximizing Federal Funding**

Funding Source	Example A	Example B
MnDOT Federal	\$800,000	\$800,000
State Match required	\$200,000	\$200,000
Local Federal	---	\$400,000
Local Match required	---	\$100,000
Total Project	\$1,000,000	\$1,500,000

**Funding Definition**

- *MnDOT Federal Fund* – Federal fund appropriated to the State of Minnesota to be used for transportation purposes on Minnesota Federal Aids eligible systems.
- *MnDOT TH Fund* – State fund to be used for transportation purposes on Minnesota Trunk Highway systems.
- *MnDOT TH Bond Fund* – State bond fund are used for transportation purposes on Minnesota Trunk Highway systems.
- *Local Federal Fund* – Federal fund appropriated to local municipalities to be used for transportation purposes on County State Aid Highway (CSAH) and Municipal State Aid Street (MSAS) systems.
- *Local fund* – Local fund or state aid fund that is neither federal nor state.

## Funding Split

Projects on the Interstate would require a 90/10 Federal/State or Local split; however, if the project is adding capacity, it would be an 80/20 split and the federal fund would still be NHPP.

If the project is funded with two or more types of Target FHWA funding, show each funding type as an additional line in the STIP. Use same SP followed by N for NHPP, P for STBGP, E for Transportation Alternatives, S for HSIP, or Q for CMAQ. Different SPs are not required; however, different groups, costs, and quantities have to be separated for each funding type.

If a Transit project is using FTA and FHWA for proposed funds, split the funding in the District Comments column for Fund 1 and Fund 2. Fund 1 (higher dollar amount) and Fund 2 (the lower dollar amount) should be STBGP/FTA or FTA/STBGP. For example, Fund 1 STP 40,000 and Fund 2 FTA 20,000. In the District Comments column, the description should read: STP 80/20, \$10,000 SM, FTA 50/50, and \$20,000 LM.

## In-Kind Match for Federal Project

FHWA allows for the matching of federal funds with right-of-way on all projects and for the use of In-Kind match on all federal projects. Districts are responsible to document all In-Kind matches and are required to request FHWA approval prior to project authorization.

The right-of-way used for match should be right-of-way either purchased or donated specifically for the project. Right-of-way purchased at an earlier time to do other work or the initial construction of the route should not be used as match. In-Kind match on federal projects must be something that has a tangible cost, such as railroad ties or wires necessary to run a historic streetcar. The following are some examples of In-Kind matches under federal law:

- Donated funds are treated at cash value.
- Donated materials are treated at fair market value as determined locally within the State.
- Donated services are treated at fair market value as determined locally within the State. A State's labor department should have a schedule of the cost of services within the State, perhaps by region within the State. These rates may vary within a State.

Donated land or right-of-way is appraised at fair market value.

Table 13 shows different examples of in-kind match for federal projects. The examples assume 80/20 participation. In Examples A and B, no local or state match is required as 80% is equal to or greater than the total project cost. Federal funds used would be \$100,000. Example C illustrates that a local or state match would be required as 80% is less than the contract amount. Federal funds used would equal \$96,000 requiring a match of \$4,000.

**Table 13: Examples of In-Kind Match for Federal Projects**

Funding Source	Example A	Example B	Example C
Contract Cost	\$100,000	\$100,000	\$100,000
ROW or In-Kind Match	\$25,000	\$40,000	\$20,000
Total Project Cost	\$125,000	\$140,000	\$120,000
Federal Share 80% of Total Project Cost	\$100,000	\$112,000	\$96,000
Additional ATP or Local Responsibility	\$0	\$0	\$4,000

### Maximizing Federal Funds

State projects using Federal Funds should be shown in the STIP with the maximum amount of federal/state split, typically 80/20 or 90/10 or 100/0 depending on federal funding type. Some projects including projects using bonds may result in a project not meeting the maximum split. The Districts should contact OTSM if they want to include a state projects with federal funds when the federal funds are not maximized.

### Regionally Significant Project

As defined in 23 CFR § 450.104, a regionally significant project means a transportation project (other than an exempt project) that is on a facility which serves regional transportation needs (such as access to and from the area outside of the region, major activity centers in the region, major planned developments such as new retail malls, sports complexes, etc., or transportation terminals as well as most terminals themselves) and would normally be included in the modeling of a metropolitan area's transportation network, including at a minimum all principal arterial highways and all fixed guideway transit facilities that offer an alternative to regional highway travel.

### State Road Construction (SRC) Eligibility

Projects that are eligible to use State Road Construction (SRC) budget are projects with:

*“...actual construction, reconstruction, and improvement of trunk highways, including design-build contracts and consultant usage to support these activities. This includes the cost of actual payment to landowners for lands acquired for highway right-of-way, payment to lessees, interest subsidies, and relocation expenses.”*

Planning studies are not eligible for funding through the SRC budget. Even though they are federally eligible for federal non-target funds, the projects cannot be encumbered using the SRC budget. A planning study is defined as a study that is done before the NEPA process is completed. In addition, research projects cannot be funded with target federal formula funds and are not eligible for funding through the SRC. Additionally, On the Job Training (OJT) may receive special federal funding, but is also not eligible to use SRC budget. Federal funds being used that are not eligible for SRC budget will need a request to use budget from the 3000 Fund. Please contact Pa Youa Xiong with questions concerning SRC eligibility or the 3000 Fund.