

# Chapter 1

## Introduction

### Purpose

The *Local Agency Guidelines* (LAG) manual is intended to help Montana's city and county governments plan, design, construct, and maintain transportation facilities. To assist local government agencies in accomplishing these goals, the manual describes the processes, documents, and approvals necessary to obtain Federal-aid funds to develop and construct local transportation projects.

The LAG manual is a compilation of information from many sources and is a reference source for administrative and field personnel in the local agency. The manual describes development requirements and also outlines procedures for obtaining approval when local conditions warrant departures from adopted standards.

### Background

The LAG process was initially developed to provide Montana's three Metropolitan Planning areas the flexibility to administer federally funded projects on the Urban Highway System. The process, agreed to by MDT and the local agency representatives on January 25, 2002, was limited to:

- Montana's three Metropolitan Planning Areas– Billings, Great Falls, and Missoula
- The Urban Highway Program Projects (STP-Urban funds)
- Projects implemented by qualified local agencies on a cost reimbursement basis

The Transportation Assistance Program (TAP) Office within the Montana Department of Transportation's (MDT) Engineering Division was designated to assist local officials with any questions they might have regarding the manual.

### LAG Update Process

The LAG manual may be updated as necessary in order to conform to changes regarding Federal-aid funding programs and eligibility requirements. **Local agencies are required to comply with all applicable rules, laws, and regulations that may not be up to date in this manual.**

The 2013 update to the LAG manual includes:

- An expansion of local government participation to include all city and county governments
- An expansion of project type to include but not limited to CMAQ, STP-Urban, Transportation Alternatives, and local road projects (using locally secured congressionally directed funds) as part of the LAG process
- The requirement of a Project Specific Agreement (PSA) and a risk management plan to address available resources and capacity for project implementation at the local agency level
- Adapting the certification process to be at project level to address a local agency's extent of project development participation
- Further clarification on the cost reimbursement timeframe to allow reimbursement after contract conditions for each project phase has been met
- Requiring certified local agencies to begin with smaller scoped federally funded projects to demonstrate their ability to administer more complex projects

Comments and suggestions for improvement of the manual are welcome. They should be directed to

MDT's LAG Certification Liaison who will forward them to the appropriate MDT staff where they will be considered in the next revision.

### **Reimbursement for Eligible Activities**

Federal-aid funds will not become available until Project Specific Agreements (PSAs) are fully executed, MDT issues a letter of authorization, and all contract conditions have been complied with. Actual eligible expenses must be paid out of local agency funds until federal/state reimbursement occurs.

Local government agencies can choose to be reimbursed quarterly with either a 25% retainage option or obtaining a performance bond option as agreed to in the PSA and other appropriate agreement items established by MDT to limit MDT risk. Along with these options, MDT would need to make sure an inspector is available to oversee the project and have direct contact with the consultant, if a consultant is used. MDT will require error and omissions insurance from local government agencies if they provide the services.

### **Organization of the Manual**

Using the glossary and the cross-references, readers should be able to find answers to most questions regarding procedural requirements for Federal-aid assisted transportation projects. The manual is organized to reflect the flow of a project through the major phases of development and to incorporate the differing administrative needs of different projects.

The manual is divided into four parts. Each part contains one or more chapters which describe the requirements for completing specific project development activities:

**Chapter 1-5: Guidelines Overview** -Describes the purpose and objective of this manual; the process for becoming certified to administer Federal-aid projects; procedures for coordinating local transportation programs; and provides an overview of the project development process and program administration requirements.

**Chapters 1-5 Appendices** include:

- A flow chart summarizing major activities required to develop a transportation project.
- A checklist of required approvals.
- A checklist of tasks necessary to complete various project phases.

**Chapters 6-13: General Project Development Processes** - Describes procedures which apply to all FHWA assisted transportation projects.

**Chapter 14-18: Design** - Describes design standards for obtaining design phase approvals which must be incorporated into local projects, preparation of contract documents, and contracting for construction.

**Chapters 19-21: Construction and Post-Construction** - Describes procedures for administering the project construction phase, describe procedures for closing out Federal-aid projects.

In each chapter, there is a general discussion section which gives background information, policy, and the rationale for the requirements. This is followed by a detailed description of requirements (procedures, documents, and approvals). In most cases, general discussion appears at the beginning of each chapter, while details of the process appear later in the chapters. Backup data, checklists, sample letters, and instructions for completing forms appear in appendixes to each chapter.