

Chapter 22 *Local Agency Agreement*

22.1 **General Discussion**

A Local Agency Agreement is an agreement between a local agency and the Washington State Department of Transportation (WSDOT). An agreement is prepared for each federal aid project, and it covers all phases of work involved in the project (preliminary engineering, right of way acquisition, construction). Its purpose is to ensure that the federal funds in the agreed-upon amount are spent in accordance with all applicable state and federal laws and regulations. The agreement also specifies the procedure for payment and reimbursement on the project.

If the federal aid participation ratio entered in the agreement is not the maximum rate allowed by the Federal Highway Administration (FHWA), then the participation ratio entered becomes the maximum rate allowed.

No costs are eligible for federal aid reimbursement until authorized in writing by WSDOT. This authorization is separate from the agreement.

The total cost of a project (including federal, state, agency, and private funds) must be shown on the Local Agency Agreement for each phase of work that includes federal or state funds. At the time of each phase authorization, all funds necessary to complete the scope of work for that phase must be secured.

Project Agreement End Date – All projects are required to have a Period of Performance which includes both a begin date and an end date. A project’s begin date is the date of FHWA authorization. Local agencies will be required to supply an estimated Project Agreement End Date for each federally authorized phase of a project. To ensure adequate time for the delivery of local projects, which are subject to state environmental requirements, substantial community involvement, eminent domain, and coordination with other local projects, WSDOT recommends when establishing the “Project Agreement End Date” local agencies consider:

- For **Planning Only** projects – WSDOT recommends local agencies estimate the end of the project’s period of performance and add three years.
- For **Preliminary Engineering** (PE – design) and **Right of Way** (RW) – WSDOT recommends local agencies estimate when each phase will be completed and add three years to each, due to the complications that may arise with environmental requirements and approvals and negotiating right of way with property owners and railroads.
- For **Construction** (CN) – WSDOT recommends local agencies estimate when construction will be completed and add three years, to provide adequate time to acquire all the necessary paperwork, releases, and negotiate any claims for closure of the project.

Note: Any costs incurred after the Project Agreement End Date are NOT eligible for federal reimbursement. All eligible costs incurred prior to the Project Agreement End Date must be submitted within 60 calendar days after the Project Agreement End Date or they become ineligible for federal reimbursement.

When authorizing construction, the agency's proposed advertisement date must be noted on the supplemental Local Agency Agreement, or the original LAA if construction is the first phase authorized. Advertisement is expected within six weeks of construction authorization.

All funds shown on the Local Agency Agreement must be supported by a documented cost estimate¹ that is based on an Agency's best estimate of costs. The cost estimate must demonstrate how the funds shown on the LAA were determined, and what information was used in the calculation.

22.2 Preparation Procedure

A Local Agency Agreement signed by the approving authority must be submitted by the local agency to the Region Local Programs Engineer when the Project Prospectus² is submitted. To allow sufficient time for WSDOT review and execution, these documents should be submitted a minimum of 4 weeks prior to the time when federal authorization is desired.

Agreements containing errors will be returned to the local agency for correction. Any changes must be initialed by the approving authority³. To avoid this delay, the agency should check all figures prior to submittal, and if in doubt, request assistance from the Region Local Programs Engineer.

An agreement form and instructions are in DOT Form 140-039. Local agency cost estimates for each phase of a project are entered on the form, as well as the project name, length, termini, description, Project Agreement End Date, Proposed Advertisement Date (required for construction phase) and method of construction financing. These methods are described in the instructions of DOT Form 140-039.

Local agency resolutions or ordinances that may be needed are discussed in the instructions of DOT Form 140-039.

22.3 Supplemental Agreement

Funds requested beyond the amount set forth in a Local Agency Agreement, supplementing for the next phase of the project, and/or a change to the scope of work or Project Agreement End Date will require execution of a Supplemental Agreement.

Changes to the project funding must be made in accordance with this manual⁴ and must be accompanied by documented cost estimates for phases already authorized or seeking authorization (23 CFR Part 630).

All projects shall submit a supplemental agreement to revise the federal funds obligated within 90 calendar days after it is determined that the estimated federal share of project costs has decreased by \$250,000 or more (23 CFR Part 630.106(4) Subpart A).

¹ 23 CFR Part 630

² LAG [Chapter 21](#)

³ LAG [Chapter 13](#)

⁴ LAG [Chapter 12](#)

Federal approval is required to change a Project Agreement End Date. Therefore, Project Agreement End Date may only be changed during an authorized phase, through a supplement, if:

- a project has a change in the terms and conditions of the federal award (e.g., significant cost change or scope change); or
- adequate justification is provided for project schedule revision or other circumstances (e.g., litigation) and there is no change to the terms and conditions of the Federal project.

Note: Work undertaken after the Project Agreement End Date is NOT eligible for federal reimbursement. All eligible costs incurred prior to the Project Agreement End Date must be submitted for reimbursement within 60 calendar days after the Project Agreement End Date or they become ineligible for federal reimbursement.

A Supplemental Agreement form and instructions are in DOT Form 140-041. Like the original agreement form, the Supplemental Agreement form requires information about the project's name, length, termini, description, schedule and funding.

22.4 Documented Cost Estimate

A documented cost estimate is an itemized estimate of costs broken down by phase for a project. Preliminary engineering estimates can be based on a percentage of historical construction costs or based on historical labor and equipment needs used to complete similar design efforts. Right of way estimates will be the right of way funding estimate⁵. Construction estimates will be the engineer's estimate, including construction engineering costs. Bid tabulations, or award data may be used to justify increases when completing Supplemental Agreements.

Acceptable references for building a documented estimate may be historical construction costs, estimates from recent similar work, WSDOT Unit Bid Analysis, or other estimating methods that clearly identify how the costs were determined. A cost estimate must be provided for each authorized phase on the Local Agency Agreement.

22.5 Appendices

22.51 Documented Cost Estimates – Example

22.6 Forms

140-039	Local Agency Agreement and Instructions
140-041	Local Agency Agreement Supplement and Instructions

⁵ Appendix 25.51

Appendix 22.51 Documented Cost Estimates – Example

Documented Cost Estimate for Preliminary Engineering

Agency Cost through Dec. 31, 2008	\$16,144
Additional PE Agency Cost for 2009	
• PS & E Review	3,500
• Prepare Bid Documents	2,000
• Advertisement Process	<u>2,000</u>
	\$23,644
Agency PE Cost Estimate	\$24,000
Consultant PE Cost Estimate ((\$53,169 per consultant agreement))	\$54,000

Documented Cost Estimate for Construction

Construction Cost Estimate	\$420,385
Agency Construction Engineering (25%)	<u>\$105,096</u>
	\$525,481
Agency Construction Estimate	\$525,000
State Construction Engineering Estimate	\$ 50,000
Total Construction Cost Estimate	\$575,000

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PS&E ESTIMATE

No.	Item Description	Unit	Amt.	Unit Costs	Item Cost	% of total
PREPARATION						
1	Mobilization	L.S.	L.S.	L.S.	\$ 42,000	10.0%
2	Clearing and Grubbing	L.S.	1	3,000	\$ 3,000	0.7%
3	Remove Exist. Bridge	L.S.	1	30,000	\$ 30,000	7.1%
GRADING						
4	Roadway Excavation Incl.Haul	C.Y.	419	25	\$ 10,475	2.5%
5	Gravel Borrow Incl. Haul	C.Y.	138	15	\$ 2,070	0.5%
6	Embankment Compaction	C.Y.	73	5	\$ 365	0.1%
STRUCTURE						
7	Structure Excavation Class A Incl. Haul	C.Y.	177	50	\$ 8,850	2.1%
8	Shoring or Extra Excavation Cl. A	L.S.	1	17,000	\$ 17,000	4.0%
9	Gravel Backfill For Walls	C.Y.	12	50	\$ 600	0.1%
10	Epoxy-Coated St. Reinf. Bar For Bridge	LB	391	2.00	\$ 782	0.2%
11	Steel Reinforcing Bar for Bridge	LB	6,734	2.00	\$ 13,468	3.2%
12	Deficient Strength Conc. Price Adjustment	Dol.	1		\$ -	0.0%
13	Superstructure - Schmid Road Bridge	L.S.	1	130,000	\$ 130,000	30.9%
14	Concrete Class 4000 for Bridge	C.Y.	61	800	\$ 48,800	11.6%
15	Traffic Barrier	L.F.	107	200	\$ 21,400	5.1%
16	Membrane Waterproofing	S.Y.	106	50	\$ 5,300	1.3%
SURFACING						
17	Gravel Base	Ton	634	25	\$ 15,850	3.8%
18	Crushed Surfacing Base Course	Ton	190	50	\$ 9,500	2.3%
HOT MIX ASPHALT						
19	Asphalt Conc. Pavement Cl. A	Ton	165	175	\$ 18,375	4.4%
20	Asphalt Cost Price Adjustment	Dol.	1		\$ -	0.0%
EROSION/WATER POLLUTION CONTROL						
21	ESC Lead	Day	20	300	\$ 6,000	1.4%
22	Seeding Fertilizing and Mulching	L.S.	1	3,000	\$ 3,000	0.7%
23	Silt Fence	L.F.	160	5	\$ 800	0.2%
24	TESC	L.S.	1	8,000	\$ 8,000	1.9%
TRAFFIC						
25	Beam Guardrail Non-Flared Terminal	Each	3	2,500	\$ 7,500	1.8%
26	Beam Guardrail Transition Type 1	Each	3	2,000	\$ 6,000	1.4%
27	Permanent Signing	L.S.	1	1,000	\$ 1,000	0.2%
28	Project Temporary Traffic Control	L.S.	1	5,000	\$ 5,000	1.2%
OTHER ITEMS						
29	Water	M. Gal	10	125	\$ 1,250	0.3%
30	Trimming and Cleanup	L.S.	1	2,000	\$ 2,000	0.5%
31	SPCC	L.S.	1	2,000	\$ 2,000	0.5%
CONTRACT ITEM TOTAL					420,385	100.0%

2/4/2009

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Opinion of Probable Construction Cost
30% Design Phase

Opinion of Probable Construction Cost - 30% Design	
ITEM	SUBTOTAL
1 Mobilization	\$ 80,000
2 Traffic Control	\$ 90,000
3 TESC	\$ 10,000
4 Clearing, Demo, and Grading	\$ 25,000
5 Storm Water	\$ 20,000
6 Utilities	\$ 20,000
7 Roeder Bridge	\$ 507,000
Subtotal ROEDER BRIDGE, TRANSPORTATION, AND UTILITIES	\$ 752,000
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Construction Contingency (25%)	\$ 188,000
Transportation and Utilities Construction Total	\$ 940,000
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Engineering and Project Management	
Project Management (\$45/hr x 400 hrs.)	\$ 18,000
Engineering Staff (\$40/hr x 200 hrs.)	\$ 8,000
Administrative Staff (\$35/hr x 200 hrs.)	\$ 7,000
Inspection Staff (\$40/hr x 675 hrs.)	\$ 27,000
Engineering and Project Management Total *	\$ 60,000
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Opinion of Probable Project Costs Total	\$ 1,000,000

*Note: Engineering and Project Management cost estimates are based on previous project costs similar in nature where the City is managing and overseeing a consultant and the construction. This accounts for approximately 1500 hours of engineering, project management, inspection, and staff time

2009 SIDEWALK IMPROVEMENTS
FEDERAL AID PROJECT NO. STP-

Preliminary Engineers Estimate of Probable Costs
Low Range of Costs

Sidewalk Improvements

Work for each item in this schedule shall be in accordance with the Specification Reference listed for each item below.

Item No.	Description of Item Write In Unit Price in Words	Plan Quantity	Unit of Quantity	Unit Price Dollars & Cents	Total Price Dollars & Cents
1	Mobilization per lump sum	1	LS	NA	\$ 110,000.00
2	Type A - Cement Concrete Curb and Gutter Project Length Minus Northern 2,500 feet per linear feet	5314	LF	\$ 25.00	\$ 132,850.00
3	Cement Concrete Sidewalk - 4" Depth Project Length (6 feet wide) per square yard	5209	SY	\$ 45.00	\$ 234,405.00
4	Cement Concrete Sidewalk/Driveway Approach - 6" Depth Every 100 Feet Along Project Length per each	78	EA	\$ 2,500.00	\$ 195,000.00
5	Cement Concrete Sidewalk Ramp - Type 2 Each Intersection per each	28	EA	\$ 1,500.00	\$ 42,000.00
6	Sawcut Asphalt Pavement Along Curb & Gutter per linear feet	5314	LF	\$ 2.00	\$ 10,628.00
7	Hot Mix Asphalt - (Commercial HMA) 2' Wide by 3" Deep Along Curb & Gutter per ton	300	TN	\$ 200.00	\$ 60,000.00

2009 Sidewalk Improvements

SUMMARY

Description of Item	Total
Sidewalk Improvements	\$ 854,883.00
Non-Specified Items	20% \$ 170,976.60
	7.7 % Tax \$ 78,991.19
Subtotal Construction Cost	\$ 1,104,850.79
Design and Inspection	20% \$ 220,970.16
TOTAL PROJECT COST	\$ 1,325,820.95