

**TRANSPORTATION DEPARTMENT[761]**

**Adopted and Filed**

**Rulemaking related to project cost reporting requirements for cities**

The Transportation Department hereby rescinds Chapter 178, “Project Cost Reporting Requirements for Cities and Counties,” Iowa Administrative Code, and adopts a new chapter with the same title.

*Legal Authority for Rulemaking*

This rulemaking is adopted under the authority provided in Iowa Code sections 307.12(1)“j” and 314.1A.

*State or Federal Law Implemented*

This rulemaking implements, in whole or in part, Iowa Code sections 309.1, 309.22, 309.93, 312.14, 314.1 and 314.1A.

*Purpose and Summary*

This rulemaking repromulgates Chapter 178 in compliance with Executive Order 10. Chapter 178 implements cost reporting of projects that cities and counties construct.

*Public Comment and Changes to Rulemaking*

Notice of Intended Action for this rulemaking was published in the Iowa Administrative Bulletin on November 27, 2024, as **ARC 8388C**. Two public hearings were held on the following date:

- December 20, 2024

No one attended the public hearings. No public comments were received. No changes from the Notice have been made.

*Adoption of Rulemaking*

This rulemaking was adopted by the Department on February 11, 2025.

*Fiscal Impact*

This rulemaking has no fiscal impact to the State of Iowa.

*Jobs Impact*

After analysis and review of this rulemaking, no impact on jobs has been found.

*Waivers*

Any person who believes that the application of the discretionary provisions of this rulemaking would result in hardship or injustice to that person may petition the Department for a waiver of the discretionary provisions, if any, pursuant to 761—Chapter 11.

*Review by Administrative Rules Review Committee*

The Administrative Rules Review Committee, a bipartisan legislative committee which oversees rulemaking by executive branch agencies, may, on its own motion or on written request by any individual or group, review this rulemaking at its [regular monthly meeting](#) or at a special meeting. The Committee’s meetings are open to the public, and interested persons may be heard as provided in Iowa Code section 17A.8(6).

*Effective Date*

This rulemaking will become effective on April 23, 2025.

The following rulemaking action is adopted:

ITEM 1. Rescind 761—Chapter 178 and adopt the following **new** chapter in lieu thereof:

CHAPTER 178  
PROJECT COST REPORTING REQUIREMENTS  
FOR CITIES AND COUNTIES

**761—178.1(314) Purpose and contact information.**

**178.1(1)** The purpose of these rules is to establish requirements for the reporting by cities and counties of project cost information to the department, in accordance with Iowa Code section 314.1A.

**178.1(2)** Questions regarding this chapter may be directed to the Local Systems Bureau, Iowa Department of Transportation, 800 Lincoln Way, Ames, Iowa 50010 or [www.iowadot.gov/local\\_systems](http://www.iowadot.gov/local_systems).

**761—178.2(309,314) Definitions.**

*“Bridge”* means the same as defined in Iowa Code section 309.1.

*“City”* means a municipal corporation as defined in Iowa Code section 312.8 or 362.2.

*“Construction”* means the building or development of a road, street, bridge, or culvert in a new location when:

1. The new location deviates substantially from the existing alignment, and
2. The result is an entirely new road or street for the greater part of the length of the project.

*“Culvert”* means the same as defined in Iowa Code section 309.1.

*“Day labor”* means road, street, bridge, or culvert work, or materials that have not been subjected to bids. This includes work performed by permanent or temporary city or county employees, materials purchased by a city or county without taking formal bids, or contractor services that were not formally bid.

*“Improvement”* means a betterment to a road, street, bridge, or culvert. The work increases the value of the facility and enhances the facility, its traffic operations, or its safety beyond the original design. The work would not be so extensive as to be classified as construction or reconstruction, but it could involve rehabilitation, restoration, or resurfacing (3R) work.

*“Reconstruction”* means a significant change to the existing type of road, street, bridge, or culvert or its geometric or structural features. Some realignment and the use of current design criteria may be involved.

**761—178.3(309,312,314) Detailed instructions furnished to cities and counties.**

**178.3(1)** Each year, the department provides cities and counties a set of detailed instructions for reporting the following information:

- a.* The cost of day labor and contracts for construction, reconstruction, and improvement projects on the farm-to-market, secondary road, and municipal street systems.
- b.* The cost of purchasing, leasing, and renting construction and maintenance equipment.
- c.* The use of this equipment for construction, reconstruction, and improvement projects on the farm-to-market, secondary road, and municipal street systems.

**178.3(2)** These instructions constitute the form, content, and method of preparation acceptable to the department. Cities and counties include this information in the annual reports they submit to the department under Iowa Code sections 309.22 and 312.14.

**761—178.4(314) Project reporting.** Reporting of projects accomplished by day labor or contract is required for any construction, reconstruction, or improvement project that has a total cost of 90 percent

or more of the applicable bid threshold. Other reporting requirements set out in the Iowa Code still apply.

**178.4(1) Types of projects.**

*a. Bridge.* Bridge project types include the following:

(1) Bridge. This project type includes removal of existing structures and all new construction, reconstruction, and improvement of bridges.

(2) Culvert. This project type includes new construction or installation of an individual box or pipe culvert with a span or diameter that is greater than 4 feet but no greater than 20 feet.

*b. Road.* Road project types include the following:

(1) Roadway construction. This project type includes but is not limited to all types of excavation, overhaul, clearing and grubbing, removal of pavement, and culverts included with grading.

(2) Surfaces. This project type includes but is not limited to:

1. Hot mix asphalt and Portland cement concrete pavements and overlays on roads, streets and shoulders.

2. Stabilized bases and granular surfacing on new grades.

(3) Roadside construction. This project type includes but is not limited to:

1. Erosion control structures, such as check dams and letdown structures.

2. Landscape treatments, such as seedbed preparation, seeding, sodding, mulching, fertilizing, and planting of shrubs and trees on newly graded roads.

3. Construction of shoulders on paved roads and rebuilding or raising entrances due to shoulder construction.

(4) Traffic control. This project type includes but is not limited to installation of major signs, traffic signals, railroad crossing signals, guardrail, roadway lighting, construction signing, and pavement markings on newly paved roads and streets.

(5) Miscellaneous. This project type includes but is not limited to construction, reconstruction, or installation of storm sewers, subdrains, retaining walls, noise barriers, and sidewalks.

**178.4(2) Contract work.** The cost of contract work on a project is the contract price plus additions and deductions.

**178.4(3) Day labor.** The cost of day labor on a project includes the following expenditures:

*a. Labor.* Labor cost includes the wages of city or county employees for their time devoted to the project, plus corresponding fringe benefits, such as but not limited to IPERS, FICA, and insurance.

*b. Equipment.* Equipment cost is calculated based on the equipment used on the project and the time the equipment is used. If an item of equipment is rented or leased, its rental or lease rate may be used to calculate cost. If an item of equipment is not rented or leased, its cost is to be calculated using the standard rate established by the department for that type of equipment or using a city- or county-established rate based on actual expense data. The department establishes equipment rates each year based on the latest “Rental Rate Blue Book for Construction Equipment.”

*c. Materials.* Materials cost is the cost of materials and supplies consumed or expended on the project. The materials and supplies may be procured directly for the project or charged to the project from stock on hand. The cost of used material is its salvage value.

*d. Overhead.* Overhead cost is the pro rata share of indirect costs to be allocated to day labor projects. Indirect costs are the city’s or county’s road- or street-related costs that cannot be charged directly to any project. The city or county may use its records to calculate the cost of overhead, or it may use a standard overhead rate of 10 percent of the labor cost, excluding fringe benefits.

These rules are intended to implement Iowa Code sections 309.1, 309.22, 309.93, 312.14, 314.1, and 314.1A.

[Filed 2/21/25, effective 4/23/25]

[Published 3/19/25]

EDITOR’S NOTE: For replacement pages for IAC, see IAC Supplement 3/19/25.