



U.S. Department
of Transportation

**Federal Highway
Administration**

Memorandum

SP-91-014-CE

Subject Capital Expenditures under MCSAP
From Director, Office of Motor Carrier Field Operations
To Mr. William D. Herster
Regional Director, Office of Motor Carriers (HMC-07)
Kansas City, Missouri

Date June 13, 1991

Reply to
Attn of HFO-30

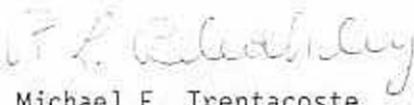
This is in response to a telephone inquiry from SPM John Carkin regarding Iowa's request to use MCSAP money for improvements at weigh and inspection stations.

A review of OMB Circular A-87 shows that the responsible granting agency may authorize the use of grant money to be used for capital expenditures if:

- Required alterations are required specifically to the grant program, or
- materially increase the value or usefulness of the facility, and
- when no longer used (sold, not available, etc,) the Federal grantor agency's equity in the asset will be refunded in the same proportion as Federal participation in its cost.

In addition to the above, the cost must meet the criteria for allowability as set forth in the Circular. One criteria is that "Conform to any limitations or exclusions set forth in these principles, Federal laws, or other governing limitation as to types or amounts of cost items,"

Although we can, as the granting agency approve capital expenditures, we must comply with any regulations that may address the issue. Title 49 CFR 350.29 (g) states, "The cost of acquisition of real property, land and buildings, is not eligible as a participating cost in the MCSAP. Real property does not include, for example the installation of lights for the inspection vehicles at night or minor modifications to existing structures." Items such as the construction of rest room facilities and additional parking areas would be considered as major modifications and would not be an allowable cost under MCSAP. We recommend that the State check into what monies may be available for this type of construction from the FHWA Highway fund.


Michael F. Trentacoste