

# **2014 MPO FINANCE COMMITTEE MINUTES**

**January 30, 2014**

**April 7, 2014**

**PROCEEDINGS OF THE  
FINANCE COMMITTEE OF THE  
GRAND FORKS/EAST GRAND FORKS  
METROPOLITAN PLANNING ORGANIZATION  
Thursday, January 30<sup>th</sup>, 2014 – 11:00 A.M.  
East Grand Forks City Hall Training Conference Room**

**CALL TO ORDER**

Chairman, Steve Adams called the January 30<sup>th</sup>, 2014, Finance Committee meeting to order at 11:00 A.M.

**CALL OF ROLL**

On a Call of Roll the following members were present: Steve Adams, Warren Strandell, and Mike Powers.

Staff present was: Earl Haugen, GF/EGF MPO Executive Director.

**DETERMINATION OF A QUORUM**

Adams declared a quorum was present.

**APPROVAL OF THE JULY 24<sup>TH</sup>, 2013, MINUTES OF THE MPO FINANCE COMMITTEE**

***A MOTION WAS MADE BY STRANDELL, SECONDED BY POWERS, TO APPROVE THE JULY 24<sup>TH</sup>, 2013, MINUTES OF THE MPO FINANCE COMMITTEE, AS SUBMITTED.***

***Voting Aye: Adam, Powers, and Strandell.***

***Voting Nay: None.***

**MATTER OF SRF REQUEST FOR ADDITIONAL COMPENSATION**

Haugen referred to the packet and pointed out that he attached a copy of the letter from SRF in which they argue why they should receive additional compensation for their work on our Street/Highway Element of our Long Range Transportation Plan.

Haugen reported that SRF's main argument is; because of our deadline rush during the month of October they were drafting most of the document, and they felt it was more important not to stop and inform the MPO of the fact that they were going to be going over budget at that time, that it was more important for them to complete the draft so that we could stay on schedule for our January 31<sup>st</sup> deadline. He stated that they then took the risk upon themselves to finish the drafts,

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and then in November, after they were more aware of where they were at budget wise, they started to inform us of our choices. He explained that they basically told us that the choices were: if we wanted them to finish the project as originally scoped they would add another \$10,000.00 to the cost to have them carry it to the end; or we could negotiate something in-between, where they do some work, we do some work; or what we ultimately decided on, which was that just separate and go our own ways, and they would stop working on the project and we would finish the document.

Haugen said that as of November 15<sup>th</sup>, SRF stopped working on the project, and we will receive a bill from them for activity in November that will get them to that maximum amount of the contract, but then they are still back to saying that during that mad rush in October, they took the risk of completing the draft and now feel they should be compensated that \$2,000 and change.

Haugen pointed out that in the staff report he lists a couple of reasons as to why they shouldn't get the additional monies, as they took the risk and didn't bother to contact us when they first made the decision, they waited until after the fact to identify the additional work done. He added that another reason for denying the additional monies is because the amount of overage is just over 1% of the total contract compensation. He stated that their fixed fee was at 15%, so we aren't talking a huge loss in their end profit.

Haugen stated that he would get into some other disappointing work that was accomplished by SRF, but we can't ignore the fact that the work in October we pushed them to complete did allow us, then, to meet that deadline, so..

Adams said, then, that SRF has done work for the MPO more than once. Haugen responded that we have hired them in the past. Adams asked if they have always been within their budget, or do they have a history of asking for more monies. Haugen responded that they have always had a history of asking for more monies in the past. Adams said, then, that basically they bid cheap so they can get the job and then they ask for changes for more funding. Haugen explained that with this project they were exceptionally that method of getting the award.

Strandell commented that he doesn't like the precedent of giving them money beyond the contract. Adams agreed, adding that clearly we go into the bidding process for a reason, to ensure we have a handle on what is going to cost to put this stuff together.

Haugen reported that they also are using this term "unexpected preservation focus of our plan". He stated that July we got the letter from our partners that said that we have to complete this by January 31<sup>st</sup>. He said that SRF is saying that after we re-scoped the work to meet that deadline, they were still developing a scope of work that didn't have a preservation only focus, and he is kind of perplexed as to how that can be because that was the whole hang-up of our plan, that we were hundreds of millions of dollars short on doing anything but preserving the roadway network. He added that they said that the last chapters of the plan, the implementation plan chapters specifically, they had to do a completely different type of rewrite than what they originally scoped in the amendment that we accrued in September, and he is kind of at a loss as

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to why they feel it was really unexpected that we would be so heavily preservation focused on it, because it was clear way back in the spring that we were short money, there was no magic source of funding out there anywhere that would help us with our revenue.

***A MOTION WAS MADE BY STRANDELL, SECONDED BY POWERS, TO APPROVE DENYING THE REQUEST FROM SRF FOR ADDITIONAL COMPENSATION FOR WORK ON THE DRAFT STREET/HIGHWAY ELEMENT.***

***Voting Aye: Adams, Powers, and Strandell.***

***Voting Nay: None.***

Powers asked if this kind of request is unusual. Haugen responded that it isn't. He cited the South Washington Street Underpass Study that was done a couple of years ago, whereby KLJ, who was the consulting firm hired for the study, came back at us for a lot of out of scope compensation after the study was done, and we did meet them half way on that because they did have some complications that came up towards the end of the study, but they also acknowledged that they took some real risks in what they did with the study, which they have since used it as a marketing tool, so we didn't approve all of their requests.

Haugen reported that every once in a while this does happen. Adams stated that if he thought we were to blame it would be a different story, but he thinks they clearly understood the scope of what they had to do when they started this.

Powers explained that his expertise on this is not that great, and then his exposure to these types of things at UND was that they always received a change order up front before any additional work was done. Haugen commented that when we got the letter from SRF in July, during the month of August we negotiated the re-scope of the contract so that we would meet the January 31<sup>st</sup> deadline, so in September the MPO Executive Policy Board approved an amendment to the contract, or a change order, and we gave them, in order to squeeze that compressed time down, and do some other things, an additional \$10,000. He stated that it was during the month of October in which they actually had to write each chapter of the plan that they felt it was better that they complete the drafts rather than stop and tell us that they couldn't complete the draft because they would be going over the contract amount. He said that they didn't say anything until the middle of November, that they went over by \$2,000, and then later said they also need an additional \$10,000 to finish the project.

Strandell asked how much the project changed over the course of the study. Haugen responded that during the course of the project there were four amendments approved. Haugen reported that the original contract amount was \$175,000. He explained that the first amendment was for \$1,000, that the original contract scope didn't include some East Grand Forks signals for a level of service analysis so they had to add that in; the second amendment was because after we re-timed all the traffic signals in Grand Forks we discovered that the ability of the Grand Forks staff to assist in that work was nowhere near what was needed, so we had to compensate SRF \$1,700 to do some of that work; the third amendment was for when Grand Forks was looking at the land

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use changes over there with a 47<sup>th</sup> Avenue Interchange potential, they had to amend their contract because prior to that Grand Forks was saying that they weren't going to radically change the land use plan from before, and then they went and changed it to include all their development west of the interstate, and they increased their population growth estimate to 1.2% per year, so that added more work to the scope, so the end product became a \$200,000 contract, and now they are asking for this additional \$2,000 for out of scope work and another \$10,000 to actually complete the work. Strandell stated that it sounds like it is never ending. Powers commented that he gets the feeling that they don't know what they are doing. Adams disagreed. Haugen added that they were very nickel and diming on their invoicing as well, which most consultants would just absorb as just the operation of doing business.

**OTHER BUSINESS**

1. EGF Strategic Planning Session

Haugen reported that East Grand Forks did a Strategic Planning Session recently, and one of their five outcomes they want to accomplish in the next five years is to construct a 32<sup>nd</sup> Avenue Bridge. He stated that he is trying to meet with our two MPO City Council Representatives, and Nancy Ellis as she has been identified as the lead staff person, to try to figure out exactly what they anticipate doing, and how the MPO would obviously be involved with it.

Haugen reminded the committee of the discussion held in November, when the whole south-end bypass concept came in, and whether we wanted to open up the discussion of looking at any and all river crossings, or just to focus on this Merrifield route. He stated that he thinks the general feeling was that we didn't want to open up the whole can of worms again, so he isn't sure what East Grand Forks City Council is doing by this Strategic Planning Goal of having a 32<sup>nd</sup> Avenue Bridge built.

Haugen commented that we agreed in our plan that we would look at the south end concept in a little more detail, so he doesn't know if that is going to be used as a way to open the door to include whether we should look at Merrifield as our first bridge, or if there is movement for it at 32<sup>nd</sup>. Strandell said that this will get Roland Young fired up again. Haugen added that it will get a lot of people fired up again.

Haugen stated that there is a window of opportunity, as he explained prior to the meeting, with the Sorlie Bridge EIS that is going on. He said that they are going to make their decision based on a 50-year traffic forecast, and there is little doubt in his mind that once you go from the difference between 20-year and 50-year forecasts, that the existing capacity is not there, so part of the question is do we sit back and let them build a four or five lane DeMers Avenue and bridge, or do we say that we will accept that you have to replace the bridge for other reasons besides just capacity, but we would like to have those extra two lanes of capacity located somewhere else to serve our growing community better. He explained that if they are going out 50-years just on that one bridge location forecast, our discussion would be; yes, but that 50-years all the growth is not occurring in that one corridor, all that growth is occurring away from these

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three bridges, so we want the extra two lanes of capacity elsewhere, not back in this one bridge structure.

Haugen said, then, that during the EIS process of the Sorlie Bridge, we will probably be having the discussion of; if we were able to convince them to invest two lanes of additional bridge capacity, where would it be, Merrifield or 32<sup>nd</sup> Avenue or another location.

**ADJOURNMENT**

***A MOTION WAS MADE BY POWERS, SECONDED BY STRANDELL, TO ADJOURN THE JANUARY 30<sup>TH</sup>, 2014, MEETING OF THE MPO FINANCE COMMITTEE AT 11:18 A.M.***

***Voting Aye: Adam, Powers, and Strandell***

***Voting Nay: None.***

Respectfully submitted by,

Peggy McNelis,  
Office Manager

**PROCEEDINGS OF THE  
FINANCE COMMITTEE OF THE  
GRAND FORKS/EAST GRAND FORKS  
METROPOLITAN PLANNING ORGANIZATION  
Monday, April 7<sup>th</sup>, 2014 – 11:00 A.M.  
East Grand Forks City Hall Training Conference Room**

**CALL TO ORDER**

Chairman, Steve Adams called the April 7<sup>th</sup>, 2014, Finance Committee meeting to order at 10:55 A.M.

**CALL OF ROLL**

On a Call of Roll the following members were present: Steve Adams, Mike Powers, and Warren Strandell.

Staff present were: Earl Haugen, GF/EGF MPO Executive Director; and Peggy McNelis, GF/EGF MPO Office Manager.

**DETERMINATION OF A QUORUM**

Adams declared a quorum was present.

**APPROVAL OF THE JANUARY 30<sup>TH</sup>, 2014, MINUTES OF THE MPO FINANCE COMMITTEE**

***A MOTION WAS MADE BY POWERS, SECONDED BY STRANDELL, TO APPROVE THE JANUARY 30<sup>TH</sup>, 2014, MINUTES OF THE MPO FINANCE COMMITTEE, AS SUBMITTED.***

***Voting Aye: Adams, Powers, and Strandell.***

***Voting Nay: None.***

**MATTER OF 2013 BUDGET AMENDMENTS**

Haugen referred to the staff report and explained that in the past we were given direction from the NDDOT that if there was ever a need for us to transfer funds from one of our three main funding categories to another, we would need to get approval from the MPO Finance Committee and themselves to do so, and in some instances approval from Federal Highway.

Haugen commented that as the end of 2013 was occurring we were still focusing on our Long Range Transportation document; and getting that out so we wouldn't miss our deadline and jeopardize our funding, so it wasn't until late January that we really were able to focus in on our end of year budget adjustments. He stated that at that time, and as we were working with our Auditors, we discovered that ATAC hadn't billed us for some things that were actually

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completed as far back as 2012, so after including these additional costs it pushed us over the \$500,000 federal spending threshold, and thus required us to have a single audit performed, and took us into the month of February to get it all completed. He stated, however, that as soon as we were aware that this additional work was needed we did notify the NDDOT that there was a good likelihood that we would need to do some adjustments to our funding categories, but that it would take some time to do it.

Haugen said that by the end of February we finally determined what adjustments would need to be made, and communicated this to the NDDOT and attempted to set up a meeting to show them what adjustments we needed to do, but because of some storms, and other things, it took a while to get that meeting scheduled last Thursday.

Haugen reported that the first thing they told us was that unless we are going over our total budget by 10% we really don't need any approval from them, whereas in the past anytime we did any changes between these three categories we needed approval. He said that, if you notice in our adjustments, we are moving \$7,600 from the Program Support category up to the Program Administration category, and in the past we needed approval to do that, but now, and into the future, only if we are spending over 10% of the entire budget will we need to seek their approval.

Haugen stated that, as you will notice, we didn't spend a lot of monies in the Planning and Implementation category, but there are some projects that we will actually be finishing up this year. He said that under Special Studies the main thing being carried over is the pavement management, we just issued the RFP for this project.

Haugen said that it isn't so much that we are seeking any approval from this body, we are just informing you that these are the end of the year budget adjustments that we needed to do in order to balance our three different program categories.

Powers asked what ATAC is. Haugen responded that it is an outfit out of Upper Great Plains out of NDSU. He explained that in the federal transportation bill they create these University Research Centers, Upper Great Plains is the North Dakota research center that the NDDOT helps fund, and ATAC, which stands for Advanced Traffic Analysis Center, is North Dakota's traffic operation research gurus that we engage to do travel demand modeling for us. He said that they also do traffic counts and ITS Regional Architecture, which is Intelligent Transportation System Architecture, so they are a research center that is funded out of the regular DOT budget, and we contract them to do some of our specialty studies that they have the expertise to do.

Haugen commented that no action is required today, however, because the State and Federal Policies changed, he would like to know if this body still wants to require that if we move funds between the categories, we still bring it to you for approval. Adams responded that realistically it never hurts for them to remain informed of these things, so it probably would make sense to continue to meet and discuss any budget amendments. Haugen added that in our discussions with the NDDOT, the second thing they stressed is that if in fact we needed to do a 10% amendment, in their opinion it would have been too late, and very onerous on their end to get

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approval, so we agreed that in the future we would identify any adjustments we might have to do in December, and if it is over 10% we will meet with the Finance Committee in either December or January to discuss end of year adjustments.

Information only.

**MATTER OF OFFICE SPACE CHANGES**

Haugen reported that the City of Grand Forks has been working for some time on merging their Planning Department and their Urban Development Department into one entity, and they are finally taking action on it. He referred to a diagram of the proposed second floor set-up, and explained that with these additional employees coming to City Hall they have asked us to vacate our rental space. He pointed out that we have negotiated to allow us to maintain a work station in Grand Forks City Hall, as he feels it is important for us to keep a presence there.

Haugen commented that, as he indicated in the Staff Report, the City Administrator is saying that this is a temporary situation, Grand Forks City Hall has hired a consultant architect to help them develop a reconfiguration of City Hall, and after two years there will be space available for the MPO to move back.

Haugen referred to a copy of the rental lease agreement with the City of Grand Forks and explained that they have already submitted a redraft, or an amendment, to show just this one work space and what our new rental cost will be.

Adams asked how this works for the remaining MPO staff. Haugen responded that in the East Grand Forks City Hall, way back when the City Attorney moved out of City Hall, his vacated space was made available to the MPO. He said that our lease agreement with the City of East Grand Forks is for this entire space, so currently we have a staff person working 40 hours a week in the larger office, and interns working in the center office around 20 hours a week, and the third office is used for storage. He then referred to a drawing of the East Grand Forks office space and explained the proposed office configuration.

Haugen reported that way back when our offices were in the River Center Mall after the flood we did purchase some temporary office equipment, desks and so on, and we do still have that equipment so we may have enough to accommodate three workstations, but he is requesting approval authorizing up to \$5,000 for any additional equipment or space that we may need. He explained that because we are still unsure of the availability of storage space at either location, we may need to lease some additional space for that and there are a couple of rooms in the East Grand Forks City Hall that we may be able to negotiate be added to our lease agreement. He added, however, that even though the reduction in rent costs in Grand Forks will free up about \$6,000, we would still request authorization to spend up to \$5,000 to make this space in East Grand Forks City Hall work for us.

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Haugen explained the MPO's current storage accommodations in Grand Forks City Hall. He said that we are still needing to determine what, if any, of that storage we may still be able to utilize, but this will also give us the opportunity to weed out some things that we have kept simply because we have had the space to keep it but don't really need it.

Haugen reported that we are being asked to vacate our Grand Forks space by July 1<sup>st</sup>, and our rental agreement with Grand Forks will be decreased considerably because we will only have the one working station instead of the four and one-half we have been paying for in the past. He added that our East Grand Forks rental space shouldn't change, with the exception of possible additional storage which we would need to negotiate.

Adams asked what was going to be done with the space allotted in Grand Forks. Haugen responded that we will have someone there. He explained that right now Stephanie and Teri rotate – Stephanie is in Grand Forks three days and East Grand Forks two days; and Teri is in East Grand Forks three days and Grand Forks two days. He said that we will continue the rotation of staff, except that he will join the rotation so that he is over there one day a week, and that way the MPO is still present in Grand Forks City Hall, and able to continue to provide support to their staff, and to still be able to be tapped into their network system so we continue to have the freedom to access network files.

***MOVED BY POWERS, SECONDED BY STRANDELL, TO AUTHORIZE SPENDING UP TO \$5,000.00 FOR ADDITIONAL EQUIPMENT AND/OR RENTAL OF ADDITIONAL SPACE.***

***Voting Aye: Adams, Powers, and Strandell.***

***Voting Nay: None.***

**OTHER BUSINESS**

None.

**ADJOURNMENT**

***A MOTION WAS MADE BY POWERS, SECONDED BY STRANDELL, TO ADJOURN THE APRIL 7<sup>TH</sup>, 2014, MEETING OF THE MPO FINANCE COMMITTEE AT 11:20 A.M.***

***Voting Aye: Adams, Powers, and Strandell***

***Voting Nay: None.***

Respectfully submitted by,

Peggy McNelis,  
Office Manager