

# **2015 MPO FINANCE COMMITTEE MINUTES**

**February 3, 2015**

**June 15, 2015**

**PROCEEDINGS OF THE  
FINANCE COMMITTEE OF THE  
GRAND FORKS/EAST GRAND FORKS  
METROPOLITAN PLANNING ORGANIZATION  
Tuesday, February 3<sup>rd</sup>, 2015 – 9:00 A.M.  
East Grand Forks City Hall – MPO Conference Room**

**CALL TO ORDER**

Chairman, Mike Powers called the February 3<sup>rd</sup>, 2015, Finance Committee meeting to order at 9:12 A.M.

**CALL OF ROLL**

On a Call of Roll the following members were present, Mike Powers, Ken Vein, and Clarence Vetter (Proxy for Steve Adams).

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

**DETERMINATION OF A QUORUM**

Powers declared a quorum was present.

**MATTER OF ADDITIONAL CPG MONIES**

Haugen referred to a power point presentation (a copy of which is included in the file and available upon request), and went over it briefly.

Haugen explained that CPG stands for Consolidated Planning Grant, which is the term used for the federal funds we receive to complete our MPO work. He added that this includes funds from FHWA and FTA, and for both us and FM COG, some funds from Minnesota as well.

Haugen commented that we are a “minimum guarantee” state, which means that North Dakota receives “x” amount of dollars, guaranteed no matter how many MPOs there are, or how much the population is, and that guarantee is a healthy amount so it allows us to have healthy budgets.

Haugen reported that what this has done, particularly with the other two MPOs, is to create budgets so healthy that they are unable to spend their minimum guarantee, thus there is old dollars banking up, so now everyone is starting to look at what is currently in the bank, and if we had to draw into our 2016 appropriations, there is about \$6,000,000 available.

Vein asked if the reason these monies are banking up because of a lack of local match, or the lack of projects to spend it on. Haugen responded that for FM Cog and Bismarck/Mandan it is

**PROCEEDINGS OF THE  
GF/EGF MPO FINANCE COMMITTEE  
TUESDAY, FEBRUARY 3<sup>RD</sup>, 2015**

the lack of local match. Vein said, then, that that is why we have been able to get extra funds recently, because we are able to get local match, plus we have projects that need to be done. Haugen responded that that is correct. He added that they have legitimate projects to be done, but the way that they run their services, they don't get the necessary local match to be able to do them.

Haugen commented that we were also told that, we were advised to build up a bank of monies for the reauthorization process, and the appropriations that were coming, and the continuing resolutions; and then we were also told to sort of give ourselves a cushion in the event that Minot was declared an MPO, thus it isn't just the local match issue, there are a couple of other things that were going on for them that caused the build-up, but the build-up is so great now that North Dakota has asked the MPOs to get together and come up with a plan.

Haugen reported, however, that they have now been told that Minot will not become an MPO during this decade. He said that they had talked about doing a special census, and if it were to find that they have reached the magical population threshold and density then they possibly could become an MPO, but the NDDOT is saying that Minot has looked at the cost of doing the special census versus what benefit they might get from it and have determined that it is isn't worth it. Vein commented that he would assume there is a cost to having an MPO as well. Haugen agreed there is.

Haugen commented that if the three MPOs cannot come up with a plan to spend down this money, the NDDOT will just take it from us and spend it on statewide things. He added that this is only planning dollars, it cannot be converted to construction dollars.

Haugen stated that they are just starting this process as North Dakota just approached them last Monday, so he doesn't yet know how much funding is in play. He said that if they go by making sure that we only had one year of build-up available, which is what Minnesota allows for their MPOs, the other two MPOs currently have two years of build-up. Vein asked if, because we are a two-state MPO, are we being administered by North Dakota. Haugen responded we are. Vein said, then, that we follow North Dakota rules not Minnesota. Haugen responded that that is correct.

Vein asked if the monies that have been given up in past years, that we took advantage of, why did they give up those monies instead of banking them. Haugen responded that they did so because their banked amount is so large. He explained that when we aren't able to bank money, we are the ones that force the DOT to open up the Fiscal Year monies, and the other two MPOs have two years of old money that they need to spend down, and administratively, FTA really harps on North Dakota DOT that they need to figure something out because your Grand Forks MPO is tapping into 2013 dollars and Bismarck is still spending down 2010 dollars, and so that is one of the reasons they are looking at this. He added that they also look at the fact that in addition to the \$2,000,000 already banked, they will be receiving current monies, so will they realistically ever be able to spend those dollars, so that is another reason they allocated those lump funds to us.

**PROCEEDINGS OF THE  
GF/EGF MPO FINANCE COMMITTEE  
TUESDAY, FEBRUARY 3<sup>RD</sup>, 2015**

Haugen reported that the \$400,000 we received in 2010 was specific to North Dakota projects as it came from Bismarck/Mandan; but the \$300,000 we received from Fargo/Moorhead was able to be spent on either Grand Forks or East Grand Forks projects.

Haugen commented that part of what he is trying to get from this body is, at 10:00 this morning the other two MPOs and him are going to hold a conference call to bring talks about how we are going to approach this, and one of the things he is going to try to get is a commitment that it is okay to have a one year bank, Minnesota allows it and two of us are Minnesota MPOs, so even though Minnesota doesn't govern us, North Dakota does, can we have North Dakota accept, and everybody else, the Feds, accept that in North Dakota we can have a year's worth of dollars banked as well.

Haugen referred to a slide explaining how the distribution of funds works, and went over it briefly. He explained that for Federal Highway dollars there is a base amount, and then by population percentages. He stated that the FTA dollars is based solely on population percentages.

Haugen reported that since the 2000 Census was completed he has been trying to get the base amount raised so that it would give us more money, and also reduce their headache of trying to spend their monies.

Haugen said that another thing he is trying to get from this body is direction as to whether or not we should try to get another one-time allocation of funds. He reported that there are some studies that both cities asked us to do in our work program that we didn't have enough funds to do, so we do have some things specific to Grand Forks and East Grand Forks that we could use the 80% federal dollars if we can find the 20% match, and he isn't sure whether or not East Grand Forks will have the ability to match or not, but it is an opportunity to have .80 cents on the dollar. He added that this is part of the conversation he might have with the other two MPO Directors; because, if we are talking \$2,000,000 it will still be a challenge for us to commit to hiring consultants, as a consortium to spend it down, so is there still an opportunity for us to get a lump sum that we can just spend down and then work on the consortium doing a lump sum as well.

Vein asked what the list of projects are that are waiting to be done. Haugen responded that Grand Forks has requested a complete 32<sup>nd</sup> Avenue Corridor Study be done; and East Grand Forks wanted us to look at the slide, the erosion on the bank at the Point Bridge approach. He added that these are two that he knows the City Councils specifically asked for that we do not have in our 2015 work program.

Haugen reported that what North Dakota was basically talking about doing was, we know that MAP-21 is going to have all these performance measures and performance targets come down on us, so they thought that this would be an opportunity where we could have a common interest, a common benefit to all four players in this, that we could hire consultants to assist us in meeting MAP-21 requirements. Haugen said that, even though reauthorization and everything else, it still

**PROCEEDINGS OF THE  
GF/EGF MPO FINANCE COMMITTEE  
TUESDAY, FEBRUARY 3<sup>RD</sup>, 2015**

has to happen, and the general belief is that a performance management system is in place, and will stay in place. Vein asked what this means. Haugen responded that there are certain areas where we have to identify how we want our system to perform, what the targets are. He cited the example of level of service at an intersection, if we set a Level of Service C everywhere regardless of cost, then we have to identify that as the target performance we are trying to achieve and label it as the target, and then we have to follow and track all of our investment decisions so that we aren't spending money somewhere else so that it doesn't allow us to achieve the targets we have identified.

Vein asked if there were safety targets as well. Haugen responded there were. Vein said that you can have measures in many different areas and various projects would come to the top but you would still have to select which is the highest priority from those projects. Haugen stated that there are safety measures, there are bridge condition measures, there are pavement measures, there are congestion measures, management type things, air quality type things, so there are many. He added that right now all of these measures and targets should have been implemented by now, however because of the way the law is written we have to wait for the US DOT to identify what those measures are to be, and from a national perspective what the targets are, and then the States will work with the MPOs to determine what the statewide targets will be, and then the MPO has to work to decide if we want to use the statewide targets or if we want to develop our own targets. He explained that when you have the targets, you have to be able to collect the data and make sure you are able to track how you're progressing towards those targets, and there is some data that is easily collected at a statewide level, but can they get it down to where it is a geography of an MPO area, is what the thought process is here.

Haugen stated that he is still hopeful that we can get another lump sum in order to be able to get some projects, specific to us, off the board, and then, obviously we will then have to partner in some respects. He added that the benefit of partnering, of course, is that we spread that local match requirement elsewhere, we aren't taking on the full 20%, at most 5%.

Vein asked who the others would be. Haugen responded that it would be Fargo/Moorhead, Bismarck/Mandan, and the NDDOT. Vein asked, though, if we would be able to use it for East Grand Forks projects. Haugen responded that we should be able to if we are talking about MAP-21 requirements, then East Grand Forks is part of our study area. Vein said, then, that we could all participate equally. Haugen commented, however, that if they told us we could only spend it in North Dakota, then we would probably wouldn't be doing metropolitan wide things, we would just be doing studies in North Dakota only.

Haugen referred to slides illustrating how the monies are distributed between the three MPOs and went over the information briefly. He pointed out that there is a base amount of \$360,000 divided by three and then the rest is distributed by percentage of population. He explained that when Fargo/Moorhead released the \$300,000 to us they specifically stated that they didn't want to mess with this formula. He said, however, that he would argue that the base should be increased. He added that if part of our problem is that they are banking too much money, then we need to make sure that in the future they are relieved of that problem, and give us a little more

**PROCEEDINGS OF THE  
GF/EGF MPO FINANCE COMMITTEE  
TUESDAY, FEBRUARY 3<sup>RD</sup>, 2015**

money. Vein commented that he would think that once they commit to a change it is gone forever, so they would rather, on an annual basis, give up money then permanently give up that base amount.

Vetter asked if it was the NDDOT or the feds that are saying we need to do something so we don't continue to have this problem in the future. Haugen responded that they both are basically saying this, but it is really kind of being driven by the feds as they are saying: "Hey, North Dakota, there is a big healthy balance of planning dollars in your State, you need to start getting a plan of action together to start spending this down". He added that the DOT has, up to this point, recognized, because of the Minot issue and reauthorization, that they were a little comfortable with the balance that was there, but they have seen now that Bismarck had to give up money, and Fargo had to give up money, and there is still a whole new fiscal year coming down, and they see that they can get some money to help them out as well.

Powers asked if the base amount is set by the feds. Haugen responded that it is set by the three MPOs. He added that he has been the one dissenting vote on changing the base amount.

Haugen commented that FTA is based only on population on the North Dakota side. He added, however, that on the Minnesota side, Minnesota has a real convoluted formula, but for us it basically shakes down to a base amount. He stated that they have had a "hold harmless" philosophy since the flood of 1997, so they have said that they won't make it any lower than what we were getting prior to 1997, even though the formula would dictate we should be getting less, there are nice people on the Minnesota side.

Haugen reported that, at a board level, we have talked about local match and how we currently have everything set up to be 50/50. Vein interjected; stating that with the supposed President's budget that came out, there is a lot of money specific to transportation, did it not, was that the intent. Haugen responded that it was the intent. Vein asked, if under that budget, obviously who knows if it will be enacted, but would we get even more money. Haugen responded that we would. He added that the minimum guarantee is based on a set percent, like a 1.2% of all of this money lumped together, and so when all this money increases the base minimum guarantee increases. Vein said, then, that some of these people that are having trouble spending money now would even have more money that they can't spend. Haugen responded that that could potentially happen.

Haugen reiterated that our current set up for local match from Grand Forks and East Grand Forks is 50/50. He stated that when it is truly eligible for the whole study area, then it is split 50/50. Vein asked if that means that if something is specific to East Grand Forks they pay 100% of the local match and if it is specific to Grand Forks they pay 100% of the local match. Haugen responded that this is not correct. He explained that the only thing that has been specific to Grand Forks was this one-time \$400,000, otherwise everything else has been split 50/50. Vein said that this is regardless of which side and what the study is. Haugen responded that that is correct. He added that we annually go to each City and ask what project studies they want the MPO to do for them, and then based on that we program out. Vein said, then, that historically,

**PROCEEDINGS OF THE  
GF/EGF MPO FINANCE COMMITTEE  
TUESDAY, FEBRUARY 3<sup>RD</sup>, 2015**

he would assume, with the size of Grand Forks versus the size of East Grand Forks, more has been done on the Grand Forks side. Haugen responded that that is correct. Vein said, though, that even so the match is still 50/50 between the two communities. Haugen responded that that is correct. Haugen said, however, that so far this year most of our efforts to date have been on the Minnesota side.

Haugen reported that, based on discussion that has been going on, when Grand Forks wanted to add an update to their Land Development Code to their Land Use Plan update, we amended our work program to add that in last month, he told them that we will add \$100,000+ dollars, are you willing to pay 100% of the match for that, and they said they would, so for that study Grand Forks will be paying 100% of the local match for the Land Development Code portion of the study.

Haugen commented that if we do the study for the State Mill that he mentioned before, they would pay 100% of the local match for that study as well.

Haugen stated that he has had discussions with Polk County representatives, and tried to hold a discussion with Grand Forks County representatives, however have not been successful to date. He pointed out that they have 1/8 of the decision making at the board level, but have never contributed financially to the MPO operation, so he wanted to see if that might be an option. He stated that it doesn't appear it is.

Haugen commented that this is where he wanted to start the conversation with this body, and if there is any direction you feel you can give him today about whether we want to try to advocate for another lump sum, he will certainly start that conversation with the other two MPOs. Vein asked when the last time was that the base was increased. Haugen responded that it was done in 2013. He explained that after the census we have to meet to come up with a different formula, and at that time he got it doubled. Vein asked how often they meet. Haugen responded that in North Dakota they meet twice a year, and quarterly in Minnesota, but we aren't talking about the Minnesota funds right now, and we probably don't want them to know we have this issue, although maybe we could do some good will and say for the \$60,000 you give us, we can skip a year or two, just to keep good will.

Vetter reported that he feels this is two-fold; he thinks we need to approach it by getting a one-time lump sum, as we have the code work and the mill study that we would like to see done, but he also thinks we need to approach them on looking at the formula as well, to raise the base, otherwise they are going to keep coming back, and in North Dakota the feds have said that if you don't fix it we will. Haugen agreed, adding that he thinks the track record shows that they aren't able to spend the money, and then we get the one time opportunity but then it causes some angst in our area because all of a sudden we have \$400,000 we have to spend in the calendar year, or we have \$300,000 that we have to spend, and we can't bank that money. Vetter added that we get it after the fact so you can't budget for your local match and expect it.

**PROCEEDINGS OF THE  
GF/EGF MPO FINANCE COMMITTEE  
TUESDAY, FEBRUARY 3<sup>RD</sup>, 2015**

Haugen commented that the two studies you mentioned are already covered with our current funds, but he is sure there are a few more that we could drum up pretty easily, in fact he has a few in his mind already. He stated that we have a long list of illustrative projects that we couldn't financially afford, but they aren't really prioritized, so if we got another \$30,000,000 in construction dollars, we would have to determine what the top priorities would be.

Vein stated that, with the North Dakota Legislature, we will see what happens with the decrease in oil revenues, but there is some funds out there that they are proposing, \$400,000,000 or \$500,000,000, that are 1 ½% long term loans that may open the door for us to do projects that we don't have any other funding sources for that we may do something with that we didn't think we could. He cited the 42<sup>nd</sup> Street Underpass as an example of something we could fund ourselves. He added that there might be some certain advantages, of course, for us to do that because it may be possible to take away the federal guidelines, we might be able to modify the design even because of the golf course lands, or something like that, and so there is some potential to have that happen but we won't know until this legislative session is figured out.

Haugen commented that there are also some major improvements on the State Highway System that we deferred. He said that he guesses, the uncommon truth about our Long Range Transportation Plan, is that to make it fiscally constrained we took projects that were towards the latter years of the plan, and pushed them out five years, and said we can't afford them, but we need them.

Powers referred back to the MPO Scenarios slide, and reiterated that we agree to ask for Scenario #1, lump sum. He asked if anyone wants to do anything with Scenario #2, partner to hire consultant. He asked when this would happen. Haugen responded that it is a little bit of an unknown. Vein commented that probably what we are saying then is that we want Scenario #3, hybrid. Powers added that he would also like to see the base increased as well.

Haugen reported that we need to get answers as to how much will be in play. He said that if it is a full \$2,000,000 or more, and they say here is \$400,000 but you have to spend it this year; or they say here is \$2,000,000 North Dakota MPOs that you have to spend this year, we will have a hard time as a consortium spending \$2,000,000, but if we could get a big chunk of that for ourselves, it would make it easier to spend the remaining funds as a consortium. He added that if we can make sure the base, in the future gives us more money and this less money, then their headaches are gone and we are able to do a little bit more.

Vein asked how agreeable the other two MPOs have been, have they been adamant about fighting the increase in the past. Haugen responded that when Bismarck/Mandan had to give up the \$400,000 we revisited the formula and that is when we raised the base, which is something he had been trying to do for most of the 2000 decade. He stated that they finally saw that there was an issue after the 2010 Census, so in 2013 they understood that the base needed to be raised otherwise our relative population increase compared to the other two MPOs would equal less dollars, so they were nice and they doubled the base. He said that based on this he might be successful in getting the base raised again.

**PROCEEDINGS OF THE  
GF/EGF MPO FINANCE COMMITTEE  
TUESDAY, FEBRUARY 3<sup>RD</sup>, 2015**

Haugen reported that based on the brief discussion the three MPOs had last Monday, they were gravitating towards the consortium idea of hiring someone to work the MAP-21 stuff for all four of us. He added that it didn't sound like any of them were wanting a lump sum be given them, and they weren't advocating an increase in the base amount for Grand Forks, that discussion didn't happen at all.

***MOVED BY VEIN, SECONDED BY VETTER, TO APPROVE THE EXECUTIVE DIRECTOR ATTEMPT TO EXECUTE MPO SCENARIO #3 (THE HYBRID SCENARIO), AND THAT HE ALSO WORK ON GETTING THE DISTRIBUTION BASE AMOUNT INCREASED.***

***Voting Aye: Powers, Vein, and Vetter.***

***Voting Nay: None.***

**OTHER BUSINESS**

**President's Budget**

Haugen reported that the President's Budget would cause a huge increase in funding, should it ever be implemented, but he also has some language in it about strengthening the MPO's process and placing some of the decisions more at the MPO level, that currently are being shared with the State DOTs, so it would sort of flip the balance so more decisions are at the MPO level.

Haugen commented that he thinks that the fact that Secretary Foxx is a former mayor of a large North Carolina community, that follows pretty much how the U.S. Congress of Mayors have felt about this, to get it to a more local decision process and not having it remain at the State DOT level.

Information only.

**ADJOURNMENT**

***THE FEBRUARY 3<sup>RD</sup>, 2015, MEETING OF THE MPO FINANCE COMMITTEE  
ADJOURNED AT 9:58 A.M.***

Respectfully submitted by,

Peggy McNelis,  
Office Manager

**PROCEEDINGS OF THE  
FINANCE COMMITTEE OF THE  
GRAND FORKS/EAST GRAND FORKS  
METROPOLITAN PLANNING ORGANIZATION  
Monday, June 15th, 2015 – 10:00 A.M.  
East Grand Forks City Hall – MPO Conference Room**

**CALL TO ORDER**

Chairman, Mike Powers called the June 15<sup>th</sup>, 2015, Finance Committee meeting to order at 10:00 a.m.

**CALL OF ROLL**

On a Call of Roll the following members were present, Mike Powers, Ken Vein, and Steve Adams.

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

**DETERMINATION OF A QUORUM**

Powers declared a quorum was present.

**APPROVAL OF THE FEBRUARY 3<sup>RD</sup>, 2015, MINUTES OF THE MPO FINANCE COMMITTEE**

***MOVED BY VEIN, SECONDED BY ADAMS, TO APPROVE THE FEBRUARY 3<sup>RD</sup>, 2015, MINUTES OF THE MPO FINANCE COMMITTEE, AS SUBMITTED.***

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

***Votine Nay: None.***

**MATTER OF FEDERAL HIGHWAY FINANCIAL REVIEW**

Haugen reported that back in November the Federal Highway Administration sent us a questionnaire, with a couple dozen questions, concerning our financial management practices. He said that we were given a short period of time to answer those questions, and then they came and did a site visit, picking two months of financial information to review. He said, however, that those two months just happened to be the two months in which we made our major move from Grand Forks to East Grand Forks.

**PROCEEDINGS OF THE  
GF/EGF MPO FINANCE COMMITTEE  
MONDAY, JUNE 15<sup>TH</sup>, 2015**

Haugen commented that the information he included in the packet is based off of a more complete report that included the findings for the NDDOT's and all three MPO's financial management practices. He said that they drafted one report to cover all four entities, and then they drafted a separate report that was pertinent just to the Grand Forks/East Grand Forks MPO, so included in the packet were just those sections. He explained that the reason he didn't include those other things was because they have, even the one that you did get, all are draft, and Federal Highway isn't going to produce a final document, so the initial reports contain some things that were bad, but they didn't want to make changes. He added that what happened, in his opinion, was that time got away from Federal Highway and they have to come up with a final resolution to all of this by the end of the State Fiscal Year, which is June, so that is why we are here now addressing these issues.

Haugen reported that there were a total of seven observations, and we only got hit on three of them. He said that the first issue deals with a couple of billings we submitted for consolidated planning grant reimbursement. He pointed out that the first billing had to do with the refrigerator we purchased for the office, which they determined was not an eligible cost. He explained that one of the reasons we purchased the refrigerator was because we were keeping the Board's sodas in the City Hall break room fridge, and it was being taken, so staff felt it would be a good idea to purchase a fridge to keep it in. Vein asked where the money to pay for it would come from. Haugen responded that it would come from local funds. Vein said that he was comfortable with that.

Haugen said that the second billing was to pay for meals for a U.S. #2 Steering Committee meeting we held at the Howard Johnson, on the corridor. He explained that the only time the meeting could be scheduled was during the lunch hour so we provided lunch for those attending, but they are disputing whether we can provide lunch to committees. He added that, as you saw, he later pointed out the process of how we established that the meeting had to be held during the lunch hour, and then also, under the federal regulations we are able to provide meals at meetings, so he isn't sure why they are still hung up on this reimbursement, so we have offered them the additional documentation, but they still have not replied to that documentation so we still may have to reimburse this cost, or they might accept our response.

Haugen commented that the other thing was that we assigned incorrect account numbers to a couple of small items, and this has already been rectified.

Haugen reported that the second issue had to do with policies and procedures, particularly how we purchase equipment and supplies. He said that one of the things that occurred when we moved from Grand Forks to East Grand Forks was how we were to order our supplies and equipment. He explained that in Grand Forks the MPO relied on the City of Grand Forks' IT department to purchase our major equipment, so because they had a process in place we did not need our own, so when we moved to East Grand Forks this was no longer the case, therefore we needed to draft our own policy and procedure process for ordering of supplies and equipment. He said that for really small ticket items like pen, paper, etc., Ms. McNelis is authorized to just

**PROCEEDINGS OF THE  
GF/EGF MPO FINANCE COMMITTEE  
MONDAY, JUNE 15<sup>TH</sup>, 2015**

purchase those items up to \$75.00; and for larger purchases we now need to fill out a form for authorization by himself prior to ordering.

Haugen commented that we also drafted policies and procedures for travel expenses. He stated that the handbook we had had a section in it that talked about how to cover the travel policy, but there were a couple of things Federal Highway wanted us to insert into it, so you have that draft before you as well.

Haugen stated that another thing they pointed out was that his timesheets were not being signed by the Chairman as quickly as required, but, again the timesheets they were reviewing were, again for June and July, when we were moving, so this isn't usually an issue.

Haugen said that we also needed to draft a credit card policy as, as was the case for supplies and equipment, we relied on the City of Grand Forks' credit card policy, and did not have our own. He stated, however that this is no longer the case. He went over the policy briefly.

Haugen reported that the MPO used to have a petty cash fund, which we used to purchase the drinks for our meetings, small supplies, etc., but per Federal Highway's recommendation, we closed it out.

Haugen stated that the action we need today is for this body to review and approve the policies and forms to the Executive Policy Board meeting on Wednesday.

***MOVED BY ADAMS, SECONDED BY VEIN, TO APPROVE FORWARDING A RECOMMENDATION TO THE MPO EXECUTIVE POLICY BOARD THAT THEY APPROVE FEDERAL HIGHWAY ADMINISTRATION FINANCIAL MANAGEMENT REVIEW ACTION PLAN, AS SUBMITTED.***

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

***Voting Nay: None.***

**MATTER OF PAVEMENT MANAGEMENT BILLINGS**

Haugen reported that the Finance Committee has the ability to approve up to \$5,000. He explained that this is regarding Goodpointe Technology, who did our Pavement Management System Update.

Haugen explained that what happened was when Goodpointe submitted their final invoice it was in the amount of \$53,713.00, which is \$1,713.00 over the \$51,700.00 we agreed upon. He stated that when we received the invoice we went back and added up their proposal, and found that there was an error made in their accounting of \$1,713.00, which would bring the cost up to \$53,413.00.

**PROCEEDINGS OF THE  
GF/EGF MPO FINANCE COMMITTEE  
MONDAY, JUNE 15<sup>TH</sup>, 2015**

Haugen stated that we didn't review their math, but we accepted the \$51,700, and put it in our contract, which they signed, but now when they submitted their final billing, they are saying it really should have been an additional \$1,700. He said that he offered that because neither of us caught the error, we could split the cost and the MPO could pay \$856.50, but they said they wanted the entire amount.

Vein commented that he would submit that when they receive bids for construction, especially unit price projects, and you go through and you validate each contractor's bid. He said that you usually go back and redo all the math, so you don't look at what they bid lump sum, you look at the math, and then it could go up or it could go down, you never know where the error might come from, but if it is a unit price, it isn't always what they wrote on the bottom, so sometimes it could be higher or lower than what they wrote, and that is what he is looking at here, regardless of whether it was high or low, or whatever, you go through the math and whatever the math is that is the total, whether it is high or low it makes no difference, it is the end result, and then you compare it with other bids, so just following that general principle we pay them what it should have been. Haugen responded that that is true on the types of contracts you are bidding on unit prices, but the MPO can't look at other costs, just this cost, so we don't go with the lowest bid, we look at qualifications. He added that when we looked at the \$51,700, we were understanding that it was a discount because we agreed to do Options 1 and 2, so if we did everything the total would be a little less, but they are saying that that wasn't the intent, it was a calculation error, it wasn't caught, the intent was not to give a discount.

Vein said, then, that the argument can also be made on the other side, they submitted the number, Haugen stated that there wasn't a clear communication as to whether there was a discount embedded in this number or not, and now after we got the final invoice, Ms. McNelis went through and said, whoop, this is higher than what our contract amount is, so we asked for clarification and that is what they said.

Powers commented that, basically, though this Tony Kadlec admitted they made a mistake. Haugen agreed. He added, however, that they did have to do some extra work for us in order for the pavement management system to get up and running as it is. Vein said, maybe the question should be, did they do a good job. Haugen responded that they did a fine job. Powers pointed out that Mr. Haugen offered to pay half of the extra cost, which he thought was generous considering it was their mistake.

Vein suggested that maybe, even though they wouldn't accept it, we should just approve paying half of the extra costs.

***MOVED BY VEIN, SECONDED BY ADAMS, TO APPROVE AUTHORIZING THE MPO  
PAY GOODPOINTE TECHNOLOGIES \$856.50, OR HALF OF THE ADDITIONAL  
COMPENSATION THEY REQUESTED IN THEIR FINAL BILLING.***

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

***Voting Nay: None.***

**PROCEEDINGS OF THE  
GF/EGF MPO FINANCE COMMITTEE  
MONDAY, JUNE 15<sup>TH</sup>, 2015**

**OTHER BUSINESS**

None.

**ADJOURNMENT**

***MOVED BY ADAMS, SECONDED BY VEIN, TO ADJOURN THE JUNE 15<sup>TH</sup>, 2015,  
MEETING OF THE MPO FINANCE COMMITTEE AT 10:19 A.M.***

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

***Voting Nay: None.***

Respectfully submitted by,

Peggy McNelis,  
Office Manager