

**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 15th, 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 3RD, 2015, MINUTES OF THE MPO FINANCE COMMITTEE

MOVED BY VEIN, SECONDED BY ADAMS, TO APPROVE THE FEBRUARY 3RD, 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.

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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

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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.

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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.

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OTHER BUSINESS

None.

ADJOURNMENT

***MOVED BY ADAMS, SECONDED BY VEIN, TO ADJOURN THE JUNE 15TH, 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