

# Central Dakota Metropolitan Planning Organization

**TO:** Chairman John Fjeldahl  
Members of the Policy Board

**FROM:** Lance Meyer, P.E., Minot City Engineer

**DATE:** April 25, 2024

**SUBJECT:** CDMPO CONTRACT WITH NDDOT AND SUB-RECIPIENT RELATIONSHIP

## I. RECOMMENDED ACTION

1. Recommend the policy board approve Alternative 1

## II. DEPARTMENT CONTACT PERSONS

Lance Meyer, Minot City Engineer	701-857-4100
Dana Larsen, Ward County Engineer	701-838-2810

## III. DESCRIPTION

### A. Background

On April 16<sup>th</sup>, a meeting was held with NDDOT staff, Minot finance, HR, and engineering staff, and county engineer Larsen. The meeting was held to discuss alternatives to various issues regarding a path forward for federal funding passthrough to the MPO, what oversight responsibilities come with the funding passthrough options, and how to handle MPO staff.

### B. Proposed Project

Based on the information presented by NDDOT and the challenges described by city finance and HR staff, these alternatives exist:

Alternative 1: CDMPO as Department Housed within City of Minot, Minot as Sub-Recipient

This continues the action approved by the policy board at the March 28<sup>th</sup> meeting. This alternative provides the cleanest, most straightforward method for administering the financial, auditing, reporting, payroll, benefits, and support services needed to run the MPO.

Under this alternative, the NDDOT would contract directly with the City of Minot to distribute the federal funds to Minot. Minot would manage the funds in an account, but the funds would be acted upon at the policy board's direction. Minot is the sub-recipient of the federal funds and not CDMPO.

By Minot not passing the funds down another level to CDMPO, this avoids creating another level of oversight. If passed down, Minot would have to audit CDMPO. Minot is already paying for its own yearly audit, why do it twice? While Minot is the recipient of the funds, CDMPO still uses the funds for planning and expenses. CDMPO will not receive less funds because they are being received by Minot.

In addition, CDMPO no longer needs its own tax ID, it will use Minot's.

Regarding employees, since we cannot have a pool of one employee for benefit purposes, the Executive Director will be a City of Minot employee. However, the Executive Director and other future staff that may eventually work for CDMPO will not report to the Minot City Manager, they will report to the CDMPO Policy Board.

A small bylaws amendment should be undertaken to provide clarity and detail for process matters. However, the current bylaws seem to be open enough to allow this alternative to happen without an update.

Alternative 1 is the recommendation of staff.

Alternative 2: CDMPO as Department Housed within City of Minot, CDMPO as Sub-Recipient

This option is largely the same as the option above with the exception being the funds are passed down through the City of Minot directly to CDMPO. In this alternative, the NDDOT contracts with City of Minot and Minot then contracts with CDMPO as a sub-recipient of the federal funds.

This creates an additional layer of required oversight for the City of Minot. Minot must ensure that all programs administered by CDMPO are compliant with federal grant assurances. Minot must then also report those assurances as well as other grants Minot is managing. The sub-recipient relationship creates another layer of oversight that is time-consuming and has a cost. In summary, why pay for oversight twice?

The employment of Executive Director is the same as alternative 1.

Alternative 2 is not recommended due to the additional reporting and oversight required from the sub-recipient relationship.

- C. Consultant Selection  
N/A

#### IV. IMPACT:

- A. Strategic Impact:  
Selecting the initial path forward for CDMPO is important as many of the early decisions are administrative in nature.
- B. Service/Delivery Impact:  
Staff's recommended alternative will be the least demanding from an administrative standpoint and allow the executive director to focus on getting the MPO up and running.
- C. Fiscal Impact:  
Alternative 1 likely has the least financial impact since staff knows an outside payroll and benefits firms does not have to be hired. Also, audit functions can likely be done by the city's consulted auditor, but there may be some additional cost. It will be less than if the audit was done solely independent.

#### V. ALTERNATIVES

The policy board can choose between the two alternatives described above or other alternatives the board directs. The board can also direct other options for CDMPO staff. However, the options stated above seem to be the best options staff can determine at this time.

**VI. TIME CONSTRAINTS**

Before the NDDOT can enter into a contract with the City of Minot or CDMPO, a decision needs to be made by the policy board on which alternative to choose. An alternative must be selected, a contract approved, and Title VI plan adopted before the Metropolitan Transportation Plan can be solicited for consultants.

**VII. LIST OF ATTACHMENTS**

A. N/A