



February 7, 2011

Mr. Dominick Gatto
Director, Office of Operations and Program Management
200 West Adams Street Suite 320
Chicago, Illinois 60606-5232

Mr. Gatto,

Thank you for providing us with the report on the FY 2010 ARRA Review by Reid Consulting, LLC. As you know part of our ongoing commitment to provide a comprehensive system of transit in the Twin Cities Metropolitan area is to work in partnership with FTA to ensure high quality service and projects in a cost-effective manner that is compliant with the rules and regulations.

We found the review and the resulting report to be helpful. The Council agrees with the recommendations made and is moving ahead with corrective actions to address the report's findings.

Please review the enclosed responses and information. If you have any questions, please contact Arleen Schilling, Acting Director of Internal Audit at (651)602-1042 or arleen.schilling@metc.state.mn.us. Thank you again for participating in this review with us.

Sincerely,

A handwritten signature in black ink, appearing to read 'Wes Kooistra', written over a horizontal line.

Wes Kooistra,
Acting Regional Administrator

CC: Mary Bogie
Micky Gutzmann
Mary Gustafson
Nancy Schantzen

**FY2010 American Recovery and Reinvestment
Act (ARRA) Review**

Metropolitan Council of the Twin Cities

**Report
by
Reid Consulting, LLC**

**Corrective Action Responses
February 7, 2011**

24-7. Disadvantaged Business Enterprise (DBE)

Basic Requirement: The grantee must comply with 49CFR Part 26 to ensure nondiscrimination in the award and administration of DOT-assisted contract. Grantees also must create a level playing field on which DBEs can compete fairly for DOT-assisted contracts.

Findings: During this ARRA Review of Met Council, a deficiency was found with USDOT requirements for DBE.

Met Council purchased nine hybrid buses through a state contract awarded by the State of Minnesota. The state contract required bidders to provide certification that they were in compliance with FTA transit vehicle manufacturer (TVM) requirements. Met Council could not provide documentation of a TVM certification from the vehicle manufacturer. After the site visit, Met Council provided a copy of the TVM certification for the nine hybrid buses.

Corrective Actions and Schedule: By February 7, 2011, submit to the FTA Region V office revised procurement procedures that will ensure that Met Council will obtain the required TVM certification for all applicable FTA revenue rolling stock procurements, including piggyback purchases and purchases off state contracts.

Grantee Response: *Metropolitan Council Procurement Procedures, Section 2.1.1.33, is being revised to include the following language: "In particular, when purchasing FTA-funded revenue rolling stock utilizing a state cooperative contract or an assignment of contract rights (see section 7 below), the Council must complete the required pre-award and post-delivery Buy America certifications for all vehicles, and must obtain the required Transit Vehicle Manufacturer certification."*

Responsible person: Micky Gutzmann Completion date: March 18, 2011

24-8. Buy America

Basic Requirement: Federal funds may not be obligated unless steel, iron, and manufactured products used in FTA-funded projects are produced in the United States. The only exceptions are if FTA has granted a waiver or if the product is subject to a general waiver. Rolling stock must have sixty percent domestic content. Also, final assembly of rolling stock must take place in the United States and grantees must conduct a pre-award and post-delivery audit for purchases of rolling stock in order to verify that the 60 percent domestic content and final assembly requirements were met.

Findings: During this ARRA Review of Met Council, deficiencies were found with FTA requirements for Buy America.

Met Council purchased nine hybrid buses through a state contract awarded by the State of Minnesota. Met Council utilized the pre-award Buy America and purchaser's requirements certifications that were signed by the State of Minnesota instead of completing its own pre-award certifications. In addition, Met Council did not complete the post-delivery Buy America, Federal Motor Vehicle Safety Standards (FMVSS), and purchaser's requirements certifications.

Corrective Actions and Schedule: By February 7, 2011, submit to the FTA Region V office revised procedures that will ensure that Met Council will complete the required pre-award and post-delivery Buy America, FMVSS, and purchaser's requirement's certifications for all FTA-funded revenue rolling stock procurements, including piggyback purchases and purchases off state contracts. In addition, complete and submit the required pre-award and post-delivery certifications for the nine hybrid buses.

Grantee Response: *Metropolitan Council Procurement Procedures, Section 2.1.1.33, is being revised to include the following language: "In particular, when purchasing FTA-funded revenue rolling stock utilizing a state cooperative contract or an assignment of contract rights (see section 7 below), the Council must complete the required pre-award and post-delivery Buy America certifications for all vehicles, and must obtain the required Transit Vehicle Manufacturer certification."*

Pre-award and post-delivery certifications are attached.

Responsible person: *Micky Gutzmann* Completion date: *March 18, 2011*