

# Management Committee

**Meeting date: January 24, 2007**

**Council date: February 14, 2007**

## ADVISORY INFORMATION

<b>Date:</b>	January 18, 2006
<b>Subject:</b>	Expenditure Policy Revisions
<b>District(s), Member(s):</b>	All
<b>Policy/Legal Reference:</b>	Policy 3-3 – Expenditures
<b>Staff Prepared/Presented:</b>	Jim Sipe
<b>Division/Department:</b>	Finance

### Proposed Action/Motion

That the Metropolitan Council approve the proposed revisions to Policy 3-3 – Expenditures.

### Issue(s)

Whether to approve and adopt the proposed revisions to Policy 3 – 3 Expenditures

### Overview and Funding

The following revisions are recommended to *Council Policy 3-3 – Expenditures* to incorporate previous Council actions into the policy and clarify the authority of the Regional Administrator to approve various types of expenditures. Because the format of the policy was reorganized, a mark-up document is not available.

Rejection of offers– the current authority of the Regional Administrator to reject offers of any dollar amount was reduced to offers of up to \$250,000 for non-construction services and \$1,000,000 for construction services.

Design-build Contracts – authority to award and amend contracts for design and construction services, which is not included in the current policy, was included at amounts equal to the authority for construction services.

Council ratification of emergencies – the threshold amount requiring the Council to ratify a Declaration of Emergency was increased from \$25,000 to \$50,000

Disadvantaged business plan – requirements to establish a disadvantaged business plan were removed, because these requirements are now addressed in Policy 3-4-6 – Inclusion of Disadvantaged Business Enterprises.

Real property agreements – authority for the execution of these agreements, which is not included in the current policy, was included consistent with previous Council action in 1995 and 1999. The proposed revision clarifies that the Council must approve, in advance, any condemnation action to acquire any interest in real property.

Expenditures for contracts with other governmental entities – authority to enter into these contracts, which is not included in the current policy, was included for contracts valued at up to \$250,000.

Implementation Procedures – the list of implementation procedures and work instruction documents was updated to reflect the current related procedures.



## POLICY – EXPENDITURES

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Section/Number: 3-3  
Dept. Responsible: All Divisions and Departments

Total Pages: 3  
Effective Date: 9/11/98  
Revision No. 2, 8/11/99  
3, 12/20/00  
4, 5/30/01  
5, 2/14/07

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### I. Policy:

The Metropolitan Council will expend funds consistent with the public purpose doctrine, governing laws, rules, and regulations. Expenditures must be within the approved annual operating or capital budgets and consistent with established policies and procedures. No expenditures shall be made without approval by the Council, Regional Administrator or Division Directors/General Managers, or others within delegated authority.

The Regional Administrator may delegate expenditure authority and develop expenditure procedures consistent with this policy.

#### A. Expenditures for the Procurement of Goods and Services

The Regional Administrator is authorized to:

1. Accept or reject any offer for any procurement of goods or services valued at not more than \$250,000; and
2. Accept or reject any offer for any procurement of construction or design-build services valued at not more than \$1,000,000, provided that:
  - a) the project for which the services are required is included in the Council-adopted capital program;
  - b) the amount of the offer the Regional Administrator would accept is less than the engineer's cost estimate plus 10%; and
  - c) sufficient funds are available in the capital program to complete the resulting contract.

Each quarter, the Regional Administrator shall ensure that a report is made to the Council, through the Management Committee, on all procurements valued between \$100,000 and \$250,000.

#### B. Expenditures for Incremental Amendments to Contracts for Goods and Services

The Regional Administrator is authorized to amend contracts and increase the Contract Prices in the following amounts:

1. For any non-construction contract with an original Contract Price of \$250,000 or less, the Regional Administrator may increase the Contract Price up to a maximum of \$250,000;
2. For any non-construction contract with an original Contract Price of more than \$250,000, the Regional Administrator may increase the Contract Price by an aggregate amount of: up to 10% of the original Contract Price; or, \$100,000, whichever is less; and
3. For any contract for construction services or design-build services, the Regional Administrator may increase the Contract Price as follows:
  - a) a cumulative amount of \$50,000, where the original Contract Price was less than or equal to \$1,000,000;
  - b) a cumulative amount of 5% of the original Contract Price, where the original Contract Price was greater than \$1,000,000; or
  - c) as otherwise delegated by the Council.

### **C. Emergency Expenditures**

The Regional Administrator is authorized to declare an emergency on behalf of the Council, if it is determined by the Regional Administrator that an emergency situation exists. An emergency situation exists when:

1. the health, safety or welfare of the public, including Council employees or facilities, is compromised or potentially compromised and remedial action is necessary or desirable; or
2. A significant cost savings is immediately available through circumstances previously unknown and requires prompt action to take advantage of the situation.

The Regional Administrator may authorize appropriate contracts and payments necessary to meet the emergency situation provided that, if the cost to correct the emergency situation totals \$50,000 or more, the emergency declaration shall also be presented to the appropriate committee for formal ratification at its next regular meeting.

### **D. Expenditures for the Acquisition of Real Property**

The Regional Administrator is authorized to approve the expenditure in the aggregate amount of up to \$250,000 for an individual acquisition, and no more than a total of \$250,000 for multiple acquisitions related to or part of the same project, for:

1. the acquisition of parcels real property;
2. the acquisition of interests in real property, such as easements and leases; or
3. the acquisition of personal interests in real property, such as licenses and permits.

Where the Council has approved the acquisition of real property at its appraised value, the Regional Administrator is authorized to approve the expenditure of up to \$250,000 in settlement costs for each parcel.

This Expenditures Policy does not authorize the Regional Administrator to initiate any condemnation proceeding with prior approval by the Metropolitan Council.

### **E. Expenditures for Contracts with Other Governmental Entities**

The Regional Administrator is authorized to enter into contracts with other governmental entities for the expenditure of amounts not exceeding \$250,000.

## **II. Purpose of policy:**

This policy provides direction for the management and responsibility of expending public funds of the Council.

## **III. Background and reasons for policy:**

Council Resolution No. 96-53, Public Purpose  
Minnesota Statutes, Section 12.37, Political subdivision's powers to fast provide emergency aid  
Minnesota Statutes, Section 473.504 Subdivision 12, Pacts with other governments

## **IV. Implementation/Accountability:**

The Regional Administrator is expected to establish the framework and accountability for the effective implementation of this policy.

Implementing Procedures:

- 3.3a [Food and Refreshment](#)
- 3.3b [Petty Cash](#)
- 3.3c [Delegation of Procurement and Contract Authority](#)