

**MEMORANDUM OF UNDERSTANDING**  
**BETWEEN**  
**MICHIGAN DEPARTMENT OF TRANSPORTATION**  
**AND**  
**CITY OF ROCHESTER HILLS**

**I. PURPOSE**

This Memorandum of Understanding is entered into this date of \_\_\_\_\_ between the Michigan Department of Transportation (MDOT) and the CITY of Rochester Hills (CITY) for the purpose of transferring jurisdiction of the road segment described in Attachment A, from MDOT to the CITY, said road segment hereinafter referred to as the “ROAD SEGMENT.” This Memorandum of Understanding will begin upon award and will remain in effect unless it is modified according to Section V below.

**II. BACKGROUND**

The ROAD SEGMENT is within the CITY boundaries and is no longer functioning as a State Trunkline. MDOT is willing to transfer jurisdictional control of the ROAD SEGMENT to the CITY and the CITY is willing to accept jurisdiction of the ROAD SEGMENT. This transfer of jurisdictional control of the ROAD SEGMENT will make this ROAD SEGMENT a City Major street.

The parties intend this Memorandum of Understanding to be an agreement to transfer jurisdiction of the ROAD SEGMENT in return for a fixed lump sum amount of state funds as provided herein, which will be utilized by the CITY for the design and construction of improvements to the ROAD SEGMENT. The improvements will be for the renovation, repair and/or reconstruction of the ROAD SEGMENT and will meet or exceed the standard represented by the work items set forth in Attachment B, said design and construction work hereinafter referred to as the “PROJECT.”

MDOT and the CITY currently have in force a Trunkline Maintenance Contract for portions of state trunkline located within the CITY boundaries.

### III. AGREEMENT

Upon award and acceptance of this Memorandum of Understanding by both parties, the parties agree to the following:

A. MDOT agrees:

1. To transfer jurisdictional control of the ROAD SEGMENT to the CITY and the CITY agrees to accept jurisdictional control of the ROAD SEGMENT, thereby making this ROAD SEGMENT a City Major Street.
2. To pay the amount of three hundred thousand dollars (\$300,000.00) to the CITY, such amount being the estimated cost of the PROJECT. Pursuant to Act 296, Public Acts of 1969, Section 8 (3) (a), this payment is made to the CITY so that the PROJECT will be undertaken by the CITY in lieu of being undertaken by MDOT. This payment will be disbursed to the CITY upon completion of any final administrative approvals necessary to authorize the release of funding and no later than 90 days after the award date of this Memorandum of Understanding.
3. To pursue modification of the current Trunkline Maintenance Contract to reflect this Memorandum of Understanding.

B. The CITY agrees:

1. To assume full jurisdictional control of the ROAD SEGMENT.
2. To perform maintenance of the ROAD SEGMENT for which jurisdictional control has been transferred to the CITY by this Memorandum of Understanding.
3. To perform the PROJECT work, meeting or exceeding the standards represented by the work items set forth in Attachment B, dated Month/Day/Year.
4. To complete the PROJECT for the indicated cost of three hundred thousand dollars (\$300,000.00). The CITY will be responsible for all costs in excess of the MDOT funds as shown in Section III, Part A, subpart 2. Nothing in this Memorandum of Understanding will prevent the CITY from raising the

standard of renovation, repair, and/or reconstruction represented by the PROJECT, so long as the minimum standard represented herein is met.

The CITY agrees that the costs incurred under this Memorandum of Understanding will represent only those items that are properly chargeable in accordance with this Memorandum of Understanding. The CITY also certifies that it has read the Memorandum of Understanding terms and has made itself aware of the applicable laws, regulations, and terms of this Memorandum of Understanding that apply to the incurring of costs under the terms of this Memorandum of Understanding.

Allowable costs for PROJECT work include expenses incurred directly and indirectly for preliminary engineering; contracted construction, including the costs of advertising, letting, and awarding contract(s); and construction engineering, inspection, and testing.

5. To expend any excess funds that remain from the amount set forth in Section III, Part A, subpart 2, in accordance with the requirements of Act 51, Public Acts of 1951, Section 13, as amended.
6. To conduct and obtain at CITY expense any environmental reviews and clearances required by state or federal law for any work which exceeds the standard of renovation, repair, and/or reconstruction represented by the PROJECT.
7. That, if for any reason the PROJECT is not completed within five (5) years of the effective date of this Memorandum of Understanding, the CITY will promptly repay MDOT the total amount of funds set forth in Section III, Part A, subpart 2. Such repayment will have no effect on MDOT's obligations or the transfer of jurisdiction of the ROAD SEGMENT as set forth herein.
8. Upon completion of the PROJECT, to notify MDOT in writing of such PROJECT completion and include a statement of costs incurred.
9. With regard to audits and record-keeping,
  - a. The CITY will establish and maintain accurate records, in accordance with generally accepted accounting principles, of all expenses incurred for which payment is sought or made under this Memorandum of Understanding, said records to be hereinafter referred to as the "RECORDS." Separate accounts will be established and maintained for all costs incurred under this Memorandum of Understanding.

- b. The CITY will maintain the RECORDS for at least three (3) years from the date of PROJECT completion, as set forth in Section III, Part A, paragraph 2, of this Memorandum of Understanding. In the event of a dispute with regard to the allowable expenses or any other issue under this Memorandum of Understanding, the CITY will thereafter continue to maintain the RECORDS at least until that dispute has been finally decided and the time for all available challenges or appeals of that decision has expired.
  - c. MDOT or its representative may inspect, copy, or audit the RECORDS at any reasonable time after giving reasonable notice.
  - d. If any part of the work is subcontracted, the CITY will assure compliance with subsections (a), (b), and (c) above for all subcontracted work.
10. In the event that an audit performed by or on behalf of MDOT indicates an adjustment to the costs reported under this Memorandum of Understanding or questions the allowability of an item of expense, MDOT will promptly submit to the CITY a Notice of Audit Results and a copy of the audit report, which may supplement or modify any tentative findings verbally communicated to the CITY at the completion of an audit.

Within sixty (60) days after the date of the Notice of Audit Results, the CITY will (a) respond in writing to the responsible MDOT Bureau indicating whether or not it concurs with the audit report, (b) clearly explain the nature and basis for any disagreement as to a disallowed item of expense, and (c) submit to MDOT a written explanation as to any questioned or no opinion expressed item of expense, hereinafter referred to as the "RESPONSE." The RESPONSE will be clearly stated and will provide any supporting documentation necessary to resolve any disagreement or questioned or no opinion expressed item of expense. Where the documentation is voluminous, the CITY may supply appropriate excerpts and make alternate arrangements to conveniently and reasonably make that documentation available for review by MDOT. The RESPONSE will refer to and apply the language of the Memorandum of Understanding. The CITY agrees that failure to submit a RESPONSE within the sixty (60) day period constitutes agreement with any disallowance of an item of expense and authorizes MDOT to finally disallow any items of questioned or no opinion expressed cost.

MDOT will make its decision with regard to any Notice of Audit Results and RESPONSE within one hundred twenty (120) days after the date of the

Notice of Audit Results. If MDOT determines that an overpayment has been made to the CITY, the CITY will repay that amount to MDOT or reach agreement with MDOT on a repayment schedule within thirty (30) days after the date of an invoice from MDOT. If The CITY fails to repay the overpayment or reach agreement with MDOT on a repayment schedule within the thirty (30) day period, the CITY agrees that MDOT will deduct all or a portion of the overpayment from any funds then or thereafter payable by MDOT to the CITY under this Memorandum of Understanding or any other agreement or payable to the CITY under the terms of 1951 PA 51, as applicable. Interest will be assessed on any partial payments or repayment schedules based on the unpaid balance at the end of each month until the balance is paid in full. The assessment of interest will begin thirty (30) days from the date of the invoice. The rate of interest will be based on the Michigan Department of Treasury common cash funds interest earnings. The rate of interest will be reviewed annually by MDOT and adjusted as necessary based on the Michigan Department of Treasury common cash funds interest earnings. The CITY expressly consents to this withholding or offsetting of funds under those circumstances, reserving the right to file a lawsuit in the Court of Claims to contest MDOT's decision only as to any item of expense the disallowance of which was disputed by the CITY in a timely filed RESPONSE.

- C. Unless otherwise addressed by this Memorandum of Understanding, both parties agree that the transfer of jurisdictional control of the ROAD SEGMENT from MDOT to the CITY will include the transfer of utility, operational, and drainage permits, whether recorded or otherwise; all bridges, culverts, signs, signals, and/or other structures or traffic control devices; and any and all features and appurtenances now existing for highway purposes on and along the ROAD SEGMENT.
- D. The parties agree that this jurisdictional transfer is subject to the provisions of Act 296, Public Acts of 1969, Section 2

#### **IV TERM**

This Memorandum of Understanding shall take effect upon award and remain in effect unless it is modified according to Section V below.

#### **V. MODIFICATION**

This Memorandum of Understanding may be modified, in writing, upon mutual agreement by the parties. Any modification must be signed by the authorized representative of each agency or his/her designee.

DRAFT

**VI. SIGNATURE**

This Memorandum of Understanding is entered into upon signing by the duly authorized officials for the CITY and for MDOT.

CITY OF ROCHESTER HILLS

\_\_\_\_\_  
Title:

\_\_\_\_\_  
Date

MICHIGAN DEPARTMENT OF TRANSPORTATION

\_\_\_\_\_  
Title: Director  
Michigan Department of Transportation

\_\_\_\_\_  
Date

DRAFT

## **ATTACHMENT A**

ROAD SEGMENT proposed for jurisdictional transfer from MDOT to the City of Rochester Hills, to become a city major street:

Auburn Road (Old M-59), from Rochester Road (M-150) west to Dequindre Road, a distance of approximately 2.03 miles in Control Section 63042.

DRAFT

## **ATTACHMENT B**

The following work items represent the minimum standard for the renovation, repair and/or reconstruction work to be performed the roadway segment described in Attachment A. Alternate work items and/or quantities are permitted so long as the minimum standard represented herein is achieved and design guidelines are applied according to the MDOT publication, “Local Agency Programs Guidelines for Geometrics on Local Agency Projects” dated 2014 or most current.

DRAFT