

**TOWN OF DALLAS**  
**MINUTES FOR BOARD OF ALDERMEN MEETING**  
**JUNE 11, 2019**  
**6:00 PM**

The following elected officials were present: Mayor Coleman, Alderwoman Thomas, Alderman Huggins, Alderman Withers, and Alderwoman Morrow. Alderman Cearley was absent.

The following staff members were present: Maria Stroupe, Town Manager; Da'Sha Leach, Town Clerk; Tom Hunn, Town Attorney; Allen Scott, Police Chief; Tiffany Faro, Development Services Director; Doug Huffman, Electric Director; Jonathan Newton, Finance Director; Earl Withers III, Fire Chief; Garrett Lowery, Recreation Director; Robert Walls, Police Captain; Bill Trudnak, Public Works Director.

Mayor Coleman called the meeting to order at 6:00 pm. He opened with the Invocation and the Pledge of Allegiance to the Flag followed. He welcomed everyone to the meeting.

Mayor Coleman read the meeting rules for the audience. He asked if there were any additions or deletions to amend the agenda. Alderman Huggins made a motion to approve the agenda with changes to moving Item 5A to Recognition of Citizens and the addition of Item 8G Work Session discussion, seconded by Alderman Withers, and carried unanimously.

Alderwoman Thomas made a motion to approve the minutes from May 14<sup>th</sup> 2019 Regular Meeting, and June 4<sup>th</sup> 2019 Work Session Meeting, seconded by Alderwoman Morrow, and carried unanimously.

**Recognition of Citizens:**

Proclamation for Grady Bratton 93<sup>RD</sup> Birthday. Mr. Bratton was honored by the Board for his accomplishments, and actively being involved in the Dallas Community. He was present to receive his proclamation with his family members. Alderwoman Thomas made a motion to approve, seconded by Alderman Withers, and carried unanimously. (Exhibit A)

Johnny Walters, 510 N. Poplar, He requested for Mayor, Manager, and the Police Chief to schedule an appointment to meet to discuss some concerns.

Mike Fields-1338 Philadelphia Church Rd., He recommended that the Town work towards developing an emergency plan in place in light of the most recent electrical outage. He mentioned the need for people on medical devices that may need a location to access power in the event of power loss like the recent outage.

Robert Kendrick, 408 S. Groves St., He commended the Electrical Department for their service in restoring power during the outage. He recommended a letter to the other agencies that assisted Dallas.

Mr. Curtis Wilson, 438 S. Gaston St., He recognized Mr. Bratton and encouraged him to keep going. He thanked the Town and the Doug's Electrical Department crew for their work. He prayed for the boy lost, the Town, and the leadership.

**Consent Agenda:**

National Garbage Man Day Proclamation (Exhibit B)

Tobacco & Smoke-Free Board of Health Rule Resolution (Exhibit C)

Resolution Recognizing City of Gastonia for Mutual Aid (Exhibit D)

Resolution Recognizing City of Kings Mountain for Mutual Aid (Exhibit E)

Alderwoman Thomas made a motion to approve the Consent Agenda, seconded by Alderwoman Morrow, and carried unanimously.

## Public Hearings:

**Item 6A** was a Public Hearing for System Development Fees. In July 2017, the North Carolina General Assembly authorized public water and sewer systems to implement system development fees to provide for capital improvements in those systems. These fees must be calculated and prepared by a financial professional or licensed professional engineer. Dallas contracted with Raftelis to complete the analysis required to calculate system development fees for the water and sewer utilities. Implementation of these fees would be assessed for any new development and would be used to improve and expand the water and sewer infrastructure as growth occurs. In the exhibit given, the G.S. 162A Article 8, outlined the development, implementation, and maintenance of system development fees. There Also was a report received from Raftelis containing the calculated system development fees for Dallas. In order to implement these fees, there must be a 45 day public comment period, followed by a public hearing and vote to implement. The public comment section opened on April 25, 2019. No comments have been received. The implementation of these fees are crucial to the future health of the Dallas water/sewer system and treatment plants. Alderman Withers made a motion to go into the Public Hearing, seconded by Alderman Huggins, and carried unanimously. The Town Manager Ms. Stroupe explained the system development fees and the need to prepare for future growth in Dallas. Johnny Denton of Diamond Engineering stated that most Towns have system development fee structures in place. Mayor Coleman asked to audience members if they had any questions, or comments. Some audience member asked where the information was on the website. It was posted by staff Development Services Director Tiffany Faro, verified by staff Ms. Stroupe. Ms. Faro stated it was removed via the expiration date but met the legal requirement. Alderwoman Thomas made a motion to exit the Public Hearing, seconded by Alderman Withers, and carried unanimously. Alderwoman Thomas made a motion to approve the System Development Fee Policy, seconded by Alderman Withers, and carried unanimously. (Exhibit F)

**Item 6B** was on the Public Hearing for the proposed Budget Ordinance for Fiscal Year 2019-2020, including the proposed fee schedules. An original proposal was submitted to the Board on March 22, 2019 for review at a Budget Work Session held on March 26, 2019. A proposal modified from this work session was submitted to the Board on May 24, 2019 for review at a Budget Work Session held on June 4, 2019. No changes were proposed to the draft budget at the June 4<sup>th</sup> Work Session. The proposed, the FY 2019-2020 budget for the Town of Dallas would total \$16,933,644, which is composed of the following fund breakdown: (1) General Fund-\$4,235,836, (2) Water & Sewer Fund-\$3,267,024, (3) Electric Fund-\$9,230,405, (4) Stormwater Fund-\$200,379. This budget was based upon an Ad Valorem (property) tax rate of \$0.40 (which reflects no change), no changes to the Water & Sewer rates, no changes to the Electric rates, a pass-through of Coal Ash Remediation Costs to the customer that will be paid to Duke Energy, and a \$1.42 increase in the Stormwater per unit fee. NC General Statute 159-12 requires that the Board hold a public hearing before adopting the budget ordinance so that any persons who wish to be heard on the budget may appear. Alderman Withers made a motion to go into the Public Hearing, seconded by Alderwoman Morrow, and carried unanimously. There were some questions between the Board and Staff to clarify a few items. Mayor Coleman asked to audience members if they had any questions, or comments. Audience member Robert Kendrick had concerns on calls to the county for assistance, and the stormwater increase burdens the senior citizens. He stated he would like to see Dallas look into creating a senior discount and the tax rate to go down to .39 cent. Audience member Mike Fields asked about the calls to the county. The Police Chief Allen Scott responded that there will be several communications to make the transition smooth. Alderman Huggins addressed the stormwater increase, noting improvements made to stormwater projects in Dallas. The increase is to complete more work needed. Mayor Coleman addressed the tax amount, noting that the amount of money Dallas will receive is not much due to a low tax base. The Electrical Director Doug Huffman stated that is was an honor to have the dispatch in Dallas and he appreciated their great service in Dallas. Alderman Withers made a motion to exit the Public Hearing, seconded by Alderwoman Morrow, and carried unanimously. Alderman Withers made a motion to approve the FY2019-20 Budget and Fee Schedule as presented, seconded by Alderwoman Thomas, and carried unanimously. (Exhibit G)

### Old Business:

**Item 7A** was on the Funding Request from Venture Church. At the May 14<sup>th</sup> Board of Aldermen meeting, the Board discussed a request from Venture Church for funding on behalf of the Boys and Girls Club operating out of the church facility. This item was tabled to the June 11<sup>th</sup> meeting in an effort to obtain financial and other information concerning the Club. The only financial information available at this time is an accounting of contributions received prior to June 30, 2018. The Boys and Girls Club operates on a July 1 – June 30 fiscal year calendar, therefore more current data will not be available until after August when an audit is performed for the July 1, 2018 – June 30, 2019 fiscal year is conducted. The club submitted information for FY2017-18. Austin Rammell, President of the Board for the Boys and Girls Club of Dallas, NC and Lead Pastor at Venture Church, supplied information that contains some details on the club and plans as they move into the next year. Last year, the Board of Aldermen approved \$5,000 toward the startup of the Boys and Girls Club as the Club would provide care for children attending Carr Elementary School, which is in the Town limits of Dallas. The Boys and Girls Club is now considering offering spots to children from Brookside and Costner Elementary Schools, which is located in Gastonia, in addition to those students from Carr Elementary. Based on NC General Statute §160A-456(a)(2), a municipality is able to expend funds for community development programs *concerned with child care needs of persons of low and moderate income*. Ms. Anna Furr and another staff member of the Boys and Girls Club were present to answer any questions that the Board members may have. She stated that their fiscal year ends on June 30<sup>th</sup> and they will have an audit completed in August with the results to come approximately in October. After this timeframe, they can release the approved numbers for their fiscal year. The board members had questions to clarify what schools they service, schedule operations, transportation of the children from schools, and other plans. Alderman Withers made a motion to table this item until the audited financials are received, seconded by Alderwoman Morrow, and carried unanimously. (Exhibit H)

### New Business:

**Item 8A** was a presentation on Economic Development Assessment Report. On February 7, 2019, the NC Main Street & Rural Planning Center (MS&RP) conducted an Economic development Assessment for the Town of Dallas. Mr. Jeff Emory presented the report from this assessment that was conducted with the Board members and citizens. The assessment included information on the strengths, weaknesses, opportunities, threats, and recommendations of an action plan for Dallas. Mr. Emory recommended that the Board accept the report. Alderman Withers made a motion to approve, seconded by Alderwoman Thomas, and carried unanimously. (Exhibit I)

**Item 8B** was a Audit Contract Approval for FY2018-19 Fiscal Year. Lowdermilk Church & Co. have conducted the past five years' audits and have completed the work professionally and in a timely manner. It is the recommendation of Staff to contract with Lowdermilk Church & Co. for the FY2018-19 annual audit. The contract outlines that they will conduct the audit for \$18,600, prepare the annual financial statements for \$4000, and assist with year-end bookkeeping for \$2500; for a combined total of \$25,100 for all services. This reflects NO increase from last year's cost. For comparison, the last audit conducted by Collis and Associates for FY2012-13 cost the Town \$26,500 for the same services. The NC Local Government Commission division of the State Treasurer's Office requires that the Town approve this contract first before submitting to their office for final approval. Alderman Huggins made a motion to approve the Audit Contract, seconded by Alderwoman Morrow, and carried unanimously. (Exhibit J)

**Item 8C** was the Approval of Retirement Records Audit Contract. The Office of State Auditor has randomly selected a number of employers in the Retirement System for an audit of the retirement data for that entity. The Town is one of the entities that has been selected for an audit. This requires the Town to obtain an independent auditor to perform the audit. Staff has selected Lowdermilk Church & Co. to perform the audit. The exhibit is the contract with Lowdermilk Church & Co. to perform this audit at a cost of \$6,000 and the notification letter received by the Town. Alderwoman Morrow made a motion to approve, seconded by Alderman Withers, and carried unanimously. (Exhibit K)

**Item 8D** was a Re-Appointment of Mr. John O'Daly Jr. to the Planning Board. Planning Board Member John O'Daly Jr.'s term has now expired, and he is interested in continuing in this role for the Town of Dallas. He has requested to be reappointed to the Planning Board and Board of Adjustment for another term. Mr. O'Daly Jr. has been an engaged member of this Board, and the Development Services Director is in favor of his reappointment. Alderman Withers made a motion to re-appoint Mr. John O'Daly Jr., seconded by Alderwoman Thomas, and carried unanimously. (Exhibit L)

**Item 8E** was to Approve the Enforcement of State Fire Code Interlocal Agreement. For a number of years, the Gaston County Fire Marshal's Office has provided fire prevention and life safety inspection services for the Town of Dallas. The written agreement outlines the services that are to be conducted by the Fire Marshal's Office for Dallas. Under this agreement, the Fire Marshal's Office provides the following: (1) Plan reviews, (2) Issue required permits, (3) Conduct site inspections, (4) Seek enforcement of codes and ordinances. The cost of this service is, and has been, an annually budgeted item. Due to a restructuring of the Emergency Management Department, the costs for this service are increasing significantly for the FY2019-20 budget year. After much discussion between Staff and Board, there were some questions raised about components of the contracts and how that could negatively impact Dallas. The Board advised Staff to get clarification in writing from the County before moving forward. Alderwoman Thomas made a motion to table until confirmation on contract concerns, seconded by Alderwoman Morrow, and carried unanimously. (Exhibit M)

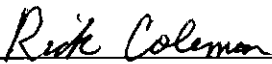
**Item 8F** was a CMAQ Project Design Contract. Vaughn & Melton has been selected and approved by NCDOT to provide engineering services for the CMAQ sidewalk project connecting Dallas Park to Gaston College, and extending sidewalks on Dallas-High Shoals Hwy to the Post Office. The cost submitted by Vaughn & Melton for preliminary engineering was \$78,892.12, which falls within the budgeted amount for this project. NCDOT is requesting that the Town approve the draft contract for preliminary engineering and submitted costs – contingent on their final approval. NOTE: Staff has requested NCDOT to expedite their approval if at all possible for our meeting to move this project forward. NCDOT has informed the Town that CMAQ funding may be lost if we do not reach Construction Acquisition by September 15<sup>th</sup>. Alderwoman Morrow made a motion to approve, seconded by Alderman Huggins, and carried unanimously. (Exhibit N)

**Item 8G** was a discussion Work Session Cancellation. There was a brief discussion on whether there was a need to have this meeting based on items. Alderwoman Thomas made a motion to cancel the Board Work Session for June 25<sup>th</sup>, 2019, seconded Alderwoman Morrow, and carried unanimously.

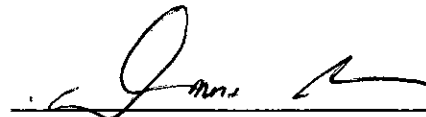
**Manager's Report and General Notices:**

The Manager gave updates on items in Town.

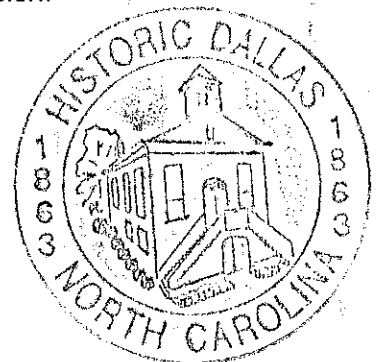
Alderman Withers made a motion to adjourn, seconded by Alderwoman Morrow, and carried unanimously. (7:45)



Rick Coleman, Mayor



Da'Sha Leach, Town Clerk



Proclamation Honoring the 93<sup>rd</sup> Birthday of Grady Bratton

**WHEREAS**, Long-time Dallas Resident **Grady Bratton of 408 S. Rhyne St.**, was born on June 23, 1926 to Dolar and Annie Bratton. He was the eleventh out of thirteen children that they raised in Dallas. He attended Dallas Elementary along with many of his siblings; and,

**WHEREAS**, unable to graduate from high school, due to needing to help support the family, Mr. Bratton is a self-taught brick mason, carpenter, and all-around handyman ; and,

**WHEREAS**, Grady Bratton is retired from Commercial Printers in Gastonia, NC and was ordained as a minister at Mills Chapel Church on June 1, 1974 where he has been a member for over 50 years; and,

**WHEREAS**, Mr. Bratton was married to the late Minnie McKnight Bratton, who passed in 1998, and raised three children; Marty, Glenn, and Debra. Mr. and Mrs. Bratton worked hard to put all three children through college to earn degrees; and,

**WHEREAS**, Grady Bratton continues to drive, cook, bake cakes, build crafts, and be an active member of the community; and,

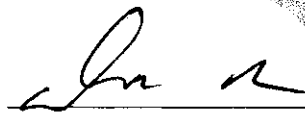
**WHEREAS**, in honor of Mr. Bratton's 93<sup>rd</sup> Birthday, there will be Community Day for family and friends on June 23, 2019.

**NOW, THEREFORE**, the Town of Dallas, by affirmative vote of its Board of Alderman, does hereby officially recognize and honor long-time Dallas resident, **Grady Bratton**, on the event of his 93<sup>rd</sup> Birthday and extends its collective appreciation and gratitude for his service in his community. May he continue to serve as an inspiration to home-town virtue and citizen service for many more days to come.

Adopted this the 11<sup>th</sup> day of June, 2019.

  
Rick Coleman, Mayor

Attested by:

  
Da'Sha Leach, Town Clerk



## National Garbage Man Day Proclamation

**WHEREAS**, the Town of Dallas will celebrate June 17, 2019 as National Garbage Man Day; and,

**WHEREAS**, according to the Center for Disease Control, the eradication of many diseases in the Western World is due in large part to higher public sanitation standards resulting from effective garbage disposal; and,

**WHEREAS**, the men and women employed by the Town of Dallas Sanitation and Solid Waste Department in the community make significant contributions to the safety, health, and welfare of citizens; and,

**WHEREAS**, the proper collection and disposal of waste and recyclables is vital to preventing disease, litter, and dump heaps; and,

**WHEREAS**, refuse collectors and haulers contribute to a tidy and clean community; and,

**WHEREAS**, the Town of Dallas values and celebrates our trash collectors, street cleaners, and all others employed in the Sanitation and Solid Waste industry to serve residents and local businesses; and,

**WHEREAS**, the Town of Dallas will have programs to formally and publicly thank these employees that serve the community.

**NOW, THEREFORE**, the Town of Dallas, by affirmative vote of its Board of Alderman, does hereby officially recognize June 17, 2019 as National Garbage Man Day and encourages all citizens and local businesses to participate in opportunities to thank the men and women in the sanitation industry.

Adopted this the 11<sup>th</sup> day of June, 2019.

*Rick Coleman*

Rick Coleman, Mayor

Attested by:

*Da'Sha Leach*

Da'Sha Leach, Town Clerk



Resolution to Support Board of Health Rule Prohibiting the Use of Tobacco Products in Local Government Buildings, Local Government Grounds, Local Government Vehicles, Local Government Parks, and Indoor Public Places in Gaston County, North Carolina

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**WHEREAS**, the CDC reports that nearly 90% of smoking and smokeless tobacco use are initiated and established before age 18, that most people who begin smoking during adolescence are addicted by the age of 20, and that adolescent smokeless tobacco users are more likely than nonusers to become adult cigarette smokers; and,

**WHEREAS**, tobacco kills more Americans each year than alcohol, cocaine, heroin, homicide, suicide, accidents, fire, and AIDS combined; and,

**WHEREAS**, the Surgeon General of the United States concluded that there is no risk-free level of exposure to secondhand smoke and establishing smoke-free environments is the only proven way to prevent exposure; and,

**WHEREAS**, studies have shown that smoking e-cigarettes releases toxic pollution into the air, including propylene glycol which may damage the central nervous system, propylene oxide which causes cancer, and acrolein which can cause respiratory tract irritation; and,

**WHEREAS**, in 2018 the U.S. Surgeon General issued an Advisory on the U.S. youth e-cigarette epidemic recommending including e-cigarettes in smoke-free indoor air policies as an evidence-based method to reduce e-cigarette use among young people and prevent harmful secondhand e-cigarette aerosol exposure; and,

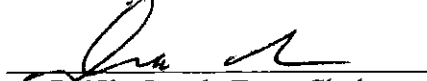
**WHEREAS**, experimentation with and use of e-cigarettes have risen sharply among young people according to the 2017 N.C. Youth Tobacco Survey: current use of electronic cigarettes among North Carolina high school students jumped by 894 percent from 1.7 percent in 2011 to 16.9 percent in 2017. A total of 28.3 percent of high school students said they are considering using electronic cigarettes in the next year. Overall tobacco uses among NC high school students increased from 25.8 percent to 28.8 percent from 2011 to 2017; and,

**NOW, THEREFORE BE IT RESOLVED**, that the Town of Dallas endorses the establishment of tobacco and smoke-free Board of Health rule in Gaston County prohibiting the use of tobacco products in Local Government Buildings, Local Government Grounds, Local Government Vehicles, Local Government Parks, and Indoor Public Places, in order to prevent public exposure to secondhand tobacco smoke and aerosol, and promote healthy behaviors for youth.

Adopted this the 11<sup>th</sup> day of June, 2019.

  
Rick Coleman, Mayor

Attested by:

  
Da'Sha Leach, Town Clerk



**Maria Stroupe**

**From:** Alyssa Mouton <Alyssa.Mouton@gastongov.com>  
**Sent:** Tuesday, June 04, 2019 2:46 PM  
**To:** 'crmartin@charlotte.twcbc.com'; amiller@cityofbelmont.org;  
 'bsmith@bessemercity.com'; JInman@BessemerCity.com;  
 'hbeam@cityofcherryville.com'; jcash@cityofcherryville.com; 'wcauthen@cramerton.org';  
 'dpugh@cramerton.org'; mstroupe@dallasnc.net; 'mayor@cityofhighshoals.net';  
 lwilliams@cityofhighshoals.net; 'scott.neisler@cityofkm.com'; marilyns@cityofkm.com;  
 'srailey@lowellinc.com'; kkrouse@lowellinc.com; mayor@townofmcadenville.org;  
 'bhough@mtholly.us'; dannyjackson@mtholly.us; 'ranlonc@bellsouth.net';  
 'mayordenton@townofstanley.org'; hjenkins@townofstanley.org; Earl Mathers  
**Cc:** Brittain Kenney; Tara Knight; Stephen Eaton  
**Subject:** Update on Tobacco Rule: Announcing North Carolina's New Leader in Tobacco  
 Prevention- Gaston County!  
**Attachments:** County Tobacco Rule Press Release 5.29.19.docx

Hello,

We wanted to update you regarding the **"Rule to Prohibit the Use of Tobacco and Tobacco Products on Gaston County Government Grounds, Buildings, Parks and Vehicles and Indoor Public Places"**: it was approved unanimously by our Gaston County Commissioners last week on May 28<sup>th</sup>! **It is now the most comprehensive county-wide tobacco policy in the entire state of North Carolina!** The press release attached has more details, including where to access the full text of the rule, a summary and Q & A.

**To be clear: this rule applies to all "units of local government," which includes any property owned or maintained by any city/municipality OR the county in Gaston County.**

Here are some additional sources to view and share with staff and colleagues to understand the new rule:

[Gaston Gazette editorial in support of rule](#)

[WCNC Charlotte coverage of the rule passing](#)

You can follow [www.facebook.com/tobaccofreegaston](http://www.facebook.com/tobaccofreegaston) for continued news, updates and resources for your communities and municipalities regarding Gaston County's tobacco rule, which will start being enforced July 1, 2020.

In addition, we have **window cling signage for any business that is classified as an "indoor public place" in the rule for free, first-come, first-served**. The rule will require each indoor public place to display such signage by July 1, 2020, and we are providing some at no cost to businesses. Please contact me if you have an idea about how to connect with your community's business community to provide this free resource.

Thanks again to Bessemer City and Cherryville leadership for implementing local policies over the past few years that paved the way for this county-wide policy!

In health,

**Alyssa Mouton, MPH, MPP**

Health Education Supervisor, Community Health Education  
 Gaston County Department of Health & Human Services  
 991 W. Hudson Blvd. Gastonia, NC 28052





# GASTON COUNTY DEPARTMENT OF HEALTH & HUMAN SERVICES

991 West Hudson Boulevard • Gastonia, North Carolina, 28052  
704-853-5000 • [www.gastonhhs.org](http://www.gastonhhs.org)

May 29, 2019  
FOR IMMEDIATE RELEASE

Contact: Brittain Kenney  
(980) 200-4018

## **Announcing North Carolina's New Leader in Tobacco Prevention: Rule to Prohibit the Use of Tobacco and Tobacco Products on Gaston County Government Grounds, Buildings, Parks and Vehicles and Indoor Public Places**

Gastonia, NC - Last night, Gaston County Commissioners voted to confirm the Gaston County Health & Human Services Board's (HHS Board) Tobacco Rule prohibiting the use of tobacco and tobacco products on Gaston County government grounds, buildings, parks and vehicles and indoor public places. **This rule is now the most comprehensive county-wide tobacco policy in North Carolina.** Tobacco products include cigarettes, cigars, snuff, chewing tobacco and electronic cigarettes. The HHS Board had previously voted unanimously in favor of the Rule during their April 4th meeting. Here is more on why the Gaston County Board of Health & Human Services decided to address tobacco policy in our county: <https://tinyurl.com/yxtou9uf>

The Rule will go into effect on July 1, 2020. More information about the rule can be found at [tinyurl.com/GastonTobaccoRule](https://tinyurl.com/GastonTobaccoRule) (including full text of the rule, a summary, and Q & A)

### **Why is this rule so important in Gaston County?**

Tobacco use is a 100% preventable risk factor for the top four of the top five leading causes of death in Gaston County (stroke, cancer, heart disease, and chronic lower respiratory disease).

This tobacco rule protects Gaston County citizens from harmful exposure to secondhand smoke and e-cigarette aerosol:

- Research indicates that, during active smoking, outdoor levels of secondhand smoke may be as high as indoor levels and may pose a health risk (triggering asthma attacks and heart attacks) for people in close proximity, and some hazard exists beyond 30 feet.
- In 2006, the Surgeon General concluded that there is no risk-free level of exposure to secondhand tobacco smoke. Establishing smoke-free environments is the only proven way to prevent exposure, and tobacco free rules and ordinances are an evidence-based method of creating smoke-free environments.
- In 2016, the U.S. Surgeon General issued a report on e-cigarettes and young people stating that emitted e-cigarette aerosol is not just water vapor, but contains nicotine and can contain additional toxins, making it less safe than clean air and e-cigarette use has the potential to involuntarily expose children and adolescents, pregnant women, and non-users to aerosolized nicotine and, if the products are altered, to other psychoactive substances. Clean air, being free of both smoke and e-cigarette aerosol, remains the standard to protect health.

### **Youth Impact:**

- Children model adult behavior and benefit from positive models of non-tobacco use behavior and positive reinforcement of healthy lifestyle messages through exposure to tobacco-free public areas; and

- Experimentation with and use of e-cigarettes have risen sharply among young people according to the 2017 N.C. Youth Tobacco Survey: current use of electronic cigarettes among North Carolina high school students jumped by 894 percent from 1.7 percent in 2011 to 16.9 percent in 2017. A total of 28.3 percent of high school students said they are considering using electronic cigarettes in the next year. Overall tobacco use among NC high school students increased from 25.8 percent to 28.8 percent from 2011 to 2017; and
- In 2018, the U.S. Surgeon General issued an Advisory on the U.S. e-cigarette epidemic among youth, expressing concern that e-cigarettes are addicting youth and that exposure to nicotine can damage the developing brains of young people up to age 25.

“As County Commissioners, we aspire to do everything within our power to assure the health and wellbeing of our citizens,” shared Board of Commissioners Chairman Tracy Philbeck. “I think it speaks volumes that this policy was passed unanimously by the Board and we are thrilled with the support from our Board of Health & Human Services, local municipalities, and community citizens – especially local youth – who helped us bring this important piece of legislation to our county.”

“It has been an honor and a privilege to work with our Board of Health & Human Services and DHHS staff to bring this policy to the table,” shared Gaston County Commissioner Chad Brown. “I’m excited about what this ordinance will mean to Gaston County’s future generations.”

“I believe that this county-wide tobacco rule should be put into effect because it is important to protect those who are being exposed to secondhand smoke,” shared Priyanka Patel, a Highland School of Technology student. “This rule allows citizens to breathe clean air in a safe environment. This rule also applies to e-cigarettes, which is a significant aspect because of the recent rise in e-cigarette use, especially within the youth.”

“On behalf of the Board of Health & Human Services, I could not be more pleased to see such a forward-thinking health policy passed unanimously in our county,” said Robert Browne, Chair of the Gaston County Board of Health & Human Services. “It is the obligation of the Board to protect the health of our citizens, both the young and old, and this Rule will do just that – now and for generations to come.”

###

Proclamation Recognizing Contributions of City of Gastonia Electric Department in Mutual Aid to the Town of Dallas During a Transformer Failure

**WHEREAS**, on Friday, May 24, 2019 the Town of Dallas experienced a catastrophic transformer failure that resulted in the loss of power for Dallas's entire customer base; and,

**WHEREAS**, this outage stretched the resources of Dallas far beyond normal expectations; and,

**WHEREAS**, the ability to receive and provide mutual aid to sister local governments in time of crisis helps to strengthen the relationships between local governments, and provides great benefit to the community; and,

**WHEREAS**, the City of Gastonia Electric Department provided three (3) employees from their substation staff to provide assistance in analyzing the transformer problem; and,

**WHEREAS**, the assistance provided by these individuals was instrumental in facilitating a shorter than anticipated loss time for the citizens of Dallas and allowed the repairs to be completed more efficiently

**NOW, THEREFORE BE IT PROCLAIMED**, that the Town of Dallas Mayor and Board of Aldermen extends its heartfelt appreciation to the City of Gastonia Mayor and City Council, City Manager, Electric Utility management, and especially the Electric Department staff for their assistance during the power outage experienced in Dallas on May 24, 2019.

Adopted this the 11<sup>th</sup> day of June, 2019.

*Rick Coleman*  
Rick Coleman, Mayor

Attested by:

*Da'Sha Leach*  
Da'Sha Leach, Town Clerk



Proclamation Recognizing Contributions of City of Kings Mountain  
Electric Department in Mutual Aid to the Town of Dallas During a  
Transformer Failure

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**WHEREAS**, on Friday, May 24, 2019 the Town of Dallas experienced a catastrophic transformer failure that resulted in the loss of power for Dallas's entire customer base; and,

**WHEREAS**, this outage stretched the resources of Dallas far beyond normal expectations; and,

**WHEREAS**, the ability to receive and provide mutual aid to sister local governments in time of crisis helps to strengthen the relationships between local governments, and provides great benefit to the community; and,

**WHEREAS**, the City of Kings Mountain Electric Department provided ten (10) electric linemen from their staff and six (6) bucket/line trucks to aid in re-installing primary lines that were removed for crane operation while Dallas staff installed the spare transformer, helping to vastly speed up the repair time; and,

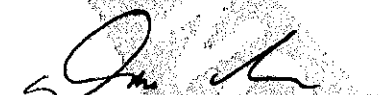
**WHEREAS**, the assistance provided by these individuals was instrumental in facilitating a shorter than anticipated loss time for the citizens of Dallas and allowed the repairs to be completed more efficiently.

**NOW, THEREFORE BE IT PROCLAIMED**, that the Town of Dallas Mayor and Board of Aldermen extends its heartfelt appreciation to the City of Kings Mountain Mayor and City Council, City Manager, Electric Utility management, and especially the Electric Department staff for their assistance during the power outage experienced in Dallas on May 24, 2019.

Adopted this the 11<sup>th</sup> day of June, 2019.

  
Rick Coleman, Mayor

Attested by:

  
Da'Sha Leach, Town Clerk



**Article 8 - System Development Fees****§ 162A-200. Short title.**

This Article shall be known and may be cited as the "Public Water and Sewer System Development Fee Act." (2017-138, s. 1.)

**§ 162A-201. Definitions.**

The following definitions apply in this Article:

- (1) Capital improvement. – A planned facility or expansion of capacity of an existing facility other than a capital rehabilitation project necessitated by and attributable to new development.
- (2) Capital rehabilitation project. – Any repair, maintenance, modernization, upgrade, update, replacement, or correction of deficiencies of a facility, including any expansion or other undertaking to increase the preexisting level of service for existing development.
- (3) Existing development. – Land subdivisions, structures, and land uses in existence at the start of the written analysis process required by G.S. 162A-205, no more than one year prior to the adoption of a system development fee.
- (4) Facility. – A water supply, treatment, storage, or distribution facility, or a wastewater collection, treatment, or disposal facility, including for reuse or reclamation of water, owned or operated, or to be owned or operated, by a local governmental unit and land associated with such facility.
- (5) Local governmental unit. – Any political subdivision of the State that owns or operates a facility, including those owned or operated pursuant to local act of the General Assembly or pursuant to Part 2 of Article 2 of Chapter 130A, Article 15 of Chapter 153A, Article 16 of Chapter 160A, or Articles 1, 4, 5, 5A, or 6 of Chapter 162A of the General Statutes.
- (6) New development. – Any of the following occurring after the date a local government begins the written analysis process required by G.S. 162A-205, no more than one year prior to the adoption of a system development fee, which increases the capacity necessary to serve that development:
  - a. The subdivision of land.
  - b. The construction, reconstruction, redevelopment, conversion, structural alteration, relocation, or enlargement of any structure which increases the number of service units.
  - c. Any use or extension of the use of land which increases the number of service units.
- (7) Service. – Water or sewer service, or water and sewer service, provided by a local governmental unit.
- (8) Service unit. – A unit of measure, typically an equivalent residential unit, calculated in accordance with generally accepted engineering or planning standards.
- (9) System development fee. – A charge or assessment for service imposed with respect to new development to fund costs of capital improvements necessitated by and attributable to such new development, to recoup costs of existing facilities which serve such new development, or a combination of those costs, as provided in this Article. The term includes amortized charges, lump-sum charges, and any other fee that functions as described by this definition regardless of terminology. The term does not include any of the following:
  - a. A charge or fee to pay the administrative, plan review, or inspection costs associated with permits required for development.
  - b. Tap or hookup charges for the purpose of reimbursing the local governmental unit for the actual cost of connecting the service unit to the system.
  - c. Availability charges.

d. Dedication of capital improvements on-site, adjacent, or ancillary to a development absent a written agreement providing for credit or reimbursement to the developer pursuant to G.S. 153A-280, 153A-451, 160A-320, 160A-499 or Part 3A of Article 18, Chapter 153A or Part 3D of Article 19, Chapter 160A of the General Statutes.

e. Reimbursement to the local governmental unit for its expenses in constructing or providing for water or sewer utility capital improvements adjacent or ancillary to the development if the owner or developer has agreed to be financially responsible for such expenses; however, such reimbursement shall be credited to any system development fee charged as set forth in G.S. 162A-207(c).

(10) System development fee analysis. – An analysis meeting the requirements of G.S. 162A-205. (2017-138, s. 1.)

§ 162A-202: Reserved for future codification purposes.

**§ 162A-203. Authorization of system development fee.**

(a) A local governmental unit may adopt a system development fee for water or sewer service only in accordance with the conditions and limitations of this Article.

(b) A system development fee adopted by a local governmental unit under any lawful authority other than this Article and in effect on October 1, 2017, shall be conformed to the requirements of this Article not later than July 1, 2018. (2017-138, s. 1.)

§ 162A-204: Reserved for future codification purposes.

**§ 162A-205. Supporting analysis.**

A system development fee shall be calculated based on a written analysis, which may constitute or be included in a capital improvements plan, that:

(1) Is prepared by a financial professional or a licensed professional engineer qualified by experience and training or education to employ generally accepted accounting, engineering, and planning methodologies to calculate system development fees for public water and sewer systems.

(2) Documents in reasonable detail the facts and data used in the analysis and their sufficiency and reliability.

(3) Employs generally accepted accounting, engineering, and planning methodologies, including the buy-in, incremental cost or marginal cost, and combined cost methods for each service, setting forth appropriate analysis as to the consideration and selection of a method appropriate to the circumstances and adapted as necessary to satisfy all requirements of this Article.

(4) Documents and demonstrates the reliable application of the methodologies to the facts and data, including all reasoning, analysis, and interim calculations underlying each identifiable component of the system development fee and the aggregate thereof.

(5) Identifies all assumptions and limiting conditions affecting the analysis and demonstrates that they do not materially undermine the reliability of conclusions reached.

(6) Calculates a final system development fee per service unit of new development and includes an equivalency or conversion table for use in determining the fees applicable for various categories of demand.

(7) Covers a planning horizon of not less than five years nor more than 20 years.

(8) Is adopted by resolution or ordinance of the local governmental unit in accordance with G.S. 162A-209. (2017-138, s. 1; 2018-34, s. 1(a).)

§ 162A-206: Reserved for future codification purposes.

**§ 162A-207. Minimum requirements.**

(a) Maximum. – A system development fee shall not exceed that calculated based on the system development fee analysis.

(b) Revenue Credit. – In applying the incremental cost or marginal cost, or the combined cost, method to calculate a system development fee with respect to water or sewer capital improvements, the system development fee analysis must include as part of that methodology a credit against the projected aggregate cost of water or sewer capital improvements. That credit shall be determined based upon generally accepted calculations and shall reflect a deduction of either the outstanding debt principal or the present value of projected water and sewer revenues received by the local governmental unit for the capital improvements necessitated by and attributable to such new development, anticipated over the course of the planning horizon. In no case shall the credit be less than twenty-five percent (25%) of the aggregate cost of capital improvements.

(c) Construction or Contributions Credit. – In calculating the system development fee with respect to new development, the local governmental unit shall credit the value of costs in excess of the development's proportionate share of connecting facilities required to be oversized for use of others outside of the development. No credit shall be applied, however, for water or sewer capital improvements on-site or to connect new development to water or sewer facilities. (2017-138, s. 1.)

**§ 162A-208:** Reserved for future codification purposes.

**§ 162A-209. Adoption and periodic review.**

(a) For not less than 45 days prior to considering the adoption of a system development fee analysis, the local governmental unit shall post the analysis on its Web site and solicit and furnish a means to submit written comments, which shall be considered by the preparer of the analysis for possible modifications or revisions.

(b) After expiration of the period for posting, the governing body of the local governmental unit shall conduct a public hearing prior to considering adoption of the analysis with any modifications or revisions.

(c) The local governmental unit shall publish the system development fee in its annual budget or rate plan or ordinance. The local governmental unit shall update the system development fee analysis at least every five years. (2017-138, s. 1.)

**§ 162A-210:** Reserved for future codification purposes.

**§ 162A-211. Use and administration of revenue.**

(a) Revenue from system development fees calculated using the incremental cost method or marginal cost method, exclusively or as part of the combined cost method, shall be expended only to pay:

(1) Costs of constructing capital improvements including, and limited to, any of the following:

a. Construction contract prices.

b. Surveying and engineering fees.

c. Land acquisition cost.

d. Principal and interest on bonds, notes, or other obligations issued by or on behalf of the local governmental unit to finance any costs for an item listed in sub-subdivisions a. through c. of this subdivision.

(2) Professional fees incurred by the local governmental unit for preparation of the system development fee analysis.

(3) If no capital improvements are planned for construction within five years or the foregoing costs are otherwise paid or provided for, then principal and interest on bonds, notes, or other obligations issued by or on behalf of a local governmental unit to finance the construction or acquisition of existing capital improvements.

(b) Revenue from system development fees calculated using the buy-in method may be expended for previously completed capital improvements for which capacity exists and for capital rehabilitation projects. The basis for the buy-in calculation for previously completed capital improvements shall be determined by using a generally accepted method of valuing the actual or replacement costs of the capital improvement for which the buy-in fee is being collected less depreciation, debt credits, grants, and other generally accepted valuation adjustments.

(c) A local governmental unit may pledge a system development fee as security for the payment of debt service on a bond, note, or other obligation subject to compliance with this section.

(d) Except as otherwise provided in subsection (e) of this section, system development fee revenues shall be accounted for by means of a capital reserve fund established pursuant to Part 2 of Article 3 of Chapter 159 of the General Statutes and limited as to expenditure of funds in accordance with this section.

(e) If and to the extent that revenues derived from system development fees are pledged to secure revenue bonds or notes issued by a local governmental unit under the provisions of Article 5 of Chapter 159 of the General Statutes, such revenues may be deposited in such funds, accounts or subaccounts, and applied in such manner, as set forth in the bond order, resolution, trust agreement or similar instrument authorizing and securing such bonds or notes until all such revenue bonds or notes are no longer outstanding. (2017-138, s. 1; 2018-34, s. 2(a).)

**§ 162A-212:** Reserved for future codification purposes.

**§ 162A-213. Time for collection of system development fees.**

(a) Land Subdivision. – For new development involving the subdivision of land, the system development fee shall be collected by a local governmental unit at the later of either of the following:

- a. The time of plat recordation.
- b. When water or sewer service is committed by the local governmental unit.

(b) Other New Development. – For all other new development, the local governmental unit shall collect the system development fee at the earlier of either of the following:

- a. The time of application for connection of the individual unit of development to the service or facilities.
- b. When water or sewer service is committed by the local governmental unit. (2017-138, s. 1; 2018-34, s. 3(a).)

**§ 162A-214:** Reserved for future codification purposes.

**§ 162A-215. Narrow construction.**

Notwithstanding G.S. 153A-4 and G.S. 160A-4, in any judicial action interpreting this Article, all powers conferred by this Article shall be narrowly construed to ensure that system development fees do not unduly burden new development. (2017-138, s. 1.)





April 11, 2019

Ms. Maria Stroupe  
Town Manager  
Town of Dallas  
210 N. Holland St.  
Dallas, NC 28034

Dear Ms. Stroupe,

Raftelis has completed an evaluation to develop cost-justified water and sewer system development fees for consideration by the Town of Dallas (Town). This letter documents the results of the analysis, which is based on an approach for establishing system development fees set forth in North Carolina General Statute 162A Article 8 – “System Development Fees.” As one of the largest and most respected utility financial, rate, management, and operational consulting firms in the U.S., and having prepared system development fee calculations for utilities in North Carolina and across the U.S. since 1993, Raftelis is qualified to perform system development fee calculations for water and sewer utilities in North Carolina.

### **Background**

System development fees are one-time charges assessed to new water and/or sewer customers for their use of system capacity and serve as an equitable method by which to recover up-front system capacity costs from those using the capacity. North Carolina General Statute 162A Article 8 (“Article 8”) provides for the uniform authority to implement system development fees for public water and sewer systems in North Carolina and was passed by the North Carolina General Assembly and signed into law on July 20, 2017 and amended on June 22, 2018. According to the statute, system development fees must be adopted in accordance with the conditions and limitations of Article 8, and those fees in effect as of October 1, 2017 must conform to the requirements set forth in the Article no later than July 1, 2018. In addition, the system development fees must also be prepared by a financial professional or licensed professional engineer, qualified by experience and training or education, who, according to the Article, shall:

- Document in reasonable detail the facts and data used in the analysis and their sufficiency and reliability.
- Employ generally accepted accounting, engineering, and planning methodologies, including the buy-in, incremental cost or marginal cost, and combined cost approaches for each service, setting forth appropriate analysis to the consideration and selection of an approach appropriate to the circumstances and adapted as necessary to satisfy all requirements of the Article.

Ms. Maria Stroupe  
Town of Dallas, NC

April 11, 2019  
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- Document and demonstrate the reliable application of the methodologies to the facts and data, including all reasoning, analysis, and interim calculations underlying each identifiable component of the system development fee and the aggregate thereof.
- Identify all assumptions and limiting conditions affecting the analysis and demonstrate that they do not materially undermine the reliability of conclusions reached.
- Calculate a final system development fee per service unit of new development and include an equivalency or conversion table for use in determining the fees applicable for various categories of demand.
- Consider a planning horizon of not less than 5 years, nor more than 20 years.

This letter report documents the results of the calculation of water and sewer system development fees for the Town in accordance with these requirements.

Article 8 references three methodologies that can be used to calculate system development fees. These include the buy-in method, the incremental cost method, and the combined cost method. A description of each of these methods follows:

#### Capacity Buy-In Approach

The Capacity Buy-In Methodology is most appropriate in cases where the existing system assets provide adequate capacity to provide service to new customers. This approach calculates a fee based upon the proportional cost of each user's share of existing plant capacity. The cost of the facilities is based on fixed assets records and usually includes escalation of the depreciated value of those assets to current dollars.

#### Incremental Cost Approach

The second method used to calculate water and sewer system development fees is the Incremental Cost (or Marginal Cost) Methodology. This method focuses on the cost of adding additional facilities to serve new customers. It is most appropriate when existing facilities do not have adequate capacity to provide service to new customers, and the cost for new capacity can be tied to an approved capital improvement plan (CIP) that covers at least a 5-year planning period.

#### Combined Approach

A combined approach, which is a combination of the Buy-In and Incremental Cost approaches, can be used when the existing assets provide some capacity to accommodate new customers, but where the capital improvement plan also identifies significant capital investment to add additional infrastructure to address future growth and capacity needs.

Ms. Maria Stroupe  
Town of Dallas, NC

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**Summary of Results**

To perform the System Development Fee calculation, Raftelis requested and was provided with the following data from Town staff:

- Water and sewer fixed asset data;
- Outstanding utility debt and associated debt service;
- Contributed or grant funded capital;
- Capacity in water and sewer systems; and,
- Five-year capital improvement plan.

The Buy-In Approach was chosen as the method to calculate the System Development Fees for the Town, since the Town does not currently develop a long-term capital improvement plan (of at least five years).

Using the Buy-In approach, Raftelis calculated the estimated cost, or investment in, the current capacity available to provide utility services to existing and new customers. This analysis was based on a review of fixed asset records and other information as of June 30, 2018. The depreciated value of the assets was first adjusted to reflect an estimated replacement cost to determine the “replacement cost new less depreciation” (RCNLD) value for the assets. The asset values were escalated using the Handy Whitman Index of Public Utility Construction Costs (for the South Atlantic Region).

The RCNLD value of the water assets includes water supply, treatment, transmission and distribution facilities and land, but excludes small, non-core equipment including vehicles and meters. The RCNLD value of the sewer assets includes sewer treatment, collection system facilities, disposal facilities and land, but excludes small equipment and vehicles.

Results of the asset escalation by asset category are shown in Exhibits 1 and 2.

**Exhibit 1: RCNLD of Existing Water Assets**

Existing Water Assets	
Asset Category	RCNLD
Building and Fence	\$ 129,927
Distribution	7,303,006
Equipment	100,930
Land	72,881
Water Plant	1,286,147
<b>Total: Existing Water Assets</b>	<b>\$ 8,892,891</b>

Ms. Maria Stroupe  
Town of Dallas, NC

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**Exhibit 2: RCNLD of Existing Sewer Assets**

Existing Sewer Assets	
Asset Category	RCNLD
Building and Fence	\$ 129,927
Distribution	2,223,197
Equipment	95,787
Land	44,381
Sewer Plant	1,055,871
<b>Total: Existing Sewer Assets</b>	<b>\$ 3,549,162</b>

Several adjustments were then made to the estimated water and sewer RCNLD values in accordance with Article 8, which included adjustments for contributed assets, non-core assets, and outstanding debt service as described below.

Contributed Assets

The listing of fixed assets provided was reviewed to identify assets that were contributed or paid for by developers, and these assets were subtracted from the RCNLD value, as these assets do not represent an investment in system capacity by the Town. In addition, assets that were grant funded were also subtracted from the RCNLD value.

Non-Core Fixed Assets

The RCNLD value excludes non-core assets such as small equipment, vehicles, and meters.

Outstanding Debt Service Credit

Utilities often borrow funds to construct assets, and revenues from retail rates and charges can be used to make the payments on these borrowed funds. To ensure that new customers are not being double charged for these assets, once through the System Development Fees and again through retail rates and charges, the outstanding debt that is paid for through retail rates and charges should be deducted from the calculation.

The RCNLD values for water and sewer assets with the adjustments as described above are shown in Exhibits 3 and 4 below.

**Exhibit 3: Determination of Water Assets for System Development Calculation**

<b>Adjustments to Water Assets</b>	
<b>Total Water Assets</b>	<b>\$ 8,892,891</b>
<b>Less:</b>	
Contributed and Grant Funded Assets (1)	(75,000)
Vehicles, Non-core Equipment, Computers	(59,625)
Meters	(7,705)
Admin	-
<b>Total: Net Water Assets</b>	<b>\$ 8,750,561</b>
<b>Less:</b>	
Outstanding Principal Debt	(2,771,979)
<b>Water Assets for System Development Fee Calculation</b>	<b>\$ 5,978,582</b>

(1) A grant was obtained to fund a portion of a waterline project.

**Exhibit 4: Determination of Sewer Assets for System Development Calculation**

<b>Adjustments to Sewer Assets</b>	
<b>Total Sewer Assets</b>	<b>\$ 3,549,162</b>
<b>Less:</b>	
Contributed and Grant Funded Assets (1)	-
Vehicles, Non-core Equipment, Computers	(59,625)
Meters	-
Admin	-
<b>Total: Net Sewer Assets</b>	<b>\$ 3,489,537</b>
<b>Less:</b>	
Outstanding Principal Debt	-
<b>Sewer Assets for System Development Fee Calculation</b>	<b>\$ 3,489,537</b>

The adjusted RCNLD values for water and sewer were then converted to a unit cost of capacity by dividing the RCNLD value by current capacity available (Capacity) to yield a basic unit of measure of cost per gallon per day (GPD) for water and sewer capacity, as shown in Exhibit 5.

**Exhibit 5: Cost per GPD of Core Utility Assets**

	Water	Sewer
Adjusted RCNLD	\$5,978,582	\$3,489,537
Capacity [MGD]	1.0	0.6
<b>Cost per GPD</b>	<b>\$5.98</b>	<b>\$5.82</b>

This measure becomes the basic building block or starting point for determining the *maximum cost-justified level* of the water and sewer System Development Fees. The next step is to define the level of demand associated with a typical residential customer often referred to as an Equivalent Residential Unit, or ERU. For determining the level of residential demand, the Town uses the water and wastewater design flow rates as specified by state guidelines<sup>1</sup>, which reflect typical water and sewer demand. Based on discussions with Town staff, this analysis assumes an average of a two-bedroom and three-bedroom home. Applying the State standards to the average number of bedrooms, it is determined that an ERU requires a standard level of service of 300 gallons per day of capacity each for water and sewer.

**Exhibit 6: Water and Sewer Equivalent Residential Unit**

	Water - GPD per ERU	Sewer - GPD per ERU
<b>Equivalent Residential Unit</b>	300	300

**Assessment Methodology**

The analysis provides a maximum cost-justified level of System Development Fees that can be assessed by the Town. For residential customers, the calculation of the System Development Fee is based on the cost per gallon per day multiplied times the number of gallons per day required to serve each ERU, as shown below in Exhibit 7.

<sup>1</sup> Sewer guidelines -Administrative Code Title 15A (Department of Environment and Natural Resources) Subchapter 2T, which states that the sewage from dwelling units is 120 gallons per day per bedroom.

**Exhibit 7: System Development Fee Calculation for Water and Sewer Systems**

<b>System Development Fee Calculation</b>		
<b>Water Calculation</b>		
Cost per GPD	\$	5.98
GPD per ERU		300
<b>Maximum System Development Fee for 3/4" Meter</b>	<b>\$</b>	<b>1,794</b>
<b>Sewer Calculation</b>		
Cost per GPD	\$	5.82
GPD per ERU		300
<b>Maximum System Development Fee for 3/4" Meter</b>	<b>\$</b>	<b>1,745</b>

For non-residential customers (or customers with larger meters), the Town could develop a conversion table using two options. The first option is to estimate each customer's water or sewer flow and then divide it by 300 gallons per day to determine the number of ERUs. The number of ERUs could then be multiplied by the fee for residential customers to derive the system development fee the non-residential customers. For example, a commercial customer with an estimated use of 3,750 per day equate to 12.50 ERUs (3,750 divided by 300). Multiplying the 12.50 ERUs by the residential water and sewer system development fees results in a water system development fee of approximately \$22,425 and a sewer system development fee of approximately \$21,812.

The second option is to use the fees for the smallest residential meter and then scale the fee up by the flow ratios for each meter size, the results of which are shown in Exhibit 8.<sup>2</sup> This method provides a straightforward approach that is simple to administer. Assuming the commercial customer in the example provided above has a 4" meter, the system development fee for the 4" meter would be \$59,786 for water and \$58,159 using the meter size approach.

<sup>2</sup> See the AWWA M-1 Manual – Appendix B- Equivalent Meter Ratios; pp.326 for meter sizes

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Town of Dallas, NC

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**Exhibit 8: Calculated Maximum System Development Fees for Water and Sewer Customers**

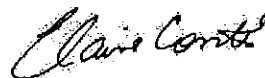
Meter Size	Meter Ratio	Water	Sewer
3/4"	1.00	\$ 1,794	\$ 1,745
1"	1.67	2,989	2,908
1.5"	3.33	5,979	5,816
2"	8.33	14,946	14,540
3"	16.67	29,893	29,079
4"	33.33	59,786	58,159
6"	53.33	95,657	93,054
8"	93.33	167,400	162,845
10"	183.33	328,822	319,874

The fees documented in the report represent the maximum cost-justified System Development Fees. The Town may elect to charge a cost per gallon that is less than the maximum cost-justified charge documented in this report. If the Town elects to charge a fee that is less, all customers must be treated equally, meaning the same reduced cost per gallon per day must be used for all customers.

We appreciate the opportunity to assist the Town of Dallas with this important engagement. Should you have questions, please do not hesitate to contact me at (704) 373-1199.

Very truly yours,

RAFTELIS



Elaine Conti,  
Vice President

DRAFT



Ms. Maria Stroupe  
Town of Dallas, NC

April 11, 2019  
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## Appendix

# Supporting Schedules From the System Development Fee Model

DRAFT

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Town of Dallas, NC

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### Supporting Schedule 1 – Water Buy-In Approach

Water System (1)	Calculated RCNLD
Building and Fence	\$ 129,927
Distribution	7,303,006
Equipment	100,930
Land	72,881
Right of Ways	-
Water Plant	1,286,147
Sewer Plant	-
<b>Total Eligible Assets</b>	<b>\$ 8,892,891</b>
Less:	
Grant Funded/Contributed Capital (2)	\$ (75,000)
Vehicles, Non-core Equipment, Computers (3)	(59,625)
Meters	(7,705)
Admin	-
Subtotal: Water System Costs	\$ 8,750,561
Adjustments:	
Less:	
Outstanding Principal (4)	\$ (2,771,979)
Net Water System Assets	\$ 5,978,582
Existing System Capacity (in MGD)	1
Cost per Unit of Capacity (GPD)	\$ 5.98
Daily ERU (in GPD) (5)	300
<b>Calculated System Development Fee per ERU</b>	<b>\$ 1,794</b>

- (1) The net book value as of June 30, 2018 is escalated to today's dollars to calculate the replacement cost new less depreciation (RCNLD) value.
- (2) All assets that were contributed/donated by developers (or grant funded) have to be removed.
- (3) Equipment, vehicles and small computer systems are removed.
- (4) Outstanding principal paid through user rates/charges is subtracted from the analysis.
- (5) For calculating the capacity fee for a typical residential customer or ERU, the flow for a 2.5-bedroom home was assumed. Per NCAC 02T.0114, flow rate is 120 gallons per day per bedroom. The 2.5-bedroom home was used to derive an ERU of 300 gallons per day.

DRAFT

**Supporting Schedule 2 – Sewer Buy-In Approach**

Sewer System (1)	Calculated RCNLD
Building and Fence	\$ 129,927
Distribution	2,223,197
Equipment	95,787
Land	44,381
Right of Ways	-
Water Plant	-
Sewer Plant	1,055,871
<b>Total Eligible Assets</b>	<b>\$ 3,549,162</b>
Less:	
Grant Funded/Contributed Capital (2)	\$ -
Vehicles, Non-core Equipment, Computers (3)	(59,625)
Meters	-
Admin	-
Subtotal: Sewer System Costs	\$ 3,489,537
Adjustments:	
Less:	
Outstanding Principal (4)	\$ -
Net Sewer System Assets	\$ 3,489,537
Existing System Capacity (in MGD)	0.6
Cost per Unit of Capacity (GPD)	\$ 5.82
Daily ERU (in GPD) (5)	300
<b>Calculated System Development Fee per ERU</b>	<b>\$ 1,745</b>

- (1) The net book value as of June 30, 2018 is escalated to today's dollars to calculate the replacement cost new less depreciation (RCNLD) value.
- (2) All assets that were contributed/donated by developers (or grant funded) have to be removed.
- (3) Equipment, vehicles and small computer systems are removed.
- (4) Outstanding principal paid through user rates/charges is subtracted from the analysis.
- (5) For calculating the capacity fee for a typical residential customer or ERU, the flow for a 2.5-bedroom home was assumed. Per NCAC 02T.0114, flow rate is 120 gallons per day per bedroom. The 2.5-bedroom home was used to derive an ERU of 300 gallons per day.

**Supporting Schedule 3 – Debt Service**

Debt Title	Issue Amount	Interest Rate	Allocation		Total Outstanding Principal 2019-Beyond
			Water	Sewer	
2013 Dallas W&S BB&T Loan	\$ 3,600,000		100%	0%	\$ 2,922,430

**BUDGET MESSAGE**

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**Fiscal-Year 2019-2020  
TOWN OF DALLAS**

June 11, 2019

The Honorable Mayor and Board of Aldermen  
Town of Dallas  
210 N. Holland St.  
Dallas, North Carolina, 28034

Re: Fiscal Year 2019-20 Proposed Budget

Dear Mayor and Aldermen:

For your review is a complete copy of the Budget proposal for the Town of Dallas Budget for Fiscal-Year 2020 (July 1, 2019 through June 30, 2020). This proposal is consistent with both State and Town requirements, and it includes all applicable Funds. Revenues and expenditures are balanced in each case, but to do so required the appropriation of otherwise undesignated "fund balance" in the General Fund, Water/Sewer Fund, and the Electric Fund.

This Budget represents not only the collective and comprehensive effort of the Town's senior management staff, it aspires to reflect the stated and established policy directives of the Board of Aldermen as ultimately balanced, translated and interpreted by the Town Manager.

As with any quality municipal Budget preparation effort, this year's proposal again began with a clear aim to focus on offering service, support, investment and programming to citizens and stake-holders alike, and to do so in a manner which reflects the vision and direction of the Board of Aldermen. We wanted to identify and accurately project our available financial, human, technological, and physical resources; to then clearly establish our priorities for their use; to effectively allocate the resources based upon priorities; and, to ultimately provide the greatest possible value at the most effective cost.

We further worked to highlight where any substantive changes have occurred or are proposed, and, to showcase those areas where particular attention is focused for this upcoming fiscal year. In the end, the Budget must serve as a management tool to provide accountability and control over expenditures, but it also must allow for sufficient flexibility to accommodate periodic amendments or adjustments based on unforeseen changes in circumstances, emergencies,

opportunities, innovations, or altered priorities. It is believed that this proposed Budget succeeds in accomplishing such aims.

As we worked through the process of finalizing this document, focus was aimed at maintaining fiscal discipline, particularly in the General Fund. Nonetheless, we still feel comfortable that in so doing we have managed to maintain the complete integrity of the Town's "core" services, while at the same time continuing our support for a select group of short and long-term priority goals. Following are specific budgetary highlights, details, and/or explanations:

**Organization-Wide Overview:**

- **Employment:** This Budget proposes **one** additional position; one full-time **Police Officer** in the Police Department. This Budget also proposes transferring in-house Police Dispatching to Gaston County Communications, in view of the new radio system being adopted in the County and by the Town. This would result in the **loss of three positions** and the **reclassification of one position** to Records Clerk. The total budgetary impact of these position changes is a reduction **\$33,810**. This will bring the total number of full-time Town positions to **58**, which is two less than the **60** positions staffed in the current fiscal year. **\*\*NOTE –** The Town applied for a SAFER Grant for three full-time firefighters in FY2019, but did not receive that grant. That grant application will not be submitted in FY2020.
- **Salaries & Wages:** This Budget provides for a staggered **2-4% Across-the-Board Wage Increase** for all Town employees as well as implementation of an annual longevity bonus of \$100 per year of service for each full-time employee; resulting in a (all Funds) Budget impact to salaries of **\$130,382.39**. We have also budgeted for a **lump-sum, Holiday "bonus"** of **\$600.00** for full-time, full-year employees; and, **\$200.00** for part-time and/or part-year employees.
- **Retirement:** For FY2020, The Town's cost for providing pension coverage for full-time employees, is set at **9.70% of payroll for law enforcement personnel; and, 8.95% of salary for general employees**. This reflects an **increase of 1.20 percentage points** in each category. These rates are mandated by the State each year.
- **Healthcare:** Healthcare costs continue to rise. This Budget reflects approximately a 6% increase in healthcare premiums, which is actually lower than anticipated, based on plan usage. Staff continues to take measures to control rising costs, while offering the best healthcare possible to employees.
- **Fuel Costs:** Fuel costs have increased moderately, and projections are that this will continue through the next budget year. Sudden, unexpected world events, or changes in expected supply or demand, could obviously impact this item quickly and/or significantly. We will, as always, monitor it closely.
- **Telephone:** Telephone/Internet costs continue to represent a sizable amount in departmental budgets.

**General Fund:**

**Revenues:** Total General Fund revenues for FY2020 are projected at: **\$4,235,836**; which amounts to a **\$339,120 increase** from the original FY2019 total of **\$3,896,716**. This is largely due to anticipated Grant Revenue of \$188,850, and Proceeds from Capital Financing of \$110,000, and an increase of \$60,000 in Interest on Investments.

**We are proposing NO increase in the property tax levy, from the current 40-cent per \$100.00 valuation -- which is projected to raise \$1,247,368 in total General Fund property tax revenues (each 1-cent generates approx. \$30,200.00 in Property Tax ).** Gaston County conducted a revaluation of real property that will become effective in FY2020. Per G.S. §159-11(e), a Revenue Neutral tax rate must be calculated for comparison purposes that would yield the same revenue as the previous year's tax evaluation. The calculated Revenue Neutral tax rate based on revaluation numbers would be **\$.3818**.

As provided for in G.S. §20.97, a city or town may levy an annual municipal vehicle tax upon any vehicle resident in the city or town, not to exceed thirty dollars (\$30.00) per vehicle. Of this fee, not more than five dollars (\$5.00) of the tax levied may be used for any lawful purpose and the remainder of the tax levied may be used for maintaining, repairing, constructing, reconstructing, widening, or improving public streets in the city or town. Currently, the vehicle tax is **\$10.00 per vehicle**.

As to **Sales Tax revenues**, while we project an **increase in FY2020 receipts returned from the State (\$450,968 vs. FY2019 Budget of \$428,968)**; a decrease in "hold-harmless" payments to be received from Gaston County will result in only a **\$14,164 overall increase** in total year-to-year Sales Tax Revenues (**\$515,419 vs. \$529,583**).

We are showing an **ABC wholesale distribution revenue line-item of \$26,219.00**, which projects an actual return of **net store profits of \$22,000.00**.

This Budget year, we have proposed a "**contribution from the Electric Fund**" totaling **\$895,733** – which is based on a policy establishing yearly transfers of up to a 10.2% return-on-equity (ROE) multiplied by the audited net value of Electric plant & equipment for the fiscal-year last-audited.

Finally, we are calling for the use and appropriation of **General Fund, "Fund Balance", in the amount of \$224,049**.

**Expenditures:**

- **Administration:** This budget provides **\$35,550** for the replacement of windows at the Civic Building/Rescue Squad. Also budgeted, is upgrades to the Collections Area in Town Hall for \$15,700, which will add security features as well as ADA Compliance.

- **Community Development:** Includes \$12,500 in demolition costs, \$10,150 in funds to update the Town's Zoning Maps with CCOG (this is a two year project), and \$50,000 in Professional Services in matching funds for a Bike/Ped Planning Grant that was awarded to the Town.
- **Board and Attorney:** Includes \$1000 per person travel and training allowance, as well as \$2880 for tablet data packages.
- **Courthouse:** We have budgeted \$5,000 for interior painting and exterior stucco repair, \$11,900 for grounds maintenance, and \$14,000 in site preparation work associated with a fountain being placed on the grounds by the Dallas Women's Club.
- **Police:** This budget funds \$113,515 for purchase of new 800 MHz radios, \$136,380 to hire and outfit an additional Police Officer position, and the annual contribution of \$11,000 to the Law Enforcement Separation Allowance Fund.
- **Fire:** The Town has applied for a \$65,000 grant that would be used to purchase Turnout Gear, with a 5% match from the Town. Part-time was increased by \$19,500 as the Town did not receive the SAFER grant for full-time fire personnel and Fire Call Compensation was increased by \$20,000 due to increase response to fire calls. Also, the Debt Service for Principal is budgeted at \$78,554 (for Building debt and for the pumper truck); while Debt Service for Interest is budgeted at \$57,057.
- **Powell Bill:** For more accurate accounting, Powell Bill activity has been broken out into a separate department. We have projected receiving State **Powell Bill Funds totaling, \$131,307**, which all must be used for street maintenance as dictated by State Statute.
- **Streets:** Street maintenance not funded by Powell Bill revenue will continue to be accomplished in this department's budget. \$102,625 is earmarked for capital outlay to pay for Engineering for the CMAQ sidewalk.
- **Recreation:** Within the maintenance and repair line items there is \$22,591 for repairs at Wooten Field, the T-Ball field, and the playgrounds. We are also budgeting \$39,550 toward support of Town-sponsored events; \$30,000 for a donation to a proposed Splash Park at Dallas Park, and \$2,400 in support of Senior Citizen programming.
- **Solid Waste:** This Budget sets total Solid Waste Revenues at: \$345,500; while total Expenditures equal: \$536,167; (a Deficit of \$190,667). We are not calling for any changes to the current monthly rates or fee structure. On the Expenditure side, we have included \$110,000 for capital outlay – to purchase a small trash truck that will be financed; \$26,000 in composting and brush-recycling to fund the multiple, yearly **tub-grinding services** necessary to mulch the brush and green-wastes being collected; and \$27,172 in debt service to cover the **sixth of ten yearly debt-service payments** on the automated refuse truck. Also, landfill charges of \$89,800 are anticipated.

**Water/Sewer Fund:**

**Revenues:** This Budget proposes **NO Increases to Water & Sewer rates**. The combined total Water & Sewer Revenues are **\$3,267,024**; a result primarily of **Water fee charges of \$1,800,780**; **Sewer fee charges of \$974,550**; **antenna lease revenues of \$63,629**; **DOT Reimbursement for Water Line Move of \$219,000**; and **late charge revenues of \$75,494**. There is **\$77,496** of Fund Balance appropriated.

**Expenditures:**

- **Operations:** Operations costs are budgeted at a total **\$2,089,570**. This includes **\$71,000** for water purchases from Gastonia for Spencer Mountain Village usage, and two additional weeks of total Town usage in the event of an emergency; also included is **\$67,580** in sewer treatment charges to Gastonia for Spencer Mountain Village and the Long Creek apartments. We also have budgeted **\$99,926** in interest payments, and **\$185,849** in principal payments, **(\$255,368 combined)** as the seventh payment toward the **\$3.6M Debt** issued for the Water-Main replacement project, as well as **\$30,945** in debt service payments for the final payment for the Dump Truck purchased in 2017. Within the capital outlay—There is **\$113,580** to replace water lines on Wooddale and Briarwood Drives, and **\$219,000** to move the water line on Dallas Cherryville Hwy due to road widening. In FY2018, a Capital Reserve fund was established to earmark money for future capital projects in the Water and Sewer Fund and **\$133,383** was budgeted to begin this fund. Due to the scope of this budget, **no monies were budgeted as a Contribution to Capital Reserve for the second year in a row**.
- **Water Plant:** Total Expenditures are set at **\$642,157**. This includes **\$25,399** for a RTV and shed, **\$12,875** for a Pump Control Valve, **\$18,000** for SCADA upgrades, **\$44,000** to clean out the Sludge Pond, and **\$66,000** in chemical supplies.
- **Waste-Water Plant:** Total expenditures are set at **\$535,297**. The Budget includes **\$79,187** in Town Electric Costs, **\$52,000** in chemical supplies, **\$37,000** in State required testing, **\$67,000** to rebuild and rewire the blower, and **\$56,000** for biosolids hauling.

**Electric Fund:**

**Revenues:** We have projected **total combined Revenues at \$9,230,405**. This is based upon **NO REQUESTED RATE INCREASE** – *which, if approved, will mean that for a 8 ½-year period, from January 1, 2012 (the last date we raised retail electric rates to our customers) through at least June 30, 2020, we will have refrained from any rate increases even though we have, in turn, absorbed multiple, wholesale increases in the rate we pay Duke Energy for our purchased power.* For the past two years, we have absorbed Coal Ash Remediation Costs charged by Duke Energy for a total of **\$724,422.60**. This covered charges for years prior to 2017, as well as current charges for the past two years. The prior year charges should be paid by the end of this fiscal year. We have budgeted Coal Ash Costs of **\$150,000** for the upcoming budget year based on information from Duke Energy. Going forward, the Coal Ash costs will be passed along to our customers and sent to Duke Energy, with the Town keeping none of those customer charges.



Based on our projections, customers will pay \$.0022 per Kw in coal ash costs. If changes occur throughout the year, they will be addressed, as information is received. We have also budgeted the use of \$243,677 in allocated Fund balance.

**Expenditures:** This Budget proposes a transfer to the General Fund of \$895,733, based upon the "Return-on-Equity" policy. As to our single largest line-item expenditure, that of "purchased power", we are budgeting \$5,078,981, which amounts to 55.0% of the total Electric expenditure budget. Also included in this budget \$118,392 in Debt Service for vehicles purchased, \$100,000 to purchase a peak shaving generator from Kings Mountain, and \$149,000 to replace truck #336.

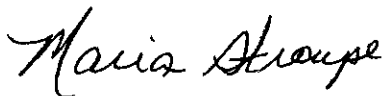
**Storm Water Fund:**

**Revenues:** Revenues for FY2019 are projected to total \$200,379; made up of monthly Storm-water charges of \$198,720 and \$1,659 in Storm Water charges paid by other Town departments. We are proposing a \$1.42 increase in the per unit rate to \$4.52 per unit from \$3.10 per unit. There is NO appropriation of Fund Balance.

**Expenditures:** This Budget, in large measure, provides for the continuing completion of the next in a prioritized series of capital improvements to drainage problems. The \$107,116 budgeted as "capital outlay" will provide funds for a project on Groves St, as well as other projects or potentially a debt payment. There is an additional \$24,000 budgeted for repairs to the current system. The rest of the budget, mostly confined to salary and benefit costs, along with materials and supplies, covers that portion of the Public Works crews efforts dedicated exclusively to maintaining or improving Town drainage systems or structures.

I would like to take this opportunity to sincerely thank all the Town Department Heads and their support personnel who have worked so diligently to assist in the development of this comprehensive financial plan for the Town of Dallas for the coming year and beyond. **Their efforts, as always, have been much appreciated.**

Respectfully submitted,



Maria Stroupe  
Town Manager

BUDGET ORDINANCE FOR THE TOWN OF DALLAS

Fiscal Year 2019-20

**BE IT ORDAINED BY THE BOARD OF ALDERMEN OF THE TOWN OF DALLAS, NORTH CAROLINA THAT:**

**SECTION 1:** The schedules of expenditures listed in this ordinance are hereby appropriated for the operation and activities of the General Government of the Town for the fiscal year beginning July 1, 2019 and ending June 30, 2020, in accordance with the chart of accounts heretofore established for the Town of Dallas.

Administration	\$285,610
Community Development	\$202,240
Board and Attorney	\$77,605
Courthouse	\$58,474
Police	\$1,580,347
Fire	\$542,493
Powell Bill	\$131,307
Street	\$451,660
Recreation	\$369,933
Solid Waste	\$536,167
<b>TOTAL GENERAL FUND EXPENDITURES</b>	<b>\$4,235,836</b>

**SECTION 2:** The schedules of revenues listed in this ordinance are established as an estimate to be available for the General Fund for the fiscal year beginning July 1, 2019, and ending June 30, 2020.

Current and Prior Ad Valorem Taxes	\$1,251,145
Motor Vehicle Licenses	\$33,000
Gaston County Hold Harmless	\$78,615
Local Option Sales Tax 1¢	\$450,968
Utility Franchise Taxes	\$158,796
Natural Gas Excise Tax	\$10,916
Telcommunications Sales Tax	\$49,840
Video Programming Sales Tax	\$16,252
Solid Waste Disposal Tax	\$3,699
Alcohol/Beverage Tax	\$22,000
ABC Wholesale Distribution	\$26,219
Powell Bill Allocation	\$131,307
Interest Earnings: Powell Bill	\$1,240
Interest Earnings: General	\$107,188
Police Report Fees	\$1,850
Zoning Fees	\$11,000
Business Registration Fees	\$3,100
Recreation Revenue	\$59,396
Solid Waste Collection Fee	\$345,000
Grant Revenue	\$188,850
Facilities Rental Fees	\$12,500
EVMB Sign Revenues	\$450
Other	\$42,723
Proceeds From Capital Financing	\$110,000
Return-On-Equity from Electric Department	\$895,733
Fund Balance	\$224,049
<b>TOTAL GENERAL FUND REVENUES</b>	<b>\$4,235,836</b>

**SECTION 3:** The schedules of expenditures listed in this ordinance are hereby appropriated for the operations of the Water and Sewer Enterprise Utility Fund for the fiscal year beginning July 1, 2019, and ending June 30, 2020, in accordance with the chart of accounts heretofore established for the Town of Dallas.

Water and Sewer Operations	\$2,089,570
Water Treatment Plant	\$642,157

Sewer Treatment Plant	\$535,297
<b>TOTAL WATER AND SEWER EXPENDITURES</b>	<b>\$3,267,024</b>

**SECTION 4:** The schedule of revenues listed in this ordinance are established as an estimate to be available in the Water and Sewer Enterprise Utility Fund for the fiscal year beginning July 1, 2019, and ending June 30, 2020.

Water Charge Revenue	\$1,800,780
Sewer Charge Revenue	\$974,550
Water/Sewer Taps	\$28,425
Late Charges	\$75,494
Antenna Lease	\$63,629
Water/Sewer Charge-From Other Departments (Reimbursement)	\$12,650
DOT Project Reimbursement	\$219,000
Other	\$15,000
Fund Balance	\$77,496
<b>TOTAL WATER AND SEWER REVENUES</b>	<b>\$3,267,024</b>

**SECTION 5:** The schedule of expenditures listed in this ordinance are hereby appropriated for the operation of the Electric Enterprise Utility Fund for the fiscal year beginning July 1, 2019, and ending June 30, 2020, in accordance with the chart of accounts heretofore established for the Town of Dallas.

Electric Operations	\$9,230,405
<b>TOTAL ELECTRIC EXPENDITURES</b>	<b>\$9,230,405</b>

**SECTION 6:** The schedule of revenues listed in this ordinance are established as an estimate to be available in the Electric Enterprise Utility Fund for the fiscal year beginning July 1, 2019, and ending June 30, 2020.

Electric Charge Revenue	\$7,616,157
Coal Ash Recovery (Pass Through to Duke Energy)	\$150,000
Sales Tax on Electric Bills (Pass Through to State)	\$512,958
T-2 Light Charges	\$132,831
Service Charge	\$75,001
Written Off Accounts	\$21,000
Customer Billed Charges - Non-Utility	\$25,000
Interest on Investment	\$15,933
Pole Rental Fees	\$33,348
Sale of Surplus Property	\$20,000
Other	\$1,000
Proceeds From Capital Financing	\$149,000
Electric Charge-From Other Departments (Reimbursement)	\$234,500
Fund Balance	\$243,677
<b>TOTAL ELECTRIC REVENUES</b>	<b>\$9,230,405</b>

**SECTION 7:** The schedule of expenditures listed in this ordinance are hereby appropriated for the operation of the Storm Water Enterprise Utility Fund for the fiscal year beginning July 1, 2019, and ending June 30, 2020, in accordance with the chart of accounts heretofore established for the Town of Dallas.

Storm Water Operations	\$200,379
<b>TOTAL STORM WATER EXPENDITURES</b>	<b>\$200,379</b>

**SECTION 8:** The schedule of revenues listed in this ordinance are established as an estimate to be available for the Storm Water Enterprise Utility Fund for the fiscal year beginning July 1, 2019, and ending June 30, 2020.

Storm Water Charge Revenue	\$198,720
Storm Water Charge-From Other Departments (Reimbursement)	\$1,659
<b>TOTAL STORM WATER REVENUES</b>	<b>\$200,379</b>

**SECTION 9:** The schedules of expenditures listed in the ordinance are hereby appropriated for the operation of the Law Enforcement Separation Allowance (LESA) Fund for the fiscal year beginning July 1, 2019, and ending June 30, 2020, in accordance with the chart of accounts heretofore established for the Town of Dallas.

Separation Allowance	\$177,715
<b>TOTAL LESA EXPENDITURES</b>	<b>\$177,715</b>

**SECTION 10:** The schedule of revenues listed in this ordinance are established as an estimate to be available for the Law Enforcement Separation Allowance (LESA) Fund for the fiscal year beginning July 1, 2019, and ending June 30, 2020.

Interest Earned on Investment	\$3,265
Contribution from General Fund	\$11,000
Fund Balance	\$163,450
<b>TOTAL LESA REVENUES</b>	<b>\$177,715</b>

**SECTION 11:** The schedules of expenditures listed in the ordinance are hereby appropriated for the operation of the Economic Development Fund for the fiscal year beginning July 1, 2019, and ending June 30, 2020, in accordance with the chart of accounts heretofore established for the Town of Dallas.

Professional Service	\$10,000
Capital Outlay: Construction	\$40,000
Grants	\$534,264
<b>TOTAL ECONOMIC DEVELOPMENT EXPENDITURES</b>	<b>\$584,264</b>

**SECTION 12:** The schedule of revenues listed in this ordinance are established as an estimate to be available for the Economic Development Fund for the fiscal year beginning July 1, 2019, and ending June 30, 2020.

Fund Balance	\$584,264
<b>TOTAL ECONOMIC DEVELOPMENT REVENUES</b>	<b>\$584,264</b>

**SECTION 13:** The schedules of expenditures listed in the ordinance are hereby appropriated for the operation of the CDBG Fund for the fiscal year beginning July 1, 2019, and ending June 30, 2020, in accordance with the chart of accounts heretofore established for the Town of Dallas.

Historic Preservation	\$13,292
<b>TOTAL CDBG EXPENDITURES</b>	<b>\$13,292</b>

**SECTION 14:** The schedule of revenues listed in this ordinance are established as an estimate to be available for the CDBG Fund for the fiscal year beginning July 1, 2019, and ending June 30, 2020.

CDBG Funds	\$13,292
<b>TOTAL CDBG REVENUES</b>	<b>\$13,292</b>

**SECTION 15:** There is hereby levied a tax at the rate of forty cents (\$0.40) per one hundred dollars (\$100) assessed valuation of property listed for Taxes as of January 1, 2019, for the purpose of raising the revenue listed as "Current Ad Valorem Taxes" and "Current HB 20 Taxes" in the General Fund. The County of Gaston shall collect these taxes for the Town. In addition, "Motor Vehicle Licenses" fees shall be raised to \$10.00 per vehicle. As per G.S. §159-11(e), in a revaluation year a Revenue Neutral Tax Rate shall be calculated for comparison purposes. The calculated Revenue Neutral Tax Rate calculated to be \$.3818 per one hundred dollars of assessed valuation.

**SECTION 16:** The local sales tax shall be accounted as a Revenue in the General Fund.

**SECTION 17:** That the Solid Waste Collection fees, Recreation fees, Zoning and Planning permit and review fees, Business License fees, Utility fee, and any and all other Town-imposed fees shall be set in accordance with the duly-adopted Fee Schedule for the Town of Dallas.

**SECTION 18:** To allow the Town Manager and/or Finance Officer to make line item adjustments within the funds. Any transfer of money between funds, however, shall be accomplished exclusively by action of the Board of Aldermen. The 2019-2020 Fiscal Year Budget hereby establishes Funds and Departments as shown in the Budget Document.

**SECTION 19:** Copies of this Budget Ordinance, with detailed Fund and Department accounts, shall be furnished to the Town Manager, to the Board of Aldermen, and to the Finance Officer, to be kept by them for their direction on disbursement of funds. A copy shall be furnished to the Town Clerk for record keeping.

**SECTION 20:** A properly noticed Public Hearing was held on June 11, 20189, at 6:00 pm in the Community Room of the Town's Fire Department Building.

Motion by \_\_\_\_\_ to adopt the 2019-2020 Fiscal Year Budget Ordinance, seconded by \_\_\_\_\_ and carried by the following vote:

Ayes:

Nays:

Adopted this 11th day of June, 2019.

\_\_\_\_\_  
Mayor Rick Coleman

Attested:

\_\_\_\_\_  
Da'Sha Leach, Town Clerk

**Boys & Girls Clubs of Greater Gaston**  
**Profit & Loss - Dallas Club**  
July 2017 through June 2018

	<u>Jul '17 - Jun 18</u>
<b>Ordinary Income/Expense</b>	
<b>Income</b>	
<b>4400 · Contributions</b>	
4430 · Individual	17,125.00
4440 · Corporate	5,240.00
<b>Total 4400 · Contributions</b>	<u>22,365.00</u>
<b>Total Income</b>	<u>22,365.00</u>
<b>Net Ordinary Income</b>	<u>22,365.00</u>
<b>Net Income</b>	<u><u>22,365.00</u></u>

**Maria Stroupe**

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**From:** Austin Rammell <austin.rrammell@daretoventure.org>  
**Sent:** Tuesday, June 04, 2019 2:20 PM  
**To:** Rick Coleman; Maria Stroupe; Stacey Thomas  
**Cc:** Chad Melvin  
**Subject:** New Developments with Boys and Girls Club For Dallas

**Importance:** High

**To:**  
 Mayor Rick Coleman  
 Alderman Stacey Thomas  
 Maria Stroupe (Dallas Town Manager)

**Cc:** Chad Melvin (Executive Director of the Boys and Girls Clubs of Greater Gaston)

As you are aware I serve as the President of the Board for the Boys and Girls Club of Dallas NC. I want to thank the Town of Dallas for its support and update you on a few key developments that your support is helping make possible.

(1). The Summer Program is now open to students from Brookside, Carr and Costner. This is a M-F, 10 hour a day program and includes 3 meals a day, snacks, recreation, most field trips, etc. The annual membership fee to join the Boys and Girls Club is \$50 per year. The summer program fee is \$200 total for the entire summer.

(2). Chad Melvin (Executive Director of the Boys and Girls Clubs of Greater Gaston) informed me last week that they are trying to work out transportation from Costner and Brookside Elementary Schools to open up registration for the 2019-20 after school program. The cost for the entire school year remains the same - \$50 annual membership fee to join the club and a \$25 annual transportation fee for the after school program.

The only way we can offer a program of this quality at such a low cost is the gracious support of the town, businesses and individuals in this area. In addition, Venture Church gladly continues to be committed to donating the space, paying for utilities (electric, gas, water, phone, internet, etc.), providing mentors and other resources. Your support is therefore essential for the Club to hire the staff and underwrite the programs. In addition, we welcome the support of any church, business or individual in the area that wants to provide mentors and/or meals. Its a great way to serve the community! (Note: All mentors must be background checked and trained through the Club).

I'm sure you are aware of this already, but to make sure its officially known, Venture Church nor anyone on the board (including myself) receives any financial payment or benefit of any kind from the Club.

Please don't hesitate to contact me if you have questions.

Thanks again for your support!

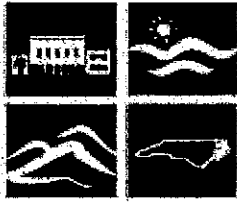
Austin Rammell  
 Lead Pastor, Venture  
[www.DareToVenture.org](http://www.DareToVenture.org)  
 (704) 922-3763

Dallas Boys & Girls Club. Oct 1<sup>st</sup>, 2108 through April 19<sup>th</sup>, 2019  
Outcomes & Impact Chart

% of members that progress to the next grade level	N/A
% of Power Hour participants that graduate on time*	N/A
Overall grade average among BGCGG members	86%
% of members who have maintained or improved their GPA to above average	88%
% of members that show gains in conflict resolution (Street Smart)	N/A
% of members that show gains in knowledge of resistance of risky behavior (SMART Moves)	90%
% of members that attend BGCGG every day during the school year	88%
Average # of annual BGCGG visits per child	116/135
% of members who have not been involved in gangs or juvenile crime	92%
# of girls who have participated in SMART girls and SMART moves who have experienced a teen pregnancy	0
# of SMART girls participants	12
# of total dinners/meals provided	440

Total # of People Served (Org)	50
# of registered members served*	50
# served through outreach programs	0
Average Daily Attendance	44
Total # of Volunteers	4





# MS&RP

NC MAIN STREET & RURAL PLANNING CENTER  
DEPARTMENT OF COMMERCE

## Dallas, North Carolina

### Report of Economic Development Assessment

February 7, 2019



TOWN OF

# DALLAS

North Carolina



## Section 1. Introduction

On February 7, 2019, the NC Main Street & Rural Planning Center (MS&RP) conducted an Economic Development Assessment for the Town of Dallas. The Assessment is designed to provide a rapid and efficient assessment that will "jump start" a community's economic development efforts. For this project, the Assessment focused on the entire town, with an emphasis on the downtown area. This approach was developed in preliminary meetings between officials from the Town of Dallas, and NC MS&RP Center staff.

Preliminary activities also included meetings to; provide an overview of the Economic Development Assessment process, review roles and expectations of NC MS&RP Center staff and Town of Dallas elected officials and staff, develop the format/agenda for the Assessment session, discuss the establishment of a Local Work Group, and identify stakeholders. Town officials also provided a tour of Dallas to NC MS&RP staff several days prior to the Assessment.

In the summer of 2018, NC MS&RP Center staff also met with Dallas elected officials and staff to create a vision statement for the town, and identify goals, objectives, and actions that would address the main components of the vision.

NC Main Street & Rural Planning Center staff members that participated in the project ( also known as the Rural Planning Team ) included:

**Jeff Emory, Project Manager** – Community Economic Development Planner, Southwest Prosperity Zone

**Wesley Barker, Project Co-Manager** – ARC Community Economic Development Planner, Northwest Prosperity Zone

**Ann Bass, Project Co-Manager** – ARC Community Economic Development Planner, Western Prosperity Zone

**Grace Lawrence, Project Co-Manager** – Community Economic Development Planner, South Central Prosperity Zone

The Rural Planning Team would like to thank **the Local Work Group** members who generously devoted an entire day to work through the Assessment process. Local Work Group members included **Mayor Rick Coleman, Mayor Pro-Tem Jerry Cearley, Town Manager Maria Stroup, Police Chief Allen Scott, Public Works Director Bill Trudnak, Patrick McSwain, Tim Farris, Scott Martin, Beau Norwood, Monte Monteleone, Chris Brooks, and Mary Boyce.**

This report serves as a summary of the activities that took place on February 7, 2019, and presents recommendations based on the information gathered.

## Section 2. Asset Identification

The purpose of this exercise was to take an inventory or "map out" what is essential to the community. Assets are grouped by categories. Listed in this section are the assets identified by the Local Work Group.

**Economic Assets:** Gibson Industrial Park, access to major highways/interstates, Tech Park, IGA, R&R Powder Coating, Fab Tech, the center of Gaston County, Ingles, available land on Main Street, Old Dallas Brewery, old mills, and pharmacy cluster

**Cultural Assets:** Hoffman Hotel Museum, old Courthouse, Hoyle House, bands and cruise-ins, Christmas Parade, Trick or Treat downtown, art display in courthouse, local potters, Cotton Gin Days, strong values, parks, Dallas identity, and Smyre House

**Natural/Recreational Assets:** Dallas Park, Recreation programs for youth and adults, Rankin Lake, South Fork River, Carolina Thread Trail, Sims Park, Crowders Mtn. State Park, greenway from Dallas park to Rankin Lake

**Institutional Assets:** Gaston College, Urgent Care, Schools (public, charter school, private schools), daycare facilities, proximity to Hospital, proximity to Charlotte Airport, EMS and Rescue

**Community/Human Resources Assets:** Dallas Rescue, Horse Arena, Boys and Girls Club, Optimist Club, Masonic Lodge, Churches, and Crisis Ministry

**Governmental Assets:** Town Hall, town staff, Fire Department meeting room, Museum, Dallas Parks and Recreation programs, available infrastructure for town expansion, Agriculture Center, Senior Center, Town owned electric system, and Courthouse

### **Section 3. Presentation of Data Gathered**

The purpose of this exercise was to present a local/regional snapshot of the town and provide a brief overview of existing reports/plans.

In 2014, the Town of Dallas adopted a Town Center Plan, prepared by a local consultant. The plan was accompanied by a map and set forth several strategies for revitalizing the town center. The primary focus of recommended physical improvements included the 100 block of West Trade Street and the historic courthouse grounds. In 2018 the Town Board approved a countywide economic development strategy developed by MDX.

Demographic and retail market data collected by NC Main Street & Rural Planning Center staff provided a brief economic snapshot of the town. For purposes of this data, the trade area was defined as being within a one-mile radius from the Dallas Town Hall. The Environmental Systems Research Institute (Esri), headquartered in Redlands, California, was the source for this data. A summary of the information is attached. Actual numbers are provided for the years 2010 and 2018. Projections for the year 2023 are also included. Information for a three, and five-mile radius from the town hall is also available and will be provided to town staff.

Total retail trade potential within a one-mile radius of the town hall for the year 2017 was \$33,281,761.

Actual sales were \$41,308,330. This reflects a surplus in sales of \$ 8,026,569. Total retail food and drink reflect a \$1,396,165 surplus in sales. Three areas that reflect retail leakage, or potential opportunities, are motor vehicle/parts dealers, gasoline stations, and general merchandise. It should be noted that areas that reflect a surplus of sales are normally due to customers from outside the designated area coming into the designated area for a particular service, such a retail trade, and food and drink noted above.

### **Section 4. SWOT Analysis**

A SWOT analysis is a process to identify a community's Strengths, Weaknesses, Opportunities, and Threats. Listed below is a breakdown of these categories for Dallas, as defined by the Local Work Group.

**Strengths:** Proximity to interstates, strong sense of community, availability of utilities, public safety, Dallas history, fiber backbone for town hall, location, excellent parks and recreation, small-town atmosphere, community college, close to universities, affordable housing, tech park, agriculture center, rural areas close to town, private sector support, available land for expansion, events and music, radio station, low utility rates, low tax rate

**Weaknesses:** Lack of vacant buildings, lack of involvement among young people, lack of a true destination, poor traffic flow, appearance of downtown, downtown parking, stiff competition for qualified workers, lack of sidewalks for walkability, poor town website, lack of awareness of town activities, stagnant tax base, need for additional parks and recreational facilities, need for hotel, need update land use plan, challenge to balance small town atmosphere with growth

**Opportunities:** Buildings downtown that are mixed use, areas for expansion north and west of town, improving relations with Gaston Economic Development Corporation, Rite-Aid building, New Hope Road expansion, improve K-12 facilities, improve opportunities for civic organizations, develop business association, South Fork River canoe/kayak access, historic district, tree ordinance, pedestrian/bike plan, farmers market, arts group, music festival, downtown housing, expand recreational facilities and opportunities, recruit hotel, affordable housing compared to area

**Threats:** Gastonia utilities surrounding Dallas, traffic pattern confusion due to highway expansions, net financial position of town hindering growth, negative image of surrounding area, need development of rental housing, need for more industry, need for hotel, demand on law enforcement due to traffic from nearby highways, increase demand of providing services for residential and industrial, FUSE expansion-Gastonia

### Section 5. Stakeholder Questions

The Rural Planning Team conducted interviews with the Local Work Group and other community Stakeholders. The questions and responses are listed below.

**What are the town's strengths?** Small town atmosphere, churches, safety, strong town staff in all departments, strong youth programs, several pharmacies, doctors, parks and recreation staff and programs, fast food restaurants, centrally located in Gaston County, excellent town services, interstate and highway access, culture, history, tech park, utility rates, strong private sector support, size of town, Dallas park, Agriculture Center, close to county offices, close to hospital, rescue squad, Gaston College, utility system with capacity, attractive downtown, low tax rate, good traffic flow through town and around square, good town square, Charlotte airport, land availability, history, Dallas gym, family events, numerous parks, residents and businesses are listened to by town leaders, code enforcement has improved, close to larger cities, low property cost, close to employment centers, natural charm, small town but not rural, grocery stores, town walkability, museums, Dallas Park

**What are the town's weaknesses?** Keep town clean, dumpsters not emptied on time, recycling bins need to be changed, sign clutter-sign ordinance not enforced, need for vacant land to develop, no public pools

or movie theaters, lack of established family restaurants, need for more recreational opportunities for youth, need for established downtown businesses, better code enforcement for taking care of property, lack of community involvement, lack of sidewalks, need stronger tax base, lack of anchor businesses, lack of county involvement, need for a hotel, traffic congestion, no sit down restaurants, need improved town website, downtown parking availability, lack of vision for future growth, need to extend utilities to potential growth areas, city center needs work, citizens seem opposed to growth, lack of night life, no involvement from young people, elementary school in town in poor condition, lack of recreational facilities, lack of cooperation from school board, low tax base and median income, limited ability to grow, need for better citizen communication, more options for senior citizens, lack of follow up on citizen suggestions, leadership weakness, need for industry, increase in drug issues, need plan to address homeless population, traffic congestion, limited resources, no mass transit, limited employment opportunities, generational poverty, small town politics, lack of space for lease, lack of commercial sites, lack of retail business, need for utility adjustments to prepare for future, programs to keep young people in Dallas, lack of guidelines regarding appearance of storefronts, vacant rite aid building

**What are opportunities for the Town?** Enforcement of town ordinances regarding yard upkeep and building appearance, take advantage of historical nature of town, recruit major restaurants, recruit a hotel, recruit new businesses, take advantage of major highways running through town and nearby interstates, downtown housing, form business development group, communicate that Dallas has a low cost of living, take advantage of vacant buildings and land, create downtown committee, help create civic organizations, expand recreation programs, look for land to grow residentially, South Fork River Park/launch spot, park renovations, arts groups, need for Chamber and other organizations, promote affordable property, take advantage of town traffic, develop historic downtown, industrial park expansion, better communications-website, Facebook, etc., better relationship with Gaston EDC, build on historic identity, collaborate with surrounding communities, undertake walkability study, take advantage of being a bedroom community, work closer with Gaston College, improve museum, explore available grants for utility expansion, build on family feel of Dallas, enhance green spaces, improve parks, plan with vision

**What are the threats, from outside the town, with little or no control of, by the town?** Growth will not match town atmosphere, Gastonia encroachment, traffic congestion, out of control growth-residential and business, will community support needed change, non-managed growth, poor image, no hotel, eastern part of county seems to get all the attention, FUSE project in Gastonia, traffic congestion, poor outside investment, potential bypass around Dallas, expansion of utilities from Gastonia, drug traffic, lack of supporting organizations, lack of progressive leadership, traffic generated crime, over saturation of fast food, DOT projects that negatively affect traffic patterns, no countywide water system, cost of infrastructure expansion, lack of school funding, dangerous for pedestrians on Main Street

**What changes do you think could improve the quality of life in the Town in the next five years?** Improvement of housing options, more groups working with youth, more diverse downtown activities, more service type industries, downtown improvements, update land use plan, get younger people involved, improve recreation programs, better sidewalks, build baseball complex for weekend tournaments, recruit restaurants, push for new elementary school, recruit industry, creation of concert series on summer weekends, mixed uses downtown, create business directory, better coordination with local businesses on town events, better use of old courthouse, explore State Downtown Associate Community Program, update ordinances, publicize free events to citizens, explore business grants and

incentives, beautify town, attract affordable housing, clean up along roadways, expand water and sewer capacities for future growth, promote available sites, recruit hotel, take advantage of family feel of Dallas, undergo marketing campaign to promote Dallas, address traffic issues, block view of town eyesores

**What could the Town do to improve its programs and services over the next five years?** form a planning group, utilize consultants, more employees needed for fire and police, follow through with recommendations of this study and pursue stakeholders for help, improve walkability, recruit businesses, focus on recreation program, raise tax rate, improve employee salary scale, more town staff, expand water system to create loop around town, more diversity in town programs for all ages, keep town property clean including creeks, better communication with parents, infrastructure maintenance, invest in employees, better training, continue family events, focus on programs for youth, create own identity, create communications plan, pursue positive development, continue positive momentum with town employees, only minor changes are needed, raise property taxes but not utility rates

**The town is undergoing an economic development assessment. Do you have any comments or suggestions that will help the Town in its economic development and planning efforts?** Utilize committed people, let people of Dallas know about positive results of efforts, take advantage of experience, involve local churches, involve business people, recruit younger people to become involved, have a staff person dedicated to economic development, recruit younger people to run for elected office, focus on downtown business recruitment, advertise for public involvement, more involvement from Dallas High Shoals Christian Ministries to strengthen capacity, total buy in from town, have events organized by town staff, pursue corporate sponsorships, manage courthouse events, pursue affordable housing, limit apartments, limit government housing, give youth more room to grow and play, communicate with residents and businesses, improve town communication, need new faces in town government, land owners affected by road development must be notified, commitment to grow utilities so town can grow and prosper, work with Gaston EDC, pursue additional educational opportunities-such as Charter School, look at system of one way streets for improved traffic flow, recruit small and large industry, address traffic patterns in downtown, plant barriers in front of mobile home park, look at possibly raising property taxes, realize that the historical aspect of Dallas is not a draw for business-spend money in other areas

## **Section 6: Recommendations**

Following the activities completed on February 7, 2019, the Rural Planning Team members from the NC Main Street & Rural Planning Center worked to develop recommendations based on all information gathered. Some of the activities may already be underway by town staff. Several of the recommended actions may be completed with minimal, or no cost to the town. Other recommendations may involve financial commitment from the town and may be more time consuming. Hopefully, a significant portion of the recommendations can be completed, or at least started within the next 12 months. NC Main Street & Rural Planning Center staff members are available to answer questions and provide assistance on a limited basis throughout the implementation process. It has been a pleasure for our team to work with the elected officials, staff, Local Work Group, and Stakeholders of the Town of Dallas.

From Town Hall

Dallas Market Size/1 Mile Radius			
	2000	2008	2023
Total Population	3,530	3,882	4,159
Households	1,465	1,609	1,721
Families	955	1,031	1,096
Market Strength and Stability			
Average Household Income		\$33,309	\$38,205
Median Household Income		\$45,826	\$52,122
Per Capita Income		\$18,659	\$21,160
Owner Occupied Units	854	925	1,012
Household Size	2.41	2.41	2.41
Median Age	36.5	38	38.7
Retail Demand 2007			
	Retail Potential	Retail Sales	Retail Gap
Total Retail Trade	\$33,281,761	\$41,308,330	-\$8,026,569
Total Food and Drink	\$3,351,830	\$4,747,995	-\$1,396,165
Grocery Stores	\$5,460,085	\$15,720,569	-\$10,260,484
Health and Personal Care	\$2,130,256	\$17,419,293	-\$15,289,037
Restuarants/Other Eating	\$3,103,932	\$4,747,995	-\$1,644,063
Top Retail Leakage			
Motor Vehicle & Parts Dealers	\$7,315,300	\$1,885,570	\$5,429,730
Furniture & Home Furnishings	\$1,214,823	\$0	\$1,214,823
General Merchandise	\$5,417,240	\$1,372,844	\$4,044,396

## Dallas Recommendations

- Identify key stakeholders and form a focus group of them to serve as champions for Dallas.
- Update the town's land use plan and consider ordinances/regulations based on best practices of successful downtown districts.
- Complete a downtown business and building inventory using the NC Main Street & Rural Planning Center template.
- Create or update to the town's Parks and Recreation Plan. Prioritize needs based on a community survey.
- Using retail market research, put together a business recruitment plan that would include strategies for marketing and promoting the town. Promote historic Dallas as an affordable option to nearby communities for business and housing, with available infrastructure.
- Improve communications between the Town of Dallas and citizens. Update the town website, create a formal newsletter, provide updates with utility statements, in all appropriate languages, to keep citizens informed of special events, and provide general updates on all key town related activities.
- Begin discussions with Greater Gaston Development Corporation officials regarding efforts to recruit a hotel to Dallas.
- Start conversations with local real estate professionals about the need to address housing for all ages and income levels. Write/amend ordinances to ensure quality of housing, and encourage higher densities of housing within walking distance of the downtown area.



Directory of Governmental Unit and Audit Firm Officials

Town of Dallas  
Governmental Unit

Lowdermilk Church & Co., L.L.P.  
Auditor for the 2018-2019 Fiscal Year

GOVERNMENTAL UNIT

AUDITOR

1. ELECTED OFFICIAL:  
(Mayor for Municipalities and chairperson of governing board for all other units)

Richard C. Coleman  
Name

Mayor  
Title

1. CONTACT PERSON:  
Partner or other person with legal authority to contract for the firm)

Phillip E. Church  
Name

Partner  
Title

2. MANAGER:  
(Or person who serves in this capacity e.g. Administrator, Executive Director, etc.)

N/A  
Name

Title

(828) 433-1226  
Phone No.

(828) 433-1230  
Fax No.

phil.church@lowdermilkchurchcpa.com  
E-Mail Address

3. FINANCE OFFICER:

Jonathan Newton  
Name

Finance Director  
Title

(704) 922-3176  
Phone No.

(704) 922-4701  
Fax No.

jnewton@dallasnc.net  
E-Mail Address

2. AUDITOR ANTICIPATES PREPARING THE FOLLOWING TYPE OF REPORT:

(Check the appropriate box)

General Purpose Financial Statements with combining, individual fund, and account group financial statements, and schedules required by the LGC

Comprehensive Annual Financial Report (CAFR) including schedules required by the LGC

Notes:

1. Please type all information on this questionnaire.
2. The audit firm representative, the elected official, and the finance officer reported on this questionnaire should agree with the persons reported on the Contract to Audit Accounts.
3. The information on this questionnaire will be used in official correspondence from the Local Government Commission, and the Commission must be notified of any changes in the persons holding these positions.

The	Governing Board Board of Aldermen
of	Primary Government Unit Town of Dallas
and	Discretely Presented Component Unit (DPCU) (if applicable) n/a

*Primary Government Unit, together with DPCU (if applicable), hereinafter referred to as Governmental Unit(s)*

and	Auditor Name Lowdermilk Church & Co., L.L.P.
	Auditor Address 121 North Sterling Street, Morganton, NC 28655

*Hereinafter referred to as Auditor*

for	Fiscal Year Ending 06/30/2019	Audit Report Due Date 10/31/2019
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*Must be within four months of FYE*

hereby agree as follows:

1. The Auditor shall audit all statements and disclosures required by U.S. generally accepted auditing standards (GAAS) and additional required legal statements and disclosures of all funds and/or divisions of the Governmental Unit(s). The non-major combining, and individual fund statements and schedules shall be subjected to the auditing procedures applied in the audit of the basic financial statements and an opinion shall be rendered in relation to (as applicable) the governmental activities, the business-type activities, the aggregate DPCUs, each major governmental and enterprise fund, and the aggregate remaining fund information (non-major government and enterprise funds, the internal service fund type, and the fiduciary fund types).
2. At a minimum, the Auditor shall conduct his/her audit and render his/her report in accordance with GAAS. The Auditor shall perform the audit in accordance with *Government Auditing Standards* if required by the State Single Audit Implementation Act, as codified in G.S. 159-34. If required by OMB *Uniform Administration Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the State Single Audit Implementation Act, the Auditor shall perform a Single Audit. This audit and all associated audit documentation may be subject to review by Federal and State agencies in accordance with Federal and State laws, including the staffs of the Office of State Auditor (OSA) and the Local Government Commission (LGC). If the audit requires a federal single audit performed under the requirements found in Subpart F of the Uniform Guidance (§200.501), it is recommended that the Auditor and Governmental Unit(s) jointly agree, in advance of the execution of this contract, which party is responsible for submission of the audit and the accompanying data collection form to the Federal Audit Clearinghouse as required under the Uniform Guidance (§200.512).

If the audit and Auditor communication are found in this review to be substandard, the results of the review may be forwarded to the North Carolina State Board of CPA Examiners (NC State Board).

**County and Multi-County Health Departments:** The Office of State Auditor will require Auditors of these Governmental Units to perform agreed upon procedures (AUPs) on eligibility determination on certain programs. Both Auditor and Governmental Unit agree that Auditor shall complete and report on these AUPs on

eligibility determination as required by OSA and in accordance with the instructions and timeline provided by OSA.

3. If an entity is determined to be a component of another government as defined by the group audit standards, the entity's auditor shall make a good faith effort to comply in a timely manner with the requests of the group auditor in accordance with AU-6 §600.41 - §600.42.

4. This contract contemplates an unmodified opinion being rendered. If during the process of conducting the audit, the Auditor determines that it will not be possible to render an unmodified opinion on the financial statements of the unit, the Auditor shall contact the LGC staff to discuss the circumstances leading to that conclusion as soon as is practical and before the final report is issued. The audit shall include such tests of the accounting records and such other auditing procedures as are considered by the Auditor to be necessary in the circumstances. Any limitations or restrictions in scope which would lead to a qualification should be fully explained in an attachment to this contract.

5. If this audit engagement is subject to the standards for audit as defined in *Government Auditing Standards*, 2011 revisions, issued by the Comptroller General of the United States, then by accepting this engagement, the Auditor warrants that he/she has met the requirements for a peer review and continuing education as specified in *Government Auditing Standards*. The Auditor agrees to provide a copy of the most recent peer review report to the Governmental Unit(s) and the Secretary of the LGC prior to the execution of an audit contract. Subsequent submissions of the report are required only upon report expiration or upon auditor's receipt of an updated peer review report. If the audit firm received a peer review rating other than pass, the Auditor shall not contract with the Governmental Unit(s) without first contacting the Secretary of the LGC for a peer review analysis that may result in additional contractual requirements.

If the audit engagement is not subject to *Government Accounting Standards* or if financial statements are not prepared in accordance with U.S. generally accepted accounting principles (GAAP) and fail to include all disclosures required by GAAP, the Auditor shall provide an explanation as to why in an attachment to this contract or in an amendment.

6. It is agreed that time is of the essence in this contract. All audits are to be performed and the report of audit submitted to LGC staff within four months of fiscal year end. If it becomes necessary to amend this due date or the audit fee, an amended contract along with a written explanation of the delay shall be submitted to the Secretary of the LGC for approval.

7. It is agreed that GAAS include a review of the Governmental Unit's (Units') systems of internal control and accounting as same relate to accountability of funds and adherence to budget and law requirements applicable thereto; that the Auditor shall make a written report, which may or may not be a part of the written report of audit, to the Governing Board setting forth his/her findings, together with his recommendations for improvement. That written report shall include all matters defined as "significant deficiencies and material weaknesses" in AU-C 265 of the *AICPA Professional Standards (Clarified)*. The Auditor shall file a copy of that report with the Secretary of the LGC.

8. All local government and public authority contracts for audit or audit-related work require the approval of the Secretary of the LGC. This includes annual or special audits, agreed upon procedures related to internal controls, bookkeeping or other assistance necessary to prepare the Governmental Unit's (Units') records for audit, financial statement preparation, any finance-related investigations, or any other audit-related work in the State of North Carolina. Invoices for services rendered under these contracts shall not be paid by the Governmental Unit(s) until the invoice has been approved by the Secretary of the LGC. (This also includes any progress billings.) [G.S. 159-34 and 115C-447] All invoices for Audit work shall be submitted in PDF format to the Secretary of the LGC for approval. The invoice marked 'approved' with approval date shall be returned to

the Auditor to present to the Governmental Unit(s) for payment. Approval is not required on contracts and invoices for system improvements and similar services of a non-auditing nature.

9. In consideration of the satisfactory performance of the provisions of this contract, the Governmental Unit(s) shall pay to the Auditor, upon approval by the Secretary of the LGC, the fee, which includes any costs the Auditor may incur from work paper or peer reviews or any other quality assurance program required by third parties (federal and state grantor and oversight agencies or other organizations) as required under the Federal and State Single Audit Acts. This does not include fees for any pre-issuance reviews that may be required by the NC Association of CPAs (NCACPA) Peer Review Committee or NC State Board of CPA Examiners (see Item 12).

10. If the Governmental Unit(s) has/have outstanding revenue bonds, the Auditor shall submit to LGC staff, either in the notes to the audited financial statements or as a separate report, a calculation demonstrating compliance with the revenue bond rate covenant. Additionally, the Auditor shall submit to LGC staff simultaneously with the Governmental Unit's (Units') audited financial statements any other bond compliance statements or additional reports required by the authorizing bond documents, unless otherwise specified in the bond documents.

11. After completing the audit, the Auditor shall submit to the Governing Board a written report of audit. This report shall include, but not be limited to, the following information: (a) Management's Discussion and Analysis, (b) the financial statements and notes of the Governmental Unit(s) and all of its component units prepared in accordance with GAAP, (c) supplementary information requested by the Governmental Unit(s) or required for full disclosure under the law, and (d) the Auditor's opinion on the material presented. The Auditor shall furnish the required number of copies of the report of audit to the Governing Board upon completion.

12. If the audit firm is required by the NC State Board, the NCACPA Peer Review Committee, or the Secretary of the LGC to have a pre-issuance review of its audit work, there shall be a statement in the engagement letter indicating the pre-issuance review requirement. There also shall be a statement that the Governmental Unit(s) shall not be billed for the pre-issuance review. The pre-issuance review shall be performed prior to the completed audit being submitted to LGC Staff. The pre-issuance review report shall accompany the audit report upon submission to LGC Staff.

13. The Auditor shall submit the report of audit in PDF format to LGC Staff when (or prior to) submitting the final invoice for services rendered. The report of audit, as filed with the Secretary of the LGC, becomes a matter of public record for inspection, review and copy in the offices of the LGC by any interested parties. Any subsequent revisions to these reports shall be sent to the Secretary of the LGC along with an Audit Report Reissued Form (available on the Department of State Treasurer website). These audited financial statements, excluding the Auditors' opinion, may be used in the preparation of official statements for debt offerings by municipal bond rating services to fulfill secondary market disclosure requirements of the Securities and Exchange Commission and for other lawful purposes of the Governmental Unit(s) without requiring consent of the Auditor. If the LGC Staff determines that corrections need to be made to the Governmental Unit's (Units') financial statements, those corrections shall be provided within three business days of notification unless another deadline is agreed to by LGC staff.

If the OSA designates certain programs to be audited as major programs, as discussed in Item 2, a turnaround document and a representation letter addressed to the OSA shall be submitted to LGC Staff.

14. Should circumstances disclosed by the audit call for a more detailed investigation by the Auditor than necessary under ordinary circumstances, the Auditor shall inform the Governing Board in writing of the need for such additional investigation and the additional compensation required therefore. Upon approval by the

Secretary of the LGC, this contract may be modified or amended to include the increased time, compensation, or both as may be agreed upon by the Governing Board and the Auditor.

15. If an approved contract needs to be modified or amended for any reason, the change shall be made in writing, on the Amended LGC-205 contract form and pre-audited if the change includes a change in audit fee (pre-audit requirement does not apply to charter schools). This amended contract shall be completed in full, including a written explanation of the change, signed and dated by all original parties to the contract. It shall then be submitted to the Secretary of the LGC for approval. No change to the audit contract shall be effective unless approved by the Secretary of the LGC, the Governing Board, and the Auditor.
16. A copy of the engagement letter, issued by the Auditor and signed by both the Auditor and the Governmental Unit(s), shall be attached to this contract, and shall be incorporated by reference as if fully set forth herein as part of this contract. In case of conflict between the terms of the engagement letter and the terms of this contract, the terms of this contract shall take precedence. Engagement letter terms that conflict with the contract are deemed to be void unless the conflicting terms of this contract are specifically deleted in Item 26 of this contract. Engagement letters containing indemnification clauses shall not be accepted by LGC Staff.
17. Special provisions should be limited. Please list any special provisions in an attachment.
18. A separate contract should not be made for each division to be audited or report to be submitted. If a DPCU is subject to the audit requirements detailed in the Local Government Budget and Fiscal Control Act and a separate audit report is issued, a separate audit contract is required. If a separate report is not to be issued and the DPCU is included in the primary government audit, the DPCU shall be named along with the parent government on this audit contract. DPCU Board approval date, signatures from the DPCU Board chairman and finance officer also shall be included on this contract.
19. The contract shall be executed, pre-audited (pre-audit requirement does not apply to charter schools), and physically signed by all parties including Governmental Unit(s) and the Auditor, then submitted in PDF format to the Secretary of the LGC.
20. The contract is not valid until it is approved by the Secretary of the LGC. The staff of the LGC shall notify the Governmental Unit and Auditor of contract approval by email. The audit should not be started before the contract is approved.
21. Retention of Client Records: Auditors are subject to the NC State Board of CPA Examiners' Retention of Client Records Rule 21 NCAC 08N .0305 as it relates to the provision of audit and other attest services, as well as non-attest services. Clients and former clients should be familiar with the requirements of this rule prior to requesting the return of records.
22. This contract may be terminated at any time by mutual consent and agreement of the Governmental Unit(s) and the Auditor, provided that (a) the consent to terminate is in writing and signed by both parties, (b) the parties have agreed on the fee amount which shall be paid to the Auditor (if applicable), and (c) no termination shall be effective until approved in writing by the Secretary of the LGC.
23. The Governmental Unit's (Units') failure or forbearance to enforce, or waiver of, any right or an event of breach or default on one occasion or instance shall not constitute the waiver of such right, breach or default on any subsequent occasion or instance.
24. There are no other agreements between the parties hereto and no other agreements relative hereto that shall be enforceable unless entered into in accordance with the procedure set out herein and approved by the Secretary of the LGC.

25. E-Verify. Auditor shall comply with the requirements of NCGS Chapter 64 Article 2. Further, if Auditor utilizes any subcontractor(s), Auditor shall require such subcontractor(s) to comply with the requirements of NCGS Chapter 64, Article 2.

26. All of the above paragraphs are understood and shall apply to this contract, except the following numbered paragraphs shall be deleted (See Item 16 for clarification).

27. The process for submitting contracts, audit reports and invoices is subject to change. Auditors and units should use the submission process and instructions in effect at the time of submission. Refer to the N.C. Department of State Treasurer website at <https://www.nctreasurer.com/slg/Pages/Audit-Forms-and-Resources.aspx>.

28. All communications regarding audit contract requests for modification or official approvals will be sent to the email addresses provided on the signature pages that follow.

**FEEES FOR AUDIT SERVICES**

For all non-attest services, the Auditor shall adhere to the independence rules of the AICPA Professional Code of Conduct and *Governmental Auditing Standards* (as applicable). Bookkeeping and other non-attest services necessary to perform the audit shall be included under this contract. However, bookkeeping assistance shall be limited to the extent that the Auditor is not auditing his or her own work or making management decisions. The Governmental Unit shall designate an individual with the suitable skills, knowledge, and/or experience necessary to oversee the services and accept responsibility for the results of the services. Financial statement preparation assistance shall be deemed a "significant threat" requiring the Auditor to apply safeguards sufficient to reduce the threat to an acceptable level. The Auditor shall maintain written documentation of his or her compliance with these standards in the audit work papers.

Fees may not be included in this contract for work performed on Annual Financial Information Reports (AFIRs), Form 990s, or other services not associated with audit fees and costs. Such fees may be included in the engagement letter, but may not be included in this contract or in any invoices requiring approval of the LGC. See Items 8, 9, and 12 for details on other allowable and excluded fees.

Prior to submission of the completed audited financial report, applicable compliance reports and amended contract (if required) the Auditor may submit invoices for approval for services rendered, not to exceed 75% of the total of the stated fees below. If the current contracted fee is not fixed in total, invoices for services rendered may be approved for up to 75% of the prior year audit fee. Should the 75% cap provided below conflict with the cap calculated by LGC staff based on the prior year audit fee on file with the LGC, the LGC calculation prevails.

**20 NCAC 03 .0505: All invoices for services rendered in an audit engagement as defined in 20 NCAC 3 .0503 shall be submitted to the Commission for approval before any payment is made. Payment before approval is a violation of law.**

**PRIMARY GOVERNMENT FEES**

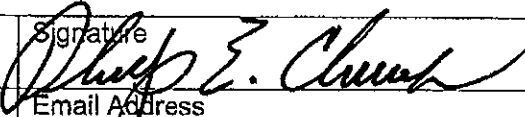
Primary Government Unit	Town of Dallas
Audit	\$18,600
Writing Financial Statements	\$4,000
All Other Non-Attest Services	\$2,500
75% Cap for Interim Invoice Approval	\$18,825

**DPCU FEES (if applicable)**

Discretely Presented Component Unit	n/a
Audit	\$
Writing Financial Statements	\$
All Other Non-Attest Services	\$
75% Cap for Interim Invoice Approval	\$

SIGNATURE PAGE

AUDIT FIRM

Audit Firm Lowdermilk Church & Co., L.L.P.	
Authorized Firm Representative (typed or printed) Phillip E. Church	Signature 
Date 5-28-19	Email Address phil.church@lowdermilkchurchcpa.com

GOVERNMENTAL UNIT

Governmental Unit Town of Dallas	
Date Primary Government Unit Governing Board Approved Audit Contract (Ref: G.S. 159-34(a) or G.S. 115C-447(a))	
Mayor/Chairperson (typed or printed) Richard C. Coleman	Signature
Date	Email Address
Chair of Audit Committee (typed or printed, or "NA") NA	Signature
Date	Email Address

**GOVERNMENTAL UNIT – PRE-AUDIT CERTIFICATE**  
*(Pre-audit certificate not required for charter schools)*

Required by G.S. 159-28(a1) or G.S. 115C-441(a1)

*This instrument has been pre-audited in the manner required by The Local Government Budget and Fiscal Control Act or by the School Budget and Fiscal Control Act.*

Primary Governmental Unit Finance Officer (typed or printed) Jonathan Newton	Signature
Date of Pre-Audit Certificate	Email Address jnewton@dallasnc.net



**SIGNATURE PAGE – DPCU**  
(complete only if applicable)

**DISCRETELY PRESENTED COMPONENT UNIT**

DPCU n/a	
Date DPCU Governing Board Approved Audit Contract (Ref: G.S. 159-34(a) or G.S. 115C-447(a))	
DPCU Chairperson (typed or printed)	Signature
Date	Email Address

Chair of Audit Committee (typed or printed, or "NA")	Signature
Date	Email Address

**DPCU – PRE-AUDIT CERTIFICATE**  
*(Pre-audit certificate not required for charter schools)*

Required by G.S. 159-28(a1) or G.S. 115C-441(a1)

*This instrument has been pre-audited in the manner required by The Local Government Budget and Fiscal Control Act or by the School Budget and Fiscal Control Act.*

DPCU Finance Officer (typed or printed)	Signature
n/a	
Date of Pre-Audit Certificate	Email Address

Remember to print this form, and obtain all required signatures prior to submission.

**PRINT**

**Lowdermilk Church & Co., L.L.P.**  
*Certified Public Accountants*

---

121 N. Sterling Street  
Morganton, North Carolina 28655  
Phone: (828) 433-1226  
Fax: (828) 433-1230

To the Honorable Mayor and Members of  
the Board of Aldermen  
Town of Dallas  
Dallas, North Carolina

May 20, 2019

We are pleased to confirm our understanding of the services we are to provide Town of Dallas, North Carolina for the year ended June 30, 2019. We will audit the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information, including the related notes to the financial statements, which collectively comprise the basic financial statements of Town of Dallas, North Carolina as of and for the year ended June 30, 2019. Accounting standards generally accepted in the United States of America provide for certain required supplementary information (RSI), such as Management's Discussion and Analysis (MD&A), to supplement Town of Dallas, North Carolina's basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to Town of Dallas, North Carolina's RSI in accordance with auditing standards generally accepted in the United States of America. These limited procedures will consist of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We will not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The following RSI is required by U.S. generally accepted accounting principles, and will be subjected to certain limited procedures, but will not be audited:

- 1) Management's Discussion and Analysis
- 2) Budgetary Comparison Information
- 3) Law Enforcement Officers' Special Separation Allowance Schedules of Changes in Total Pension Liability and Total Pension Liability as a Percentage of Covered Payroll
- 4) Local Government Employees' Retirement System Schedule of the Proportionate Share of Net Pension Liability (Asset) and Schedule of Contributions

We have also been engaged to report on supplementary information other than RSI that accompanies Town of Dallas, North Carolina's financial statements. We will subject the following supplementary information to the auditing procedures applied in our audit of the financial statements, and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements, or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America, and we will provide an opinion on it in relation to the financial statements as a whole, in a report combined with our auditor's report on the financial statements:

- 1) Combining and Individual Fund Financial Statements
- 2) Budgetary Schedules
- 3) Other Schedules

## Audit Objectives

The objective of our audit is the expression of opinions as to whether your financial statements are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles and to report on the fairness of the supplementary information referred to in the second paragraph when considered in relation to the financial statements as a whole. Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America and the standards for financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and will include tests of the accounting records of Town of Dallas, North Carolina and other procedures we consider necessary to enable us to express such opinions. We will issue a written report upon completion of our audit of Town of Dallas, North Carolina's financial statements. Our report will be addressed to the Honorable Mayor and members of the Board of Aldermen of Town of Dallas, North Carolina. We cannot provide assurance that unmodified opinions will be expressed. Circumstances may arise in which it is necessary for us to modify our opinions or add emphasis-of-matter or other-matter paragraphs. If our opinions are other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit, or are unable to form or have not formed opinions, we may decline to express opinions or issue reports, or we may withdraw from this engagement.

If circumstances occur related to the condition of your records, the availability of sufficient, appropriate audit evidence, or the existence of a significant risk of material misstatement of the financial statements caused by error, fraudulent financial reporting, or misappropriation of assets, which in our professional judgement prevent us from completing the audit or forming an opinion on the financial statements, we retain the right to take any course of action permitted by professional standards, including declining to express an opinion or issue a report, or withdrawing from the engagement.

We will also provide a report (that does not include an opinion) on internal control related to the financial statements and compliance with the provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a material effect on the financial statements as required by Government Auditing Standards. The report on internal control and on compliance and other matters will include a paragraph that states (1) that the purpose of the report is solely to describe the scope of testing of internal control and compliance, and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control on compliance, and (2) that the report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. The paragraph will also state that the report is not suitable for any other purpose. If, during our audit, we become aware that Town of Dallas, North Carolina is subject to an audit requirement that is not encompassed in the terms of this engagement, we will communicate to management and those charged with governance that an audit in accordance with U.S. generally accepted auditing standards and the standards for financial audits contained in Government Auditing Standards may not satisfy the relevant legal, regulatory, or contractual requirements.

## Audit Procedures—General

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We will plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the government or to acts by management or employees acting on behalf of the government. Because the determination of abuse is subjective, Government Auditing Standards do not expect auditors to provide reasonable assurance of detecting abuse.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us, even though the audit is properly planned and performed in accordance with U.S. generally accepted auditing standards and Government Auditing Standards. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, we will inform the appropriate level of management of any material errors, any fraudulent financial reporting, or any misappropriation of assets that come to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential, and of any material abuse that comes to our attention. Our responsibility as auditors is limited to the period covered by our audit and does not extend to later periods for which we are not engaged as auditors.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and may include tests of the physical existence of inventories, and direct confirmation of receivables and certain other assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions. We will request written representations from your attorneys as part of the engagement, and they may bill you for responding to this inquiry. At the conclusion of our audit, we will require certain written representations from you about your responsibilities for the financial statements; compliance with laws, regulations, contracts, and grant agreements; and other responsibilities required by generally accepted auditing standards.

#### **Audit Procedures—Internal Control**

Our audit will include obtaining an understanding of the government and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to Government Auditing Standards.

An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses. Accordingly, we will express no such opinion. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards and Government Auditing Standards.

#### **Audit Procedures—Compliance**

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of Town of Dallas, North Carolina's compliance with the provisions of applicable laws, regulations, contracts, agreements, and grants. However, the objective of our audit will not be to provide an opinion on overall compliance, and we will not express such an opinion in our report on compliance issued pursuant to Government Auditing Standards.

#### **Other Services**

We will also assist in preparing the financial statements and related notes of Town of Dallas, North Carolina in conformity with U.S. generally accepted accounting principles based on information provided by you. We will also prepare the following based on information provided by you: AFIR and Unit Data Input Worksheet. These nonaudit services do not constitute an audit under Government Auditing Standards, and such services will not be conducted in accordance with Government Auditing Standards. We will perform the services in accordance with applicable professional standards. The other services are limited to the financial statement services previously defined. We, in our sole professional judgement, reserve the right to refuse to perform any procedures or take any action that could be construed as assuming management responsibilities.

## Management Responsibilities

Management is responsible for designing, implementing, establishing, and maintaining effective internal controls, relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error, including evaluating and monitoring ongoing activities, to help ensure that appropriate goals and objectives are met; following laws and regulations; and ensuring that management is reliable and the financial information is reliable and properly reported. Management is also responsible for implementing systems designed to achieve compliance with applicable laws, regulations, contracts, and grant agreements. You are also responsible for the selection and application of accounting principles, for the preparation and fair presentation of the financial statements and all accompanying information in conformity with U.S. generally accepted accounting principles, and for compliance with applicable laws and regulations and the provisions of contracts and grant agreements.

Management is also responsible for making all financial records and related information available to us and for the accuracy and completeness of that information. You are also responsible for providing us with (1) access to all information, of which you are aware, that is relevant to the preparation and fair presentation of the financial statements, (2) additional information that we may request for the purpose of the audit, and (3) unrestricted access to persons within the government from whom we determine it necessary to obtain audit evidence.

Your responsibilities include adjusting the financial statements to correct material misstatements and for confirming to us in the written representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud and for informing us about all known or suspected fraud affecting the government involving (1) management, (2) employees who have significant roles in internal control, and (3) others where fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud, or suspected fraud, affecting the government received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the government complies with applicable laws, regulations, contracts, agreements, and grants and for taking timely and appropriate steps to remedy fraud and noncompliance with provisions of laws, regulations, contracts or grant agreements, or abuse that we report.

You are responsible for the preparation of the supplementary information, which we have been engaged to report on, in conformity with U.S. generally accepted accounting principles. You agree to include our report on the supplementary information in any document that contains, and indicates that we have reported on, the supplementary information. You also agree to include the audited financial statements with any presentation of the supplementary information that includes our report thereon OR make the audited financial statements readily available to users of the supplementary information no later than the date the supplementary information is issued with our report thereon. Your responsibilities include acknowledging to us in the written representation letter that (1) you are responsible for presentation of the supplementary information in accordance with GAAP; (2) you believe the supplementary information, including its form and content, is fairly presented in accordance with GAAP; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information.

Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying and providing report copies of previous financial audits, attestation engagements, performance audits or other studies related to the objectives discussed in the Audit Objectives section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits, attestation engagements, performance audits, or other studies. You are also responsible for providing management's views on our current findings, conclusions, and recommendations, as well as your planned corrective actions for the report and for the timing and format for providing that information.

With regard to the electronic dissemination of audited financial statements, including financial statements published electronically on your website, you understand that electronic sites are a means to distribute information and, therefore, we are not required to read the information contained in these sites or to consider the consistency of other information in the electronic site with the original document.

You agree to assume all management responsibilities relating to the financial statements and related notes and any other nonaudit services we provide. You will be required to acknowledge in the management representation letter our assistance with preparation of the financial statements and related notes and that you have reviewed and approved the financial statements and related notes prior to their issuance and have accepted responsibility for them. Further, you agree to oversee the nonaudit services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; to evaluate the adequacy and results of those services; and to accept responsibility for them.

In connection with this engagement, we may communicate with you or others via email transmission. As emails can be intercepted and read, disclosed, or otherwise used or communicated by an unintended third party, or may not be delivered to each of the parties to whom they are directed and only to such parties, we cannot guarantee or warrant that emails from us will be properly delivered and read only by the addressee. Therefore, we specifically disclaim and waive any liability or responsibility whatsoever for the interception or unintentional disclosure of emails transmitted by us in connection with the performance of this engagement. In that regard, you agree that we shall have no liability for any loss or damage to any person or entity resulting from the use of email transmissions, including any consequential, incidental, direct, indirect, or special damages, such as loss of revenues or anticipated profits, or disclosure or communication of confidential or proprietary information.

#### **Engagement Administration, Fees, and Other**

We understand that your employees will prepare all cash, accounts receivable, or other confirmations and schedules we request and will locate any documents selected by us for testing.

We will provide copies of our reports to Town of Dallas, North Carolina; however, management is responsible for distribution of the reports and the financial statements. Unless restricted by law or regulation, or containing privileged and confidential information, copies of our reports are to be made available for public inspection.

The audit documentation for this engagement is the property of Lowdermilk Church & Co., L.L.P. and constitutes confidential information. However, subject to applicable laws and regulations, audit documentation and appropriate individuals will be made available upon request, and in a timely manner, to the Local Government Commission or its designee, a federal agency providing direct or indirect funding, or the U.S. Government Accountability Office for purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of Lowdermilk Church & Co., L.L.P. personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned parties. These parties may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies.

The audit documentation for this engagement will be retained for a minimum of five years after the report release date or for any additional period requested by the Local Government Commission. If we are aware that a federal awarding agency or auditee is contesting an audit finding, we will contact the party(ies) contesting the audit finding for guidance prior to destroying the audit documentation.

We expect to begin our audit on approximately September 23, 2019 and to issue our reports no later than October 31, 2019. Phillip E. Church is the engagement partner and is responsible for supervising the engagement and signing the reports or authorizing another individual to sign them. To ensure that Lowdermilk Church & Co., L.L.P.'s independence is not impaired under the AICPA Code of Professional Conduct, you agree to inform the engagement partner before entering into any substantive employment discussions with any of our personnel.

Our fee for these services will be at our standard hourly rates, plus out-of-pocket costs (such as report reproduction, word processing, postage, travel, copies, telephone, etc.) except that we agree that our gross fee, including expenses, will not exceed \$25,100. Our standard hourly rates vary according to the degree of responsibility involved and the experience level of the personnel assigned to your audit. Our invoices for these fees will be rendered each month as work progresses and are payable on presentation. In accordance with our firm policies, work may be suspended if your account becomes 30 days or more overdue and may not be resumed until your account is paid in full. If we elect to terminate our services for nonpayment, our engagement will be deemed to have been completed upon written notification of termination even if we have not completed our report. You will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket costs through the date of termination. The above fee is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs. We are required to inform you that we charge interest at rate of 18% per annum on all invoices over 30 days old.

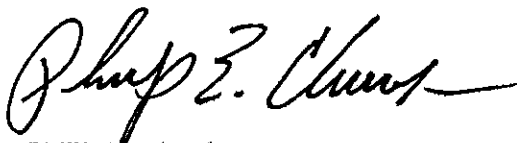
You may request that we perform additional services not addressed in this engagement letter. If this occurs, we will communicate with you regarding the scope of the additional services and the estimated fees. We also may issue a separate engagement letter covering the additional services. In the absence of any other written communication from us documenting such additional services, our services will continue to be governed by the terms of this engagement letter.

Our audit engagement ends on delivery of our audit report. Any follow-up services that might be required will be a separate, new engagement. The terms and conditions of that new engagement will be governed by a new, specific engagement letter for that service.

We are providing you with a copy of our 2018 external peer review report which accompanies this letter.

We appreciate the opportunity to be of service to Town of Dallas, North Carolina and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us.

Very truly yours,



Phillip E. Church  
Partner

RESPONSE:

This letter correctly sets forth the understanding of Town of Dallas, North Carolina.

Management signature: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

Governance signature: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_



Bernard Robinson & Company, L.L.P.

## Report on the Firm's System of Quality Control

October 30, 2018

To the Partners of Lowdermilk Church & Co., L.L.P.  
and the Peer Review Committee of the North Carolina  
Association of Certified Public Accountants

We have reviewed the system of quality control for the accounting and auditing practice of Lowdermilk Church & Co., L.L.P. (the firm) in effect for the year ended May 31, 2018. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants (Standards).

A summary of the nature, objectives, scope, limitations of, and the procedures performed in a System Review as described in the Standards may be found at [www.aicpa.org/prsummary](http://www.aicpa.org/prsummary). The summary also includes an explanation of how engagements identified as not performed or reported in conformity with applicable professional standards, if any, are evaluated by a peer reviewer to determine a peer review rating.

### Firm's Responsibility

The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. The firm is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported in conformity with professional standards, when appropriate, and for remediating weaknesses in its system of quality control, if any.

### Peer Reviewer's Responsibility

Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review.

### Required Selections and Considerations

Engagements selected for review included an engagement performed under *Government Auditing Standards*, including a compliance audit under the Single Audit Act.

As a part of our peer review, we considered reviews by regulatory entities as communicated by the firm, if applicable, in determining the nature and extent of our procedures.

1501 Highwoods Blvd., Ste. 300 (27410)  
P.O. Box 19608 | Greensboro, NC 27419  
P: 336-294-4494 • F: 336-294-4495

[brcpa.com](http://brcpa.com)



Lowdermilk Church & Co., L.L.P.  
October 30, 2018  
Page 2

**Opinion**

In our opinion, the system of quality control for the accounting and auditing practice of Lowdermilk Church & Co., L.L.P. in effect for the year ended May 31, 2018, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. Lowdermilk Church & Co., L.L.P. has received a peer review rating of *pass*.

*Bernard Robinson & Company, L.L.P.*

BERNARD ROBINSON & COMPANY, L.L.P.



**NORTH CAROLINA**  
DEPARTMENT OF STATE TREASURER

STATE TREASURER OF NORTH CAROLINA  
DALE R. FOLWELL, CPA

*Dale R. Folwell, CPA*

STATE AND LOCAL GOVERNMENT FINANCE DIVISION  
AND THE LOCAL GOVERNMENT COMMISSION

GREGORY C. GASKINS  
DEPUTY TREASURER

TO: Independent Auditors Testing TSERS and LGERS Census Data and Their Clients

FROM: Sharon Edmundson, Director, Fiscal Management Section

DATE: April 17, 2019

An essential part of the compliance process for GASB Statements 67 and 68 is the testing of the pension census data at the employer participant level. The Office of State Auditor (OSA) selected a sample of employer participants in both the Teachers' and State Employees' Retirement System (TSERS) and the Local Government Employees' Retirement System (LGERS) and has asked those units and their independent auditors to provide assurance to OSA on the accuracy of certain elements of the census data. This is the third year of testing and for the employers selected it is likely their first encounter with the process. In previous years there were some questions about the attest process as well as some need for clarification of the initial guidance that was issued. This memo is an attempt to address those questions and concerns at the beginning of the process.

As an attest engagement, this work falls under the AT 101 standards. The objective of this engagement is to provide assurance to OSA and the Department of State Treasurer (DST) that the census data being provided by employers via ORBIT is **materially** correct. In addition, keep in mind that every unit that is a member of either LGERS or TSERS will need some level of comfort that their census data is materially correct because this data will be used, in part, by the State's actuaries to determine the net pension asset/liability that will then be apportioned to the employer participants in these plans. Units that were not selected for testing this year will eventually be selected as we go through the sample cycle (except for very small units). However, keep in mind that in order for an auditor to issue an unmodified financial statement opinion on a participant employer, he or she will have to do work to assure themselves that ORBIT data is materially correct as this data is essential to the net pension asset/liability calculation and related allocation to employers.

The attest should cover the calendar year period ended December 31, 2018. This period is consistent with actuarial report year that will be used to report under Statement 67 as of June 30, 2019. It also is consistent with the actuarial report year that will be used to generate the data for reporting under GASB Statement 68 at June 30, 2020. [The actuarial report will be as of December 31, 2018, with the data rolled forward to June 30, 2019 (the measurement date). GASB requires the measurement date be no more than 12 months prior to the financial statement date.]

As with any auditing and reporting issue, materiality is a consideration. For this engagement materiality should be determined at the local employer level and not the plan as a whole. For purposes of the attest, eligible payroll (i.e. the total salaries reported in ORBIT) could be considered when determining materiality levels. Employees' salaries are a big factor in determining the net pension asset/liability and the percentage of asset/liability calculations/allocation to employers will be based on projected covered payroll. Thus, it seems logical to use covered payroll to determine your materiality levels.

Pension Attest 2019 Information

April 17, 2019

Page 2

The attest engagement focuses on the internal controls surrounding the ORBIT data gathering and input process as well as several specific pieces of census data:

- **Eligibility** – are all employees that are enrolled in ORBIT eligible to be in the plan and are all eligible workers appropriately enrolled?
- **Compensation** – is qualifying compensation being reported accurately in ORBIT?
- **Gender and Date of Birth** – are these pieces of data correctly reported in ORBIT?
- **Date of Enrollment in the Plan with this Employer** – was the employee enrolled according to the unit's policy on membership in the plan? (Some units have a waiting period, others enroll eligible employees upon employment.)
- **Termination date** – are employees who have left employment with the unit, during the calendar year being evaluated, reported as such in ORBIT using the correct date of termination?

Because payroll is such a large expenditure for most units of government, the auditor should already be doing some work with this data and may have some familiarity with ORBIT as part of the financial statement audit. The auditor may need to do additional work to achieve a comfort level appropriate for the attest engagement. However, if the auditor believes the unit's system of internal controls is functioning as it should and believes that any material error in the data would be identified and corrected by the unit, and can document that, only limited testing may be necessary to complete the attest engagement (example, high level analytic and/or analysis vs. a detailed sample). Again, because you are now reporting in accordance with Statement 68, auditors for all participant employers will have to do some work to assure themselves that ORBIT data is materially correct as this data is essential to the net pension asset/liability calculation and related allocation to employers.

Some auditors have indicated concern about peer review with regards to these attest engagements. These engagements would be considered a SSAE engagement, which is a separate category from financial audits. Your peer review team is not automatically required to select a SSAE engagement just because the firm was engaged to do a SSAE engagement. It would be considered if SSAE engagements make up a significant portion of the firm's work but selection is not automatic. We encourage you to contact a member of the NCACPA Peer Review Committee or Mary Kelly on the NCACPA staff (919-469-1040) with specific questions about peer review.

Regarding engagement letters, we believe this is a separate engagement from the financial statement audit. For units that are required to report to the State and Local Government Finance Division (SLGFD), there must be a signed agreement on file with us for this engagement and it must be approved by the unit's board and pre-audited by the finance officer or deputy with that authority. A copy should be submitted to SLGFD staff for approval and invoices submitted similarly to those for an audit.

Several auditors have asked about the due date and the deliverables for this engagement. OSA has requested that the attest letter be delivered to them by October 1, 2019. Completion of these engagements is critical to OSA's ability to render its opinion on both the State's CAFR and the allocation tables that will be used by employer participants to comply with GASB 68. If you cannot make this deadline please let SLGFD staff know and provide a date when you expect the report can be delivered.

Completed attests and accompanying invoices must be submitted to the SLGFD via the web portal by all entities selected that fall under the Local Government Budget and Fiscal Control Act or the School Budget and Fiscal Control Act. Other entities may submit their reports to the SLGFD unless arrangements are made to submit your report directly to OSA.

Pension Attest 2019 Information  
April 17, 2019  
Page 3

Reports should be submitted to us in PDF format via our web portal. Instructions for that process are included at the end of this memo.

Once the attest document is submitted we will review for proper format and compliance with OSA requirements and forward on to OSA. We will also notify the auditor via email that we have approved the document or that we need additional information or changes. For those of you that submit your invoices to us for approval we will follow the same process that we do for annual audits.

Below are some practical approaches you may consider taking in your approach to this engagement. **Please remember that these suggestions are not to be considered a "safe harbor" for identifying the proper procedures to be used.**

**Accessing ORBIT data:** A staff member of the employer unit should be responsible for reporting entity information monthly to ORBIT and determining the amount owed. That staff member can access ORBIT reports electronically or may have ORBIT printouts of what has been submitted. Any of the data being evaluated for the attest engagement can be accessed once the staff member is logged in to the unit's ORBIT account. The auditor may want to give the staff a list of unit employees to be examined, or may choose to sit with the staff as the information is accessed electronically. If you need assistance with understanding the ORBIT reports please contact Maggie Rodriguez, Employer Reporting Specialist with the Retirement Division via telephone at (919) 814-4024 or via email at [magally.rodriquez@nctreasurer.com](mailto:magally.rodriquez@nctreasurer.com).

**Origination of the Data:** A great deal of the data substantiation should be found in each employee's personnel file. A document that contains this data and an employee signature attesting to the accuracy of the document should be a sufficient source document for these data elements. Some examples of documents in the employee's file might include, driver's license copy, health insurance enrollment forms, I-9 documents (which the employee specifically signs an attest), employment application forms or other benefit forms.

#### **Specific data elements:**

- **Eligibility:** Work in this area will likely include an evaluation of contract labor to determine if any independent contractors should be classified as employees and therefore potentially eligible to be enrolled in either LGERS or TSERS. Evaluation of employer vs. contractor classifications should be taking place as part of the overall payroll audit.
- **Compensation:** In addition to potentially testing a sample of specific employees' data, the auditor might consider comparing total payroll submitted to ORBIT this year as opposed to the prior year and exploring any material differences between the two figures. The auditor should use his or her judgment based on the risk assessment to determine what procedures need to be completed.
- **Gender and Date of Birth:** In addition to comparing ORBIT data to the personnel file for a sample of employees, the auditor may consider scanning birthdates for obvious errors (too recent for the employee to be of working age, for example) and gender for changes from one year to the next. The auditor should use his or her judgment based on the risk assessment to determine what procedures need to be completed.
- **Enrollment date with this employer:** The auditor may want to consider pulling a sample (or testing 100% for a small entity) and testing for date accuracy.
- **Termination date:** Again, depending on the number of employees who left employment (not retiring) who were enrolled in the Plan, the auditor may want to consider testing a sample for date

Pension Attest 2019 Information

April 17, 2019

Page 4

accuracy. Please note this is termination date only and does not apply to any employee leaving the employer due to retirement. Data is verified by DST when a plan member retires.

In addition to this memorandum and the memorandum issued by OSA, auditors can consult the AICPA *State and Local Governments Audit & Accounting Guide* for assistance. It is published each spring by the AICPA. The most recent version is dated March 1, 2018.

Another good source for assistance is the AICPA Government Audit Quality Center. Please contact them at [GAQC@aicpa.org](mailto:GAQC@aicpa.org) with specific questions.

The employer manuals for each retirement system as of January, 2018 are the appropriate employer manuals to refer to for this work. You can find these manuals on our website at [https://www.nctreasurer.com/slg/lfm/audit\\_acct/Pages/Pension-Standards.aspx](https://www.nctreasurer.com/slg/lfm/audit_acct/Pages/Pension-Standards.aspx). Scroll towards the bottom of the page to find the manual listing.

**PLEASE NOTE:** We are sending this to the employer contact and employer auditor of record at the time of this email. **EMPLOYERS** – If you change auditors this year please let your new auditor know that you are participating in the attest process this year. **AUDITORS** – If you have new clients that are members of TSERS or LGERS be sure to ask them if they have been selected for the attest work this year. We also will post a list of units selected for testing on our website at: [https://www.nctreasurer.com/slg/lfm/audit\\_acct/Pages/Pension-Standards.aspx](https://www.nctreasurer.com/slg/lfm/audit_acct/Pages/Pension-Standards.aspx). Please scroll to the bottom of the page to “2019 Pension Census Data Attest”.

Finally, you may contact the SLGFD staff or OSA staff with specific questions as well. Sharon Edmundson may be reached at (919) 814-4289 or via email at [sharon.edmundson@nctreasurer.com](mailto:sharon.edmundson@nctreasurer.com). Preeta Nayak may be reached at (919) 814-4291 or via email at [Preeta.nayak@nctreasurer.com](mailto:Preeta.nayak@nctreasurer.com). Amy Senogles with OSA may be reached via email at [amy.senogles@ncauditor.net](mailto:amy.senogles@ncauditor.net).

**LGERS CENSUS DATA TESTING SAMPLE  
EMPLOYER PARTICIPANTS  
YEAR ENDED DECEMBER 31, 2018  
4/17/2019**

**ENTITY NAME**

---

Appalachian District Health Department  
Alamance County  
Brunswick County Health Department  
Brunswick County Department of Social Services  
City of Boiling Spring Lakes  
Skyland Volunteer Fire Department  
Cabarrus County  
Chowan County  
Cleveland County  
Trillium Health Resources  
City of Fayetteville  
Fayetteville Metropolitan Housing Authority  
Durham County  
Alliance Behavioral Healthcare  
Forsyth County  
City of Winston-Salem  
Town of Louisburg  
Town of Dallas  
Jackson County  
Lee County  
Mecklenburg County  
Town of Mint Hill  
Mitchell County  
Moore County  
Village of Pinehurst  
Wilmington Housing Authority  
Town of Kure Beach  
Onslow County  
Town of Swansboro  
Town of Chapel Hill  
Pender County  
City of Asheboro  
City of Lumberton  
Sampson County  
Surry County  
Town of Elkin  
City of Raleigh  
Garner Fire Department  
Wayne County  
Yadkin County

**Lowdermilk Church & Co., L.L.P.**  
*Certified Public Accountants*

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121 N. Sterling Street  
Morganton, North Carolina 28655  
Phone: (828) 433-1226  
Fax: (828) 433-1230

To the Honorable Mayor and Members of  
the Board of Aldermen  
Town of Dallas  
Dallas, North Carolina

May 16, 2019

We are pleased to confirm our understanding of the services we are to provide for Town of Dallas, North Carolina.

We will examine the employee census data and underlying payroll records of Town of Dallas, North Carolina as of December 31, 2018. The objectives of our examination are to (1) obtain reasonable assurance about whether the employee census data and underlying payroll records are free from material misstatement based on the criteria set by the Retirement System's Handbook, revised January 2018; and (2) to express an opinion as to whether the employee census data and underlying payroll records are presented, in all material respects, in accordance with the criteria set by the Retirement System's Handbook, revised January 2018.

Our examination will be conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Accordingly, it will include examining, on a test basis, your records and other procedures to obtain the evidence necessary to enable us to express our opinion. We will issue a written report upon completion of our examination. Our report will be addressed to the Honorable Mayor and Members of the Board of Aldermen of Town of Dallas, North Carolina. We cannot provide assurance that an unmodified opinion will be expressed. Circumstances may arise in which it is necessary for us to modify our opinion. If our opinion is other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the examination or are unable to form or have not formed an opinion, we may decline to express an opinion or may withdraw from this engagement.

If circumstances occur relating to the condition of your records, the availability of sufficient appropriate examination evidence, or the existence of a significant risk of material misstatement of the subject matter caused by error or fraud, which in our professional judgement prevents us from completing the engagement or forming an opinion on the subject matter or assertion, we retain the right to take any course of action permitted by professional standards, including declining to express an opinion or withdrawing from the engagement.

Because of the inherent limitations of an examination engagement, together with the inherent limitations of internal control, an unavoidable risk exists that some material misstatements may not be detected, even though the examination is properly planned and performed in accordance with attestation standards.

We will plan and perform the examination to obtain reasonable assurance about whether the employee census data and underlying payroll records are free from material misstatement, based on the criteria set by the Retirement System's Handbook, revised January 2018. Our engagement will not include a detailed inspection of every transaction and cannot be relied on to disclose all material errors, or known and suspected fraud or noncompliance with laws or regulations, or internal control deficiencies, that may exist. However, we will inform you of any known and suspected fraud and noncompliance with laws or regulations, internal control deficiencies identified during the engagement, and uncorrected misstatements that come to our attention, unless clearly trivial.

We understand that you will provide us with the information required for our examination and that you are responsible for the accuracy and completeness of that information. We may advise you about appropriate criteria, but the responsibility for the subject matter remains with you.

You are responsible for the presentation of the employee census data and underlying payroll records in accordance with the criteria set by the Retirement System's Handbook, revised January 2018; and for selecting the criteria and determining that such criteria are appropriate for your purposes. You are responsible for, and agree to provide us with a written assertion about whether the employee census data and underlying payroll records are presented in accordance with the criteria set by the Retirement System's Handbook, revised January 2018. Failure to provide such an assertion will result in our withdrawal from the engagement. You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the measurement, evaluation, or disclosure of the subject matter; (2) additional information that we may request for the purpose of the examination; and (3) unrestricted access to persons within the entity from whom we determine it necessary to obtain evidence.

At the conclusion of the engagement, you agree to provide us with certain written representations in the form of a representation letter.

The engagement documentation for this engagement is the property of Lowdermilk Church & Co., L.L.P. and constitutes confidential information. However, we may be requested to make certain engagement documentation available to the North Carolina Department of the State Treasurer and the State of North Carolina Office of the State Auditor pursuant to authority given to it by law or regulation. If requested, access to such engagement documentation will be provided under the supervision of Lowdermilk Church & Co., L.L.P. personnel. Furthermore, upon request, we may provide copies of selected engagement documentation to the North Carolina Department of the State Treasurer and the State of North Carolina Office of the State Auditor. The North Carolina Department of the State Treasurer and the State of North Carolina Office of the State Auditor may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies.

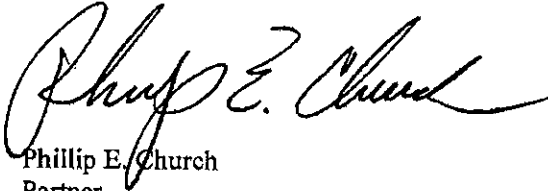
Phillip E. Church is the engagement partner and is responsible for supervising the engagement and signing the report or authorizing another individual to sign it.

Our fees for these services will be at our standard hourly rates plus other out-of-pocket costs such as travel, report production, word processing, postage, etc. except that we agree that our gross fee, including expenses, will not exceed \$6,000. Our standard hourly rates vary according to the degree of responsibility involved and the experience level of the personnel assigned to your engagement. Our invoices for these fees will be rendered each month as work progresses and are payable on presentation. In accordance with our firm policies, work may be suspended if your account becomes 30 days or more overdue and will not be resumed until your account is paid in full. If we elect to terminate our services for nonpayment, our engagement will be deemed to have been completed upon written notification of termination, even if we have not completed our report. You will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket expenditures through the date of termination. We are required to inform you that we charge interest at a rate of 18% per annum on all invoices over 30 days old.



We appreciate the opportunity to be of service to you and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us.

Very truly yours,

  
Phillip E. Church  
Partner

Approved by the Secretary of the Local Government Commission as provided in Article 3, Chapter 159 of the General Statutes or Article 31, Chapter 115C of the General Statutes.

\_\_\_\_\_  
For the Secretary, Local Government Commission

\_\_\_\_\_  
(Signature)

Date: \_\_\_\_\_

By Rick Coleman, Mayor

\_\_\_\_\_  
(Signature of Mayor/chairperson of governing board)

Date \_\_\_\_\_

This instrument has been preaudited in the manner required by The Local Government Budget and Fiscal Control Act or by the School Budget and Fiscal Control Act.

Jonathan Newton  
Governmental Unit Finance Officer

\_\_\_\_\_  
(Signature)

Date \_\_\_\_\_

## TOWN OF DALLAS, NORTH CAROLINA

## REQUEST FOR BOARD ACTION

DESCRIPTION: Reappointment of John O'Daly to the Planning Board

AGENDA ITEM NO. 8D

MEETING DATE: 6/11/2019

BACKGROUND INFORMATION:

Planning Board Member John O'Daly's term has now expired, and he is interested in continuing in this role for the Town of Dallas.

He has requested to be reappointed to the Planning Board and Board of Adjustment for another term.

Mr. O'Daly has been an engaged member of this Board, and the Development Services Director is in favor of his reappointment.

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MANAGER'S RECOMMENDATION: Reappoint Mr. John O'Daly to the Planning Board.

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BOARD ACTION TAKEN:



Gaston County Emergency Management & Fire Marshal's Office  
P.O. Box 1578 / Gastonia, NC 28053  
615 North Highland Street / Gastonia, NC 28052  
Phone (704) 862-6240 / Fax (704) 868-4150

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April 24, 2019

Town of Dallas  
ATTN: Maria Stroupe  
210 N. Holland Street  
Dallas, NC 28034

Dear Maria:

Each year the Gaston County Fire Marshal's Office provides fire prevention and life safety inspection services (inspections, plans review, permitting, etc.) for over half of the County's 15 incorporated cities and towns. We enforce the NC State Fire Code and its technical provisions daily to promote public safety from fires and other dangerous conditions. We continually strive to offer the best in customer service and professional competence to all the municipalities we serve.

In November of 2018 the Gaston County Fire Marshal's Office was consolidated with Gaston County Emergency Management in an effort to streamline county government services. During this consolidation a review was conducted of existing programs. During the review of the Fire Inspection Program it was determined that our average price per inspection was \$31.69 while our average cost was \$73.85. In order to continue to provide the level of service required our program must be self-sustaining; therefore, beginning in July 2019 the fee for Gaston County Fire Inspections will increase to a flat fee of \$75.00 per inspection, as compared to \$165.00 per inspection in the Charlotte Metro Area. Please find the updated Inter-local Agreement specifying that the current contract price for the Town of Dallas will adjust from \$6,250 to \$16,875 effective July 1, 2019. Please return the **2 original agreements (enclosed)** to Keith Rapp; Gaston Co. Emergency Management, P. O. Box 1578; Gastonia, NC 28053 **before Friday, May 31, 2019**. We will return a fully executed copy to you after the County has signed the agreement.

Invoices in the FY 2019-2020 cycle will continue to be invoiced during the month of July with payment expectation by the end of September. This will allow us to forecast any shortcomings and eliminate the need to carry-forward funds across fiscal years. Finally, it is our sincere hope that you understand our need for this program to sustain itself during this era of shrinking budgets, and we look forward to continuing to serve your community. Please address any questions or concerns to the undersigned @ 704-862-6240 or via e-mail at [Keith.Rapp@gastongov.com](mailto:Keith.Rapp@gastongov.com).

Sincerely,

Keith A. Rapp  
Director Gaston County Emergency Management

Municipality	Original \$	2018 Change	2019 Change	# of Inspections	Previous Inspection Cost
Bessemer City	\$6,060	\$6,060	\$10,425	139	\$43.60
Cramerton	\$2,866	\$4,150	\$11,550	154	\$26.95
Dallas	\$5,801	\$6,250	\$16,875	225	\$27.78
High Shoals	\$500	\$425	\$1,050	14	\$30.36
Lowell	\$5,244	\$7,450	\$19,425	259	\$28.76
McAdenville	\$2,500	\$2,500	\$3,600	48	\$52.08
Ranlo	\$2,070	\$2,700	\$6,975	93	\$29.03
<b>Totals</b>	<b>\$25,041</b>	<b>\$29,535</b>	<b>\$69,900</b>	<b>932</b>	

**Average Inspection Price \$31.69**

Part Time Fire Inspector Salary \$21,660.00  
 Vehicle Expense \$6,000.00  
 Fuel \$1,900.00  
 Insurance \$996.40  
 Mobile Phone \$1,260.00  
 Vehicle Maintenance \$600.00  
 Uniforms \$500.00  
 Training / Dues and Subscriptions \$1,000.00  
 Supplies \$500.00

**Total Estimated Cost \$34,416.40**

**2 Part Time Inspectors Total \$68,832.80**

**Total # Inspections Per Yr / Per Ins 466 Ann / 9 Weekly**

**Average Cost Per Inspection \$73.85**

**New Flat Fee for Inspections \$75.00**

**Charlotte Inspection Charge \$165.00**

## INTERLOCAL AGREEMENT

## FOR ENFORCEMENT OF STATE FIRE CODE

This Agreement made on the last date set out below, by and between the Town of Dallas, a municipal corporation having a charter granted by the State of North Carolina, hereafter referred to as "Municipality", and Gaston County, a corporate and political body and a subdivision of the State of North Carolina, hereafter referred to as "County"

**WITNESSETH:**

WHEREAS, Article 20 of Chapter 160A of the General Statutes of the State of North Carolina authorizes among other things the contractual exercise by one unit of local government for one or more other units of any administrative or governmental power, function, public enterprise, right, privilege, or immunity of local government; and,

WHEREAS, the Municipality has adopted ordinances providing for the administration and enforcement of regulatory codes and county ordinances; and,

WHEREAS, such codes are commensurate with the regulatory codes and ordinances now in effect for Gaston County as enforced by the County; and,

WHEREAS, pursuant to N.C. Gen Stat. Chapter 160A, Article 20 upon official request of the governing body of any municipality within the County, the Gaston County Board of Commissioners may by agreement exercise enforcement powers within said municipality and upon such direction may do so until such time as the Municipal governing body withdraws its request; and,

NOW, THEREFORE, in consideration of the promises and the mutual covenants and agreements of the parties, the parties hereto agree as follows:

1. **Purpose.** The purpose of this Agreement is to provide for the transfer of jurisdiction to the County for inspection and enforcement responsibility for the codes and county ordinances listed in the attached Exhibit A, which is incorporated herein by reference.
2. **Term.** The term of this Agreement begins on the last date set out below and continues through June 30, 2020 and shall automatically renew each fiscal year thereafter, unless terminated as provided herein.
3. **Responsibilities.**
  - A. Municipality. The Municipality agrees to:
    - (1) Provide any pre-permit or pre-inspection reviews of any applicable Municipal ordinances or regulations;
    - (2) Provide written certification (where necessary) that any necessary plans are in accordance with Municipal regulations;
    - (3) Allow the County to retain any fees collected pursuant to enforcement of the N.C. Fire Prevention Code (Permit fees, review fees, etc.)
    - (4) Not hold County responsible for enforcement of any of Municipality's other ordinances or regulations, unless specifically contracted.
  - B. County. The County agrees to:
    - (1) Provide plan review necessary for issuance of permits under the Code;
    - (2) Issue required permits;



EXHIBIT A

Town of Dallas

**Codes:** Level I, II, & III fire prevention inspections, plan review, consultation, and other similar undertakings as established under the NC State Fire Prevention Code.

**Jurisdiction:** Incorporated area and extraterritorial jurisdiction (if applicable).

**Cost:** Sixteen Thousand Eight Hundred Seventy Five Dollars (\$16,875.00) annually in addition to any fees or fines collected.

Vaughn & Melton Consulting Engineers  
 State Project: 43728.1.5  
 County: Gaston

TIP C-5606A

## ENGINEERING AGREEMENT

THIS AGREEMENT, made and entered into this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_ by and between the TOWN OF DALLAS, (hereinafter called the "TOWN") and **Vaughn & Melton Consulting Engineers, Inc.** (hereinafter called the "CONSULTANT" or "Prime Consultant"), whose primary offices are located at **1800E Associates Lane, Charlotte, North Carolina 28217.**

### GENERAL RECITALS

WITNESSETH:

WHEREAS, the TOWN desires the assistance of a CONSULTANT in the performance of certain professional services; and

WHEREAS, the CONSULTANT has exhibited evidence of experience, ability, competence, and reputation to perform such professional services; and

NOW THEREFORE, the TOWN and the CONSULTANT, for consideration hereinafter stipulated, mutually agree as follows:

All professional engineering services will be performed in the United States of America. No work will be allowed to be outsourced outside of the United States of America. The CONSULTANT agrees to perform the required professional engineering services, including field survey data necessary to design and prepare right of way plans and Construction Plans, Contract Documents and any special provisions for STIP Project C-5606D which is three segments of sidewalk as follows:

1. Along US-321B from its intersection with NC 275/279 to the northern end of the USPS property.
2. Along the northern side of NC 275/279 from the end of the existing sidewalk segment at the US 321B intersection to the intersection of the Gaston College Access Road.
3. Along the southern side of NC 275/279 from the Gaston College Access Road to the entrance road to Gaston County Park and the Citizens Resource Center.

### **ARTICLE I - SCOPE OF WORK (TO BE ESTABLISHED DURING SCOPING)**

I.A. Description of Work Required

I.A.1. Prepare right of way and construction plans as outlined in the detailed estimate contained in **ATTACHMENT B** to include the following tasks:



- Completion of location and survey maps;
  - Research and survey of existing utilities in conflict and, if needed, utility coordination;
  - Preparation of final design plans;
  - Prepare plans for construction, including but not limited to: sidewalk construction, erosion control plan, categorical exclusion; Right-of-Way plans; pedestrian signal plans and stormwater management plan;
  - Identify areas where additional right-of-way will be required;
  - Prepare contract documents for bidding, permitting and construction;
  - Prepare all permits required for local, state, and federal agencies;
  - Prepare detailed construction cost estimates;
  - Conduct meetings with appropriate Town personnel.
- I.A.2. The CONSULTANT shall prepare right of way plans in accordance with the TOWN's practices, Article 1.B, further defined and as in the Guidelines for Roadway Design Activities furnished by the TOWN.
- I.A.3. The CONSULTANT shall prepare right of way plans and furnish the TOWN with electronic files for right of way acquisition. The CONSULTANT shall then prepare roadway construction plans and details.
- I.A.4. The CONSULTANT shall prepare preliminary roadway quantities and furnish the TOWN with copies of these quantities when right of way plans are submitted.
- I.A.5. The CONSULTANT shall perform site investigations and hydrological and hydraulics design studies and field surveys as necessary to determine the requirements for all hydraulics related structures as outlined in FAPG-3CFR650A and the Guidelines for Drainage Studies and Hydraulics Design furnished by the TOWN.
- I.A.6. Where alternate designs appear warranted, the CONSULTANT shall prepare designs in sufficient detail to permit a decision on the most desirable alternative. These designs should include profiles, grades, proposed retaining walls, construction quantities and any other pertinent information that will facilitate the selection of the recommended alternative.
- I.A.7. Final roadway plans shall be developed and shall be in sufficient form and detail for the TOWN to let a construction contract. Final plans shall include roadway design and details, and material quantities for the project. Final plans shall meet the approval of the TOWN prior to acceptance. Said approval shall not relieve the CONSULTANT of liability or the responsibility to correct any errors in their plans or computations. Correction of errors discovered after the construction phase of the project begins will not be considered as construction engineering.

I.A.8. The CONSULTANT shall prepare the work per the Estimate included in **ATTACHMENT B.**

I.B. Subconsultant Utilization

The CONSULTANT shall only utilize subconsultants and/or subfirms that are prequalified by the TOWN to perform the specified professional or specialized services needed.

The CONSULTANT shall utilize the subconsultant(s) and/or subfirm(s) as proposed in the CONSULTANT'S Letter of Interest (LOI) or project proposal to the TOWN regarding the requested services. The CONSULTANT shall indicate the proposed utilization (CONSULTANT name and percentage) for both the Prime Consultant and any/all subconsultant(s) firms in the LOI on the appropriate FORM RS-2(s), as included in ATTACHMENT C.

The CONSULTANT shall insure that any/all subconsultant(s) or subfirms(s) shall comply with the terms and conditions set forth in this AGREEMENT.

I.C. Subcontracts

I.C.1. The CONSULTANT and/or subconsultant will not sublet any portion of the work covered by this AGREEMENT without prior written approval by the TOWN.

I.C.2. The CONSULTANT will be responsible for the schedule of any work sublet to others to assure that the overall schedule of the project is maintained.

I.C.3. The CONSULTANT will be responsible for the completeness, accuracy and presentation of all data, and for the review of any work sublet to others.

I.D. Work Standards

The CONSULTANT will perform the studies, prepare documents and reports, and develop plans in accordance with all applicable State and Federal regulations and safety guidelines.

I.E. Deliverables

The CONSULTANT will submit to the TOWN the work products outlined in the detailed SCOPE OF WORK developed for each task. All deliverables will be in accordance to guidelines of the TOWN and NCDOT.

I.F. Guidelines

All work under this contract shall be performed in accordance with all applicable guidelines published by the TOWN, and in accordance with the SCOPE OF WORK developed for each task.

I.G. When performing field work on or adjacent to public streets or highways, it shall be the responsibility of the CONSULTANT to provide traffic control including flagmen and/or any other necessary devices in accordance with the "Manual on Uniform Traffic Control Devices" (Current Edition), the "N. C. Department of Transportation - Construction and Maintenance Operations Supplement to the M.U.T.C.D." and the "North Carolina Survey Crew Safety Supplement" to protect workers, equipment, and the traveling public.

**ARTICLE II - DATA AND SERVICES TO BE PROVIDED BY THE TOWN**

II.A. Data and Services

II.A.1. The staff person assigned the proposed project in the respective Branch, Unit, or Division shall serve as the TOWN's Project Manager for this AGREEMENT.

II.A.2. The TOWN shall provide available data and information, as applicable to the detailed SCOPE OF WORK developed for each task, which may include but is not limited to, the following:

- Guidelines for any applicable discipline; and
- All data in the hands of the TOWN that can be released that would assist the CONSULTANT in the accomplishment of the work.

**ARTICLE III - TIME OF BEGINNING AND COMPLETION**

III.A. Work will begin immediately following written Notice of Execution of this AGREEMENT and authorization to begin work. The work will be completed as follows:

Completion of final plans by September 15, 2019.

- III.B. Upon receiving notice to proceed, the TOWN will provide the CONSULTANT with a schedule for the project. It is the CONSULTANT's responsibility to implement and monitor this schedule.
- III.C. If additional tasks beyond the agreed-upon scope of work are required to complete the assignment, then a new written amended scope of work will be developed for the additional services. The CONSULTANT shall notify the TOWN'S Project Manager as soon as additional services beyond agreed upon scope of work appear to be warranted.
- III.D. Reasonable extensions of the scheduled time shall be mutually agreed upon by both parties in the event of unavoidable delays. If the duration of the agreement is extended more than twelve months beyond the scheduled completion date due to no fault of the CONSULTANT, they may present written documentation of the delay and the increased cost and request a supplemental agreement adjusting the compensation. If the request is approved, the increase in compensation shall be determined by the mutual agreement of both parties.

#### **ARTICLE IV - COMPENSATION AND PAYMENTS**

IV.A. Fees and Costs

IV.A.1 Lump Sum

As complete compensation for all Engineering services described above, and in the scope of work and estimate included in ATTACHMENT B, the CONSULTANT will be paid the lump sum amount of **\$78,892.12** (Seventy-Eight Thousand, Eight-Hundred and Ninety-Two Dollars and Twelve Cents).

IV.B. Progress Report/Project Schedule

The CONSULTANT shall prepare a written progress report as required by the TOWN's Project Manager during work which is in progress under this AGREEMENT. The progress report shall discuss accomplishments to date, provide percent of tasks completed, provide current and updated project schedules, and identify outstanding issues or problems. Subsequent to the preparation of each progress report, the CONSULTANT may be requested to meet with the TOWN to discuss project progress. The progress report and an updated project schedule will be submitted to the TOWN's Project Manager.

IV.C. Payment and Retainage

Partial payment for the lump sum amount will be made to the CONSULTANT monthly upon submission of a Progress Report/Project Schedule, an invoice stating the percent of completion of each task, and appropriate supporting documentation. Invoices shall be in the TOWN's format and shall include a DBE-IS form with each invoice.

The TOWN may withhold retainage on this contract if deemed necessary by the Contract Administrator assigned by the TOWN to this AGREEMENT. If retainage is withheld, payment for retainage may be released at any time during the contract period at the discretion of the contracting officer. The CONSULTANT may withhold retainage on subconsultants only if the TOWN withholds retainage on the subconsultant's portion of the contract. If the CONSULTANT withholds retainage from the subconsultant, it will be released upon request for final payment from the subconsultants.

The CONSULTANT shall pay subconsultants for work performed within seven (7) days after CONSULTANT receives payment from the TOWN for work performed by the subconsultant. This requirement must be incorporated into all subconsultant agreements. Failure to comply with the seven (7) day requirement may cause the TOWN to withhold payments to the CONSULTANT and the TOWN may suspend work until the subconsultant is paid.

It shall be the responsibility of the CONSULTANT and all subconsultants to keep records of all payments requested and the dates received. The TOWN may request copies of this information in the form of a report.

#### Reporting Subconsultant(s) and/or Subfirm(s)

When payments are made to Subconsultant(s) and/or Subfirm(s), including material suppliers, Firms at all levels (CONSULTANT, subconsultant, or second tier subconsultant) shall provide the TOWN's Project Manager or Contract Administrator with an accounting of said payments. This accounting shall be furnished to the TOWN's Project Manager or Contract Administrator for any given month by the end of the following month. Failure to submit this information accordingly may result in (1) withholding of money due in the next partial pay estimate; or (2) removal of an approved CONSULTANT from the prequalified bidders list or the removal of other entities from the approved subconsultants list. The accounting shall list for each payment made to a Subconsultant(s) and/or Subfirm(s) the following:

DOT Project Number  
 Payer CONSULTANT Name and Federal Taxpayer ID  
 Receiving Subconsultant or Material Supplier and Federal Taxpayer ID  
 Amount of Payment  
 Date of Payment  
 This document shall be on the Department's Subconsultant Payment Information Form.

A responsible fiscal officer of the payee CONSULTANT, subconsultant, or second tier subconsultant who can attest to the date and amounts of the payments shall certify that the accounting is correct. A copy of an acceptable report may be obtained from the TOWN's Project Manager or Contract Administrator.

IV.D. Maintenance of Information and Reports

IV.D.1. NCDOT Information

IV.D.1.a. All work will be administered and performed in accordance with Federal Aid Policy Guide - 23 CFR 172, the North Carolina Administrative Code, all relevant North Carolina General Statutes and all United States Statutes.

IV.D.1.b. Subcontracts exceeding \$2,500 which involve the employment of mechanics or laborers shall require the subconsultant to comply with sections 103 and 107 of the Contract Work Hours and Safety Standards Act (40 USC Chapter 37) as supplemented by Department of Labor regulations (29 CFR, Part 5).

IV.D.1.c. Subcontracts exceeding \$10,000 shall require the subconsultant to comply with all Federal and State Statutes and regulations required in the AGREEMENT.

IV.D.2. Availability of Information

IV.D.2.a. The CONSULTANT will maintain all books, documents, papers, accounting records, and other information pertaining to costs incurred on this project and to make such materials available at its offices at all reasonable times during the contract period and for three (3) years from the date of final payment for inspection by the TOWN, the Federal Highway Administration or any other authorized representative of the TOWN or Federal Highway Administration. Copies thereof will be furnished to the TOWN and/or Federal Highway Administration if requested. The CONSULTANT and any or all subconsultants will use cost principles as

described in Federal Acquisition Regulation (48 CFR 1-31), Subpart 1-31.2.

IV.D.2.b. The CONSULTANT will require all sub consultants to whom a portion of this contract may be sublet to maintain all such books, documents, papers, accounting records, and other information pertaining to cost, and further to require that said subconsultants make these materials available to the TOWN and/or Federal Highway Administration at all reasonable times during the contract period and for three (3) years from date of final payment, and to require said subconsultants to furnish copies of such documents to the TOWN and/or Federal Highway Administration upon request. The CONSULTANT will affirmatively enforce this provision of this contract with the subconsultant upon request of the TOWN or the Federal Highway Administration.

IV.D.2.c. The CONSULTANT shall notify the TOWN in writing of significant changes within the CONSULTANT'S firm (e.g., change of name, address, telephone number, project-related personnel changes, etc.). This responsibility includes ensuring the CONSULTANT'S qualification paperwork and registration information is current in the TOWN'S files.

#### **ARTICLE V - MISCELLANEOUS PROVISIONS**

V.A. Conferences, Visits to Sites, Inspection of Work

The CONSULTANT will be represented by a responsible member of the firm at any meetings, hearings, consultations, and field conferences deemed necessary by the TOWN or the CONSULTANT.

V.B. CONSULTANT'S Responsibility

The CONSULTANT shall be fully and totally responsible for the accuracy and completeness of all work performed under this contract and shall indemnify and save harmless the TOWN and shall be fully liable for any additional costs and all claims against the TOWN which may arise due to errors, omissions, or

negligence of the CONSULTANT or any subconsultants in performing the work required by this AGREEMENT, including but not limited to any and all costs and damages for defending actions or claims under the National Environmental Policy Act (NEPA) or the North Carolina Environmental Policy Act of 1971.

The CONSULTANT shall defend, indemnify and hold harmless the North Carolina Department of Transportation, its officers and employees from any claim, demand, suit, liability, judgment and expense (including attorney's fees and other costs of litigation) arising out of or relating to injury, disease, or death of persons or damage to or loss of property resulting from or in connection with the negligent performance of this AGREEMENT by the CONSULTANT, its agents, employees, and subconsultants or any one for whom the CONSULTANT may be responsible. The obligations, indemnities and liabilities assumed by the CONSULTANT under this paragraph shall not extend to any liability caused by the negligence of the TOWN or its employees. The CONSULTANT'S liability shall not be limited by any provisions or limits of insurance set forth in this contract in Section V.F.2. PROFESSIONAL LIABILITY INSURANCE.

The CONSULTANT shall indemnify and hold harmless the TOWN from any claim, demand, suit, liability, judgment, and expense (including attorney's fees and other costs of litigation) involving damage or loss to the CONSULTANT'S equipment (including vandalism, theft, fire and acts of God) arising out of or relating to work performed under this AGREEMENT. The obligations, indemnities and liabilities assumed by the CONSULTANT under this paragraph shall not extend to any liability caused by the negligence of the TOWN or its employees. The CONSULTANT'S liability shall not be limited by any provisions or limits of insurance set forth in this contract.

If, during the duration of this AGREEMENT, the CONSULTANT receives instructions or directions which are considered beyond the scope of work outlined in this AGREEMENT, all work shall be suspended until the matter is resolved. The CONSULTANT shall immediately notify the TOWN's Project Manager in writing with a description and justification for the claim of extra work. The CONSULTANT shall not continue work until written notice to proceed is given.

If the CONSULTANT receives incorrect instruction or direction as it relates to the individual scope of work for an assignment, the CONSULTANT will contact the TOWN's Project Manager with the details of the work beyond the negotiated Scope of Work herein. The CONSULTANT and TOWN's Project Manager will mutually agree upon what direction to pursue before any additional work is undertaken for that specific assignment. If additional services are required, then a new scope of work and estimate will be prepared. The CONSULTANT shall not continue work until a written notice to proceed for the agreed upon services is given.

V.C.

Relationship with Others



The CONSULTANT will cooperate fully with the TOWN with municipalities and local government officials, Federal and state environmental resource and regulatory agencies, and with any others as may be directed by the TOWN. This shall include attendance at meetings, workshops, and hearings and also includes provision of project development, human and natural environmental and engineering information to all parties as may be requested by the TOWN. The CONSULTANT will also cooperate fully with the TOWN and other agencies on adjacent projects.

V.D. The Professional services provided by the CONSULTANT under this AGREEMENT will be performed, findings obtained, and recommendations prepared in accordance with generally accepted industry principles and practices.

V.E. All work shall be administered and performed in accordance with Federal-Aid Highway Program Manual Volume 1, Chapter 7, Section 2 and the relevant parts of North Carolina Administrative Code and General Statutes.

V.F. ADDITIONAL PROVISIONS

V.F.1. COVENANT AGAINST CONTINGENT FEES

The CONSULTANT warrants that he has not employed or retained any company or person, other than a bona fide employee working solely for the CONSULTANT, to solicit or secure this contract and that he has not paid or agreed to pay any company or person, other than a bona fide employee working solely for the CONSULTANT, any fee, commission, percentage, brokerage fee, gifts, or any consideration, contingent upon or resulting from the award or making of this contract. For breach or violation of this warranty, the TOWN shall have the right to annul this contract without liability, or in its discretion to deduct from the contract price or consideration, or otherwise recover, the full amount of such fee, commission, percentage, brokerage fee, gift or contingent fee.

V.F.2. PROFESSIONAL LIABILITY INSURANCE

The CONSULTANT will provide to the TOWN a valid and current Certificate of Professional Liability Insurance for a minimum of \$1,000,000 prior to the execution of this AGREEMENT, unless waived in writing by the contracting officer.

Pursuant to N.C.G.S. § 97-19, ANY CONSULTANT of the TOWN is required, prior to beginning services, to show proof of

coverage issued by a workers' compensation insurance carrier, or a certificate of compliance issued by the Department of Insurance for a self-insured CONSULTANT, stating that it has complied with N.C.G.S. § 97-93, irrespective of whether THE CONSULTANT HAS regularly in service fewer than three employees in the same business within the State of North Carolina, and EACH CONSULTANT shall be hereinafter liable under the Workers' Compensation Act for payment of compensation and other benefits to its employees for any injury or death due to an accident arising out of and in the course of performance of the work insured by the CONSULTANT.

V.F.3. DESIGN

Unless covered elsewhere in this AGREEMENT, design standards are to be as furnished by the TOWN.

V.F.4. OWNERSHIP OF ENGINEERING DOCUMENTS

All tracings, documents, technical reports, charts, plans, specifications, photographic negatives, survey notes, computations, and maps and other data prepared or obtained under the terms of the contract shall be delivered to and become the property of the TOWN without restriction or limitation on their use. However, in the event of any reuse or alteration of any documents furnished to the TOWN, such alteration or reuse shall be at the TOWN'S sole risk. In the case of an agreement involving preliminary plans only, no commitment is stated or implied that would constitute a limitation on the subsequent use of the plans or ideas incorporated therein for preparation of construction plans. These items could become the property of the TOWN, if the TOWN so elects.

V.F.5. CHANGES IN WORK

All changes in the work will be included in supplemental agreements, which will be executed prior to beginning of such supplemental work. The supplemental work will be approved by the TOWN prior to doing the work.

V.F.6. DELAYS AND EXTENSIONS

Reasonable extension of time for unforeseen delays may be made by mutual written consent of all parties involved.

V.F.7. TERMINATION OR ABANDONMENT

Should the TOWN for any reason whatsoever decide to cancel or to terminate the use of the CONSULTANT'S services, it will furnish thirty (30) days written notice thereof to the CONSULTANT who will immediately terminate work, but shall bring to a reasonable stage of completion those items whose value would be otherwise lost without such necessary further work, as may be directed by the TOWN, and will turn over to the TOWN all data, environmental documents, technical reports, charts, survey notes, figures, drawings, and other records or information collected or secured herein, whether partial or complete. Upon such termination, the fee to be paid the CONSULTANT will be equitable to cover all services rendered, using a proportional amount of the total fee based on a ratio of the amount of work done to the total amount of work which was to have been performed, less prior partial payments which have been made and also pursuant to an accounting by the TOWN and upon approval of the Contract Administrator.

V.F.8. DISPUTES

In any dispute concerning a question or fact in connection with the work on this AGREEMENT or compensation thereof, including the determination of equitable compensation provided for in paragraph V.F.7 above, the decision of the Secretary of Transportation in the matter shall be final and conclusive for both parties.

V.F.9. GENERAL COMPLIANCE WITH LAWS

The CONSULTANT will comply with all laws, ordinances and regulations, Federal, State and local, applicable to the work. Specific attention is directed to North Carolina General Statutes 14-100 (Obtaining Property by False Pretenses) and 136-13.2 (Falsifying Highway Inspection Reports).

1. Selection of Labor

During the performance of this AGREEMENT, the CONSULTANT will not discriminate against labor from any other TOWN, possession or territory of the United States.

2. Employment Practices

During the performance of this AGREEMENT, the CONSULTANT agrees to comply with all applicable provisions of 49 CFR Part 21, 23 CFR Part 200 and Part 230 and the Civil Rights Act of 1964 as amended, and agree as follows:

- a. The CONSULTANT will not discriminate against any employee or applicant for employment because of race, religion, creed, color, national origin, sex, age, handicap and/or disability. The CONSULTANT will take affirmative action to ensure that applicants are employed, and that employees are treated during employment without regard to their race, religion, creed, color, national origin, sex, age, handicap or disability. Such action shall include, but not be limited to the following: employment, upgrading, demotion or transfer; recruitment or recruitment advertising; layoffs, or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The CONSULTANT agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided by the TOWN setting forth the provisions of this nondiscrimination clause.
- b. The CONSULTANT will, in all solicitations or advertisements for employees placed by or on behalf of the CONSULTANT, state that all qualified applicants will receive consideration for employment without regard to race, religion, creed, color, national origin, sex, age, handicap and/or disability.
- c. The CONSULTANT will send to each labor union or representative of workers with which the CONSULTANT has a collective bargaining agreement or other contract or understanding, a notice to be provided by the TOWN, advising the labor union or workers' representatives of the CONSULTANT'S commitments under this AGREEMENT and shall post copies of the notice in conspicuous places available to employees and applicants for employment.
- d. The CONSULTANT will comply with all

provisions of U.S. Presidential Executive Order No. 11246 as amended by Executive Order 11375, and other Orders and as supplemented in U.S. Department of Labor regulations (41 CFR Chapter 60).

- e. The CONSULTANT will furnish all information and reports required by Executive Order No. 11246 as amended by Executive Order 11375, and other Orders, and as supplemented in U.S. Department of Labor regulations (41 CFR Chapter 60), and will permit access to his books, records, and accounts by the U.S. Secretary of Labor or Labor Officials for purposes of investigations to ascertain compliance with such rules, regulations and orders.
  - f. In the event of the CONSULTANT'S noncompliance with the nondiscrimination clauses of this AGREEMENT or with any of rules, regulations, or orders referenced hereinabove this AGREEMENT may be canceled, terminated, or suspended in whole or in part, and the CONSULTANT may be declared ineligible for further Government contracts or Federally-assisted construction agreements in accordance with procedures authorized in Executive Order No. 11246 as amended by Executive Order 11375 and other Orders and as supplemented in U.S. Department of Labor regulations (41 CFR Chapter 60) and such other sanctions may be imposed and remedies invoked as provided in the aforementioned U.S. Presidential Executive Order and regulations or as otherwise provided by law.
  - g. The CONSULTANT will include the provisions of the paragraphs under Section V.F.9.2 of this AGREEMENT in every subcontract or purchase order so that such provisions will be binding upon each subconsultant or vendor unless specifically exempted by rules, regulations, or orders of the U.S. Secretary of Labor issued pursuant to Section 204 of the U.S. Presidential Executive Order No. 11246.
3. Selection of Subconsultant or Subcontractor,  
Procurements of Material and Leasing of Equipment

During the performance of this AGREEMENT, the CONSULTANT, for itself, its assignees, and successors in interest (herein referred to as the "CONSULTANT") agrees as follows:

a. Compliance with Regulations:

The CONSULTANT will comply with the Regulations of the TOWN relative to nondiscrimination in Federally assisted programs of the U.S. Department of Transportation (Title 49, Code of Federal Regulations, Part 21 and 23 CFR Part 200 and Part 230, hereinafter referred to as the Regulations), which are herein incorporated by reference and made a part of this AGREEMENT.

b. Nondiscrimination:

The CONSULTANT, with regard to the work performed by them after award and prior to completion of the AGREEMENT work, will not discriminate on the ground of race, religion, creed, color, national origin, sex, age, handicap and/or disability in the selection and retention of subconsultants, including procurements of material and leases of equipment. The CONSULTANT will not participate either directly or indirectly in the discrimination prohibited by 49 CFR Section 21.5 of the Regulations, including employment practices when the AGREEMENT covers a program set forth in Appendix B of 49 CFR Part 21.

The CONSULTANT and their subconsultants will not discriminate on the basis of race, religion, creed, color, national origin, sex, age, handicap and/or disability in the performance of this contract. The CONSULTANT will carry out applicable requirements of 49 CFR Part 26 in the award and administration of this contract. Failure by the CONSULTANT to carry out these requirements is a material breach of this contract, which may result in the termination of this contract or such other remedy, as the TOWN deems appropriate.

c. Solicitations:

In all solicitations either by competitive bidding or negotiations made by the CONSULTANT for work to be performed under a subcontract, including procurement of material or leases of equipment, each potential subconsultant, supplier, or lessor shall be notified by the CONSULTANT of the CONSULTANT'S obligations under this AGREEMENT and the Regulations relative to nondiscrimination on the grounds of race, religion, creed, color, national origin, sex, age, handicap and/or disability.

d. Information and Reports:

The CONSULTANT and subconsultants will provide all information and reports required by the Regulations, or orders and instructions issued pursuant thereto, and will permit access to its books, records, accounts, other sources of information, and its facilities as may be determined by the TOWN to be pertinent to ascertain compliance with such Regulations, orders and instructions. Where any information required of the CONSULTANT, subconsultant, or a Contractor is in the exclusive possession of another who fails or refuses to furnish this information, the CONSULTANT will so certify to the TOWN as appropriate, and shall set forth what efforts it has made to obtain the information.

e. Sanctions for Noncompliance:

In the event of the CONSULTANT'S, subconsultant's, or Contractor's non-compliance with the nondiscrimination provisions of this AGREEMENT, the TOWN shall impose such contract sanctions as it may determine to be appropriate, including, but not limited to:

- (1) withholding of payments to the CONSULTANT under the AGREEMENT until the CONSULTANT complies, and/or
- (2) cancellation, termination or suspension of the CONSULTANT in whole or in part.

f. Incorporation of Provisions:

The CONSULTANT will include the provisions of

paragraph V.F.9.3 of this AGREEMENT in every sub-contract, including procurements of materials and leases of equipment, unless exempt by the Regulations, orders, or instructions issued pursuant thereto. The CONSULTANT or subconsultant will take such action with respect to any subcontract, procurement or leases as the TOWN may direct as a means of enforcing such provisions including sanctions for noncompliance; provided, however, that, in the event the CONSULTANT become involved in, or is threatened with litigation with a subconsultant, or lessor as a result of such direction, the CONSULTANT may request the TOWN to enter into such litigation to protect the interests of the TOWN, and in addition, the CONSULTANT may request the United States to enter into such litigation to protect the interests of the United States. The CONSULTANT shall advise the TOWN and United States in writing of such potential or actual litigation. However, the TOWN and United States are not required to enter into such litigation by law. The CONSULTANT shall be responsible for paying all litigation expenses, including but not limited to attorney's fees and costs, incurred by the TOWN and United States defending such litigation.

- g. For contracts and subcontracts of amounts in excess of \$100,000.00, the CONSULTANT or subconsultant will comply with all applicable standards, orders, or requirements issued under Section 306 of the Clean Air Act (42 USC 7606), Section 508 of the Clean Water Act (33 USC 1368), U.S. Presidential Executive Order 11738, and U.S. Environmental Protection Agency (EPA) regulations, which prohibit, under nonexempt Federal contracts, grants or loans, the use of facilities included on the EPA List of Violating Facilities. The CONSULTANT or subconsultant will report violations to the grantor agency and to the U.S. Environmental Protection Agency, U.S. Assistant Administrator for Enforcement.

4. Title VI Assurances

During the performance of this AGREEMENT, the CONSULTANT will comply with the following Standard DOT Title VI and 49 CFR Part 21.7 Assurances:



The North Carolina Department of Transportation (hereinafter referred to as the "Recipient") hereby agrees to comply with the following Federal statutes, U.S. Department of Transportation and Federal Highway Administration Regulations, and the policies and procedures promulgated by the Federal Highway Administration, as a condition to receipt of Federal funds.

**a. Title VI of the Civil Rights Act of 1964**

Title VI of the Civil Rights Act of 1964, as amended, provides that no person on the ground of race, color, national origin, sex, age, and handicap/disability, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving Federal financial assistance. The Civil Rights Restoration Act of 1987 amended Title VI to specify that entire institutions receiving Federal funds – whether schools and colleges, government entities, or private employers – must comply with Federal civil rights laws, rather than just the particular programs or activities that receive the funds.

Nondiscrimination programs require that Federal-aid recipients, sub-recipients, and contractors prevent discrimination and ensure nondiscrimination in all of their programs and activities, whether those programs and activities are federally-funded or not. If a unit of State or local government is extended Federal-aid and distributes such aid to another governmental entity, all of the operations of the recipient and sub-recipient are covered. Corporations, partnerships, or other private organizations or sole proprietorships are covered in their entirety if such entity received Federal financial assistance (FHWA Notice N 2720.6, September 2, 1992).

**b. Assurances, 49 CFR Part 21.7**

The North Carolina Department of Transportation, hereby gives assurances: That no person shall on the grounds of race, color, national origin, sex, age, and handicap/disability, be excluded from participation in, be denied the

benefits of, or be otherwise subjected to discrimination under any program or activity conducted by the recipient regardless of whether those programs and activities are federally-funded or not.

**c. Standard DOT Title VI Assurances**

The CONSULTANT or subconsultant will comply with the Standard DOT Title VI Assurances which are attached to this AGREEMENT (see ATTACHMENT A).

V.F.10. DISADVANTAGED BUSINESS ENTERPRISE

(a) Policy

It is the policy of the North Carolina Department of Transportation that small businesses shall have an equal opportunity to compete fairly for and to participate in the performance of contracts financed in whole or in part by federal and state funds.

The Department is committed to its annual aspirational goal(s) set on all federally-assisted and state funded contracts. Professional Services Contracts are race and gender neutral and do not contain goals. However, the CONSULTANT is encouraged to give every opportunity to allow Disadvantaged, Minority-Owned and Women-Owned Business Enterprises (DBE/MBE/WBE) subconsultant participation on all contracts and supplemental agreements.

(b) Obligation

In compliance with *Title VI, 23 CFR 200, 230, 635, 117 (d) and (e) and 49 CFR Parts 21 and 26*, the CONSULTANT and subconsultant shall not discriminate on the basis of race, religion, color, creed, national origin, age, disability or sex in the performance of this contract. Failure by the CONSULTANT to comply with these requirements is a material breach of this contract, which will result in the termination of this contract or such other remedy, as the North Carolina Department of Transportation deems necessary.

(c) Reporting Participation

When payments are made to subconsultants, including material suppliers, firms at all levels (CONSULTANT, subconsultant or subfirm) shall provide the Contract Administrator with an accounting of said payments. This accounting shall be furnished to the Contract Administrator for any given month, by the end of the following month. Failure to submit this information accordingly may result in (1) withholding of money due in the next partial pay estimate; or (2) removal of an approved CONSULTANT from the pre-qualified list or the removal of other entities from the approved subconsultants list. The accounting shall be listed on the Department's Subcontractor Payment Information Form (Form DBE-IS). In the event the CONSULTANT has no subconsultant participation, the firm shall indicate this on the Form DBE-IS by entering the word 'None' or the number 'zero' and the form shall be signed.

A responsible fiscal officer of the payee CONSULTANT, or subconsultant, who can attest to the date and amount of the payments shall certify that the accounting is correct on the Form DBE-IS by affixing his/her signature. This information shall be submitted as part of the requests for payments made to the North Carolina Department of Transportation. A copy of the Form DBE-IS may be found on the NCDOT website.

V.F.11. SMALL PROFESSIONAL SERVICES FIRM

(a) Program

The Small Professional Services Firm (SPSF) Program was developed to provide consultant opportunities for firms that meet the eligibility criteria to compete against other consultant firms that are comparably positioned in their industries. The North Carolina Department of Transportation is committed to providing contractual opportunities to qualified firms and believes that the total quality of a professional or specialized services team is enhanced by the inclusion of qualified subconsultants.

The SPSF program is a race, ethnITOWN, and gender neutral program designed to increase the availability of contracting opportunities for small businesses on federal, state, or locally funded contracts. SPSF participation is not contingent upon the funding source.

Participation credit cannot be counted unless the firm is certified as a SPSF at the time a letter of interest is submitted for the proposed work.

A firm certified as a Disadvantaged Business Enterprise (DBE), Minority Business Enterprise (MBE), and/or Women's Business Enterprise (WBE) may automatically be certified, based on North American Industrial Classification System (NAICS) code classification, as an SPSF and does not need to obtain further SPSF certification.

(b) Replacement of SPSF contractors

The Prime Consultant must not terminate a SPSF listed in the Consultant's Letter of Interest, See Section I.B., for convenience and then perform the work of the terminated subcontract with its own forces, or those of an affiliate, without the Department's prior written consent.

When a SPSF subconsultant is terminated, or fails to complete its work on the contract for any reason, the Department encourages the Prime Consultant to make an earnest effort to find another SPSF subconsultant to substitute for the original SPSF. These efforts shall be directed at finding another SPSF to perform at least the same amount of work under the contract as the SPSF that was terminated.

(c) Counting SPSF Participation toward meeting the proposed SPSF Utilization

If a Firm is determined to be an eligible SPSF Firm and certified by the Department, the total dollar value of the participation by the SPSF will be counted toward the utilization. The total dollar value of participation by a certified SPSF will be based upon the value of work actually performed by the SPSF and the actual payments to SPSF Firms by the Consultant.

V.F.12. SUBLETTING, ASSIGNMENT, OR TRANSFERS

There shall be no assignment, subletting or transfer of the interest of the CONSULTANT in any of the work covered by the AGREEMENT without the written consent of the TOWN, except that the CONSULTANT may, with prior notification of such

action to the TOWN, sublet property searches and related services without further approval of the TOWN.

V.F.13. CONSULTANT'S ENDORSEMENT OF PLANS, ETC.

The CONSULTANT will sign and professional seal all environmental documents, reports, surveys, computations, maps, plans, specifications, estimates, and engineering data furnished by it.

V.F.14. CONTROL OF WORK

All work by the CONSULTANT or subconsultant is to be done in a manner satisfactory to the TOWN and in accordance with the established customs, practices, and procedures of the North Carolina Department of Transportation and in conformity with the Standards adopted by the American Association of State Highway Transportation Officials (AASHTO), and approved by the Secretary of Transportation as provided in Title 23, U. S. Code, Section 109(b). The decision of the TOWN is to control in all questions regarding location, type of design, dimension of design, and similar questions.

V.F.15. APPROVAL OF PERSONNEL

The TOWN shall have the right to approve or reject the CONSULTANT's or subconsultant's project manager, project engineer, design engineer, technicians, and other technical or supervisory personnel assigned to a project.

In the event of engagement, the CONSULTANT or their subconsultant shall restrict such person or persons from working on any of the CONSULTANT'S contracted projects in which the person or persons were formerly involved while employed by the TOWN. This restriction period shall be for the duration of the contracted project with which the person or persons was involved. "Involvement" shall be defined as active participation in any of the following activities:

- Drafting the planning, environmental and/or engineering agreement;
- Defining the scope of the contracted work;

- Selection of the CONSULTANT for service;
- Negotiation of the cost of the CONSULTANT'S services (including calculating work days or fees); and
- Administration of the contract.

An exception to these terms may be granted when recommended by the Secretary of Transportation and approved by the Board of Transportation.

Failure to comply with the terms stated above shall be grounds for termination of this contract and/or not being considered for selection of work on future contracts for a period of one year.

V.F.16. GIFTS AND FAVORS

By Executive Order 24, issued by Governor Perdue, and N.C. G.S. § 133-32, it is unlawful for any vendor or contractor ( i.e. architect, bidder, contractor, construction manager, design professional, engineer, landlord, offeror, seller, subcontractor, supplier, or vendor), to make gifts or to give favors to any State employee of the Governor's Cabinet Agencies (i.e., Administration, Commerce, Correction, Crime Control and Public Safety, Cultural Resources, Environment and Natural Resources, Health and Human Services, Juvenile Justice and Delinquency Prevention, Revenue, Transportation, and the Office of the Governor). This prohibition covers those vendors and contractors who:

- (1) have a contract with a governmental agency; or
- (2) have performed under such a contract within the past year; or
- (3) anticipate bidding on such a contract in the future.

For additional information regarding the specific requirements and exemptions, vendors and contractors are encouraged to review Executive Order 24 and G.S. Sec. 133-32.

Executive Order 24 also encouraged and invited other State Agencies to implement the requirements and prohibitions of the Executive Order to their agencies. Vendors and contractors should contact other State Agencies to determine if those agencies have adopted Executive Order 24.

V.F.17. CONFLICT OF INTEREST

The CONSULTANT does hereby certify that they have not entered into and, during the lifetime of the AGREEMENT, will not enter into any agreement with a third-party affording the CONSULTANT, or any Subcontractors that they may hire, with any direct or indirect financial interest in the outcome of the project, except with regard to the project development, human and natural environmental and/or engineering services associated with this AGREEMENT.

Pursuant to N.C.G.S. § 133-1, the CONSULTANT will not knowingly specify building materials, equipment, or other items that are manufactured, sold or distributed by any firm or corporation in which the designer has a financial interest. Pursuant to N.C.G.S. § 133-2, the CONSULTANT will not employ or allow manufacturers or their representatives or agents to write, plan, draw, or make specifications for such public works.

The CONSULTANT does hereby certify that it does not have any potential conflict of interest with any entity involved with the project. Any potential conflict of interest shall be disclosed immediately to the TOWN.

IN TESTIMONY WHEREOF, the parties hereto have caused these presents to be executed by their proper officials thereunto duly authorized as of the dates below indicated:

EXECUTED by the TOWN this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

SEAL: TOWN OF DALLAS

By: \_\_\_\_\_

EXECUTED BY the CONSULTANT this \_\_\_\_\_ of \_\_\_\_\_, \_\_\_\_\_.

SEAL: FIRM NAME: Vaughn & Melton Consulting Engineers, Inc.

By: \_\_\_\_\_

Title: Regional Vice President

Attests By: \_\_\_\_\_

Title: Executive Vice President



## CERTIFICATION OF CONSULTANT

L. DeWayne Brown, PE, PLS, being duly sworn, certify that I am the Vice-President and duly authorized representative of Vaughn & Melton Consulting Engineers, Inc., whose address is 1800-E Associates Lane Charlotte, NC 28217 and that neither I nor the above firm I represent or any of its principals:

- (a) has employed or retained for a commission, percentage, brokerage, contingent fee, or other consideration, any firm or person (other than a bona fide employee working solely for me or the above firm) to solicit or secure this agreement;
- (b) has agreed, as an express or implied condition for obtaining this contract, to employ or retain the services of any firm or person in connection with carrying out the agreement, or
- (c) has paid, or agreed to pay, to any firm, organization or person (other than a bona fide employee working solely for me or the above firm) any fee, contribution, donation, or consideration of any kind for, or in connection with procuring or carrying out the agreement;
- (d) is presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from covered transactions by any Federal department or agency;
- (e) has within a three-year period preceding this agreement been convicted of or had a civil judgement rendered against them for commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (Federal, State or local) transaction or contract under a public transaction; violation of Federal or State antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records; making false statements; or receiving stolen property;
- (f) is presently indicted for or otherwise criminally or civilly charged by governmental entity (Federal, State or local) with commission of any of the offenses enumerated in paragraph e. of this certification; and
- (g) has within a three-year period preceding this agreement had one or more public transactions (Federal, State or local) terminated for cause or default.

except as here expressly stated (if any):

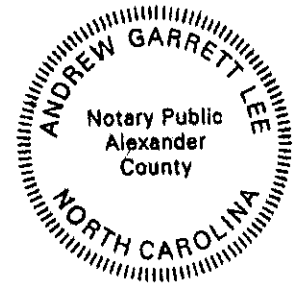
I acknowledge that this certification is executed according to EXHIBIT A, which is also a part of this agreement, and that if future certifications are required of subconsultants and suppliers, under US DOT Order 4200.5E and 2 CFR Part 180, I shall obtain them.

I acknowledge that this certificate is to be furnished to the North Carolina Department of Transportation and the Federal Highway Administration, U. S. Department of Transportation, in connection with this agreement and is subject to applicable State and Federal laws, both criminal and civil.

May 6, 2019 (Date)                      [Signature] (Signature)

Subscribed and sworn to before me this the 6 day of May, 2019.

[Signature]  
Notary



My Commission Expires: 7-27-2021

## EXHIBIT A

Certification Regarding Debarment,  
Suspension, and Other Responsibility  
Matters – Primary Covered Transactions

## Instructions for Certification

1. By signing and submitting this AGREEMENT, the prospective primary participant is providing the certification set out below.
2. The inability of a person to provide the certification required below will not necessarily result in denial of participation in this covered transaction. The prospective participant shall submit an explanation of why it cannot provide the certification set out below. The certification or explanation will be considered in connection with the department or agency's determination whether to enter into this transaction. However, failure of the prospective primary participant to furnish a certification or an explanation shall disqualify such person from participation in this transaction.
3. The certification in this clause is a material representation of fact upon which reliance was placed when the department or agency determined to enter into this transaction. If it is later determined that the prospective primary participant knowingly rendered an erroneous certification, in addition to other remedies available to the Federal Government, the department or agency may terminate this transaction for cause of default.
4. The prospective primary participant shall provide immediate written notice to the department or agency to whom this AGREEMENT is submitted if at any time the prospective primary participant learns that its certification was erroneous when submitted or has become erroneous by reason of changed circumstances.
5. The terms "covered transaction," "debarred," "suspended," "ineligible," "lower tier covered transaction," "participant," "person," "primary covered transaction," "principal," "agreement," and "voluntarily excluded," as used in this clause, have the meanings set out in the Definitions and Coverage sections of the rules implementing Executive Order 12549. You may contact the department or agency to which this agreement is being submitted for assistance in obtaining a copy of those regulations.
6. The prospective primary participant agrees by submitting this AGREEMENT that, should the proposed covered transaction be entered into, it shall not knowingly enter into any lower tier covered transaction with a person who is debarred, suspended, declared ineligible, or voluntarily excluded from participation in this covered transaction, unless authorized by the department or agency entering into this transaction.
7. The prospective primary participant further agrees by submitting this AGREEMENT that it will include the clause titled "Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion – Lower Tier Covered Transaction," provided by the department or agency entering into this covered transaction, without modification, in all lower tier covered transactions and in all solicitations for lower tier covered transactions.

8. A participant in a covered transaction may rely upon a certification of a prospective participant in a lower tier covered transaction that is not debarred, suspended, ineligible, or voluntarily excluded from the covered transaction, unless it knows that the certification is erroneous. A participant may decide the method and frequency by which it determines the eligibility of its principals. Each participant may, but is not required to, check the Nonprocurement List.
9. Nothing contained in the foregoing shall be construed to require establishment of a system of records in order to render in good faith the certification required by this clause. The knowledge and information of a participant is not required to exceed that which is normally possessed by a prudent person in the ordinary course of business dealings.
10. Except for transactions authorized under paragraph 6 of these instruction, if a participant in a covered transaction knowingly enters into a lower tier covered transaction with a person who is suspended, debarred, ineligible, or voluntarily excluded from participation in this transaction, in addition to other remedies available to the Federal Government, the department or agency may terminate this transaction for cause of default.

ATTACHMENT A

TITLE VI ASSURANCES (WITH APPENDIX)

**A**

## Standard DOT Title VI Assurances

The North Carolina Department of Transportation (hereinafter referred to as the "Recipient") HEREBY AGREES THAT as a condition to receiving any Federal financial assistance from the US Department of Transportation it will comply with the Title VI of the Civil Rights Act of 1964, 78 Stat. 252, 42 U.S.C. 2000d-42 (hereinafter referred to as the Act), and all requirements imposed by or pursuant to Title 49, Code of Federal Regulations, Department of Transportation, Subtitle A, Office of the Secretary, Part 21, Nondiscrimination in Federally-Assisted Programs of the Department of Transportation. Effectuation of Title VI of the Civil Rights Act of 1964 (hereinafter referred to as the Regulations) and other pertinent directives, to the end that in accordance with the Act, Regulations, and other pertinent directives, no person in the United States shall, on the grounds of race, color, sex, age, national origin or disability be excluded from participation in, be denied the benefits of, or be otherwise subjected to discrimination under any program or activity for which the Recipient receives Federal financial assistance from the Department of Transportation, including the Federal Highway Administration, and HEREBY GIVES ASSURANCE THAT it will promptly take any measures necessary to effectuate this agreement. This assurance is required by subsection 21.7(a) (1) of the Regulations.

More specifically and without limiting the above general assurance, the Recipient hereby gives the following specific assurances with respect to its Federal-Aid Highway Program:

1. That the Recipient agrees that each "program" and each "facility" as defined in subsections 21.23 (b) and 21.23 (e) of the Regulations, will be (with regard to a "program") conducted, or will be (with regard to a "facility") operated in compliance with all requirements imposed by, or pursuant to, the Regulations.
2. That the Recipient shall insert the following notification in all solicitations for bids for work or material subject to the Regulations made in connection with the Federal-Aid Highway Program and, in adapted form in all proposals for negotiated agreements:

The (State highway department) in accordance with Title VI of the Civil Rights Act of 1964, 78 Stat. 252, 42 U.S.C. 2000d to 2000d-4 and Title 49, Code of Federal Regulations, Department of Transportation, Subtitle A, Office of the Secretary, Part 21, Nondiscrimination in Federally-assisted programs of the Department of Transportation issued pursuant to such Act, hereby notifies all bidders that it will affirmatively insure that in any contract entered into pursuant to this advertisement, minority business enterprises will be afforded full opportunity to submit bids in response to this invitation and will not be discriminated against on the grounds of race, color, or national origin in consideration for an award.

3. That the Recipient shall insert the clauses of Appendix A of this assurance in every contract subject to the Act and the Regulations.
4. That the Recipient shall insert the clauses of Appendix B of this assurance, as a covenant running with the land, in any deed from the United States effecting a transfer of real property, structures, or improvements thereon, or interest therein.
5. That where the Recipient receives Federal financial assistance to construct a facility, or part of a facility, the assurance shall extend to the entire facility and facilities operated in connection therewith.

6. That where the Recipient receives Federal financial assistance in the form, or for the acquisition of real property or an interest in real property, the assurance shall extend to rights to space on, over or under such property.
7. That the Recipient shall include the appropriate clauses set forth in Appendix C of this assurance, as a covenant running with land, in any future deeds, leases, permits, licenses, and similar agreements entered into by the Recipient with other parties: (a) for the subsequent transfer of real property acquired or improved under the Federal-Aid Highway Program; and (b) for the construction or use of or access to space on, over or under real property acquired, or improved under the Federal-Aid Highway program.
8. That this assurance obligates the Recipient for the period during which Federal financial assistance is extended to the program, except where the Federal financial assistance is to provide, or is in the form of, personal property, or real property or interest therein or structures or improvements thereon, in which case the assurance obligates the Recipient or any transferee for the longer of the following periods: (a) the period during which the property is used for a purpose for which the Federal financial assistance is extended, or for another purpose involving the provision of similar services or benefits; or (b) the period during which the Recipient retains ownership or possession of the property.
9. The Recipient shall provide for such methods of administration for the program as are found by the Secretary of Transportation or the official to whom he delegates specific authority to give reasonable guarantee that it, other recipients, subgrantees, contractors, subcontractors, transferees, successors in interest, and other participants of Federal financial assistance under such program will comply with all requirements imposed or pursuant to the Act, the Regulations and this assurance.
10. The Recipient agrees that the United States has a right to seek judicial enforcement with regard to any matter arising under the Act, the Regulations, and this assurance.

THIS ASSURANCE is given in consideration of and for the purpose of obtaining any and all Federal grants, loans, contracts, property, discounts or other Federal financial assistance extended after the date hereof to the Recipient Department of Transportation under the Federal-Aid Highway Program and is binding on it, other recipients, subgrantees, contractors, subcontractors, transferees, successors in interest and other participants in the Federal-Aid Highway Program. The person or persons whose signatures appear below are authorized to sign this assurance on behalf of the Recipient.

  
 Eugene A. Conill, Jr.  
 Secretary, NC Department of Transportation

3/22/2010  
 Date

## APPENDIX A

During the performance of this contract, the contractor, for itself, its assignees and successors in interest (hereinafter referred to as the "contractor") agrees as follows:

(1) **Compliance with Regulations:** The contractor shall comply with the Regulations relative to nondiscrimination in Federally-assisted programs of the Department of Transportation (hereinafter, "DOT") Title 49, Code of Federal Regulations, Part 21, as they may be amended from time to time, (hereinafter referred to as the Regulations), which are herein incorporated by reference and made a part of this contract.

(2) **Nondiscrimination:** The Contractor, with regard to the work performed by it during the contract, shall not discriminate on the grounds of race, age, sex, color, disability, or national origin in the selection and retention of subcontractors, including procurements of materials and leases of equipment. The contractor shall not participate either directly or indirectly in the discrimination prohibited by section 21.5 of the Regulations, including employment practices when the contract covers a program set forth in Appendix B of the Regulations.

(3) **Solicitations for Subcontractors, Including Procurements of Materials and Equipment:** In all solicitations either by competitive bidding or negotiation made by the contractor for work to be performed under a subcontract, including procurements of materials or leases of equipment, each potential subcontractor or supplier shall be notified by the contractor of the contractor's obligations under this contract and the Regulations relative to nondiscrimination on grounds of race, color, or national origin.

(4) **Information and Reports:** The contractor shall provide all information and reports required by the Regulations or directives issued pursuant thereto, and shall permit access to its books, records, accounts, other sources of information, and its facilities as may be determined by the North Carolina Department of Transportation or the Federal Highway Administration to be pertinent to ascertain compliance with such Regulations, orders and instructions. Where any information required of a contractor is in the exclusive possession of another who fails or refuses to furnish this information the contractor shall so certify to the North Carolina Department of Transportation, or the Federal Highway Administration as appropriate, and shall set forth what efforts it has made to obtain the information.

(5) **Sanctions for Noncompliance:** In the event of the contractor's noncompliance with the nondiscrimination provisions of this contract, the North Carolina Department of Transportation shall impose such contract sanctions as it or the Federal Highway Administration may determine to be appropriate, including, but not limited to:

- (a) withholding of payments to the contractor under the contract until the contractor complies, and/or
- (b) cancellation, termination or suspension of the contract, in whole or in part.

(6) **Incorporation of Provisions:** The contractor shall include the provisions of paragraph (1) through (6) in every subcontract, including procurements of materials and leases of equipment, unless exempt by the Regulations, or directives issued pursuant thereto. The contractor shall take such action with respect to any subcontract or procurement as the North Carolina Department of Transportation or the Federal Highway Administration may direct as a means of enforcing such provisions including sanctions for non-compliance. Provided, however, that, in the event a contractor becomes involved in, or is threatened with, litigation with a subcontractor or supplier as a result of such direction, the contractor may request the North Carolina Department of Transportation to enter into such litigation to protect the interests of the North Carolina Department of Transportation, and, in addition, the contractor may request the United States to enter into such litigation to protect the interests of the United States.