

AGENDA

**Lower Cape Fear Water & Sewer Authority
1107 New Pointe Boulevard, Suite # 17, Leland, North Carolina
9:00 a.m. – Regular Monthly Board Meeting
February 13, 2022**

MEETING CALL TO ORDER: Chairman Blanchard

INVOCATION

PLEDGE OF ALLEGIANCE

APPROVAL OF CONSENT AGENDA

- C1** - Minutes of January 9, 2022, Regular Board Meeting
- C2** - Kings Bluff Monthly Operations and Maintenance Report
- C3** - Bladen Bluffs Monthly Operations and Maintenance Reports
- C4** - Approval of Owners Advisor Scope of Service for Design Build Project

NEW BUSINESS

- NB1** - Resolution Awarding Annual Audit Contract for Fiscal Year Ending June 30, 2023, to Thompson • Price Scott • Adams & Co. P.A. in the Amount of \$8,000.00
- NB2** - Consider awarding of service contract to LJ's Lawn and Land Management, LLC
- NB3** - Budget Amendment #1 for Right-of-Way
- NB4** - Resolution Requesting funding of a 10 Mile Parallel line Phase 2 for the Lower Cape Fear Water and Sewer Authority
- NB5** - ARPA Funding standard Resolutions
 - a)** Resolution adopting policy for property management related to the expenditure of American Rescue Plan Act Coronavirus State and Local Fiscal Recovery Funds
 - b)** Resolution adopting records retention policy for the expenditure of American Rescue Plan Act of 2021 Coronavirus State and Local Fiscal Recovery Funds by Lower Cape Fear Water and Sewer Authority
 - c)** Resolution adopting eligible project policy for the expenditure of American Rescue Plan Act of 2021 Coronavirus State and Local Fiscal Recovery Funds by Lower Cape Fear Water and Sewer Authority
 - d)** Resolution adopting non-discrimination policy for the expenditure of American Rescue Plan Act of 2021 Coronavirus State and Local Fiscal Recovery Funds by Lower Cape Fear Water and Sewer Authority

- e) Resolution adopting policy for allowable costs and cost principles for expenditure of American Rescue Plan Act of 2021 Coronavirus State and Local Fiscal Recovery Funds by Lower Cape Fear Water and Sewer Authority
- f) Resolution adopting conflict of interest policy for the expenditure of American Rescue Plan Act of 2021 Coronavirus State and Local Fiscal Recovery Funds by Lower Cape Fear Water and Sewer Authority

ENGINEER'S COMMENTS

ATTORNEY COMMENTS

EXECUTIVE DIRECTOR REPORT

EDR1–Comments on Customers' Water Usage and Raw Water Revenue for Fiscal Year to Date Ending January 31, 2023

EDR2–Operating Budget Status, Ending December 31, 2022.

EDR3–Summary of Activities

DIRECTOR'S COMMENTS AND/OR FUTURE AGENDA ITEMS

PUBLIC COMMENT

ADJOURNMENT

The next board meeting of the Lower Cape Fear Water & Sewer Authority is scheduled for Monday, March 13th at 9:00 a.m. in the Authority's office located at 1107 New Pointe Boulevard, Suite 17, Leland, North Carolina.

Consent Agenda (CA)

**Lower Cape Fear Water & Sewer
Authority**

AGENDA ITEM

To: CHAIRMAN BLANCHARD AND BOARD MEMBERS

From: TIM H. HOLLOMAN, EXECUTIVE DIRECTOR

Date: February 13, 2023

Re: Consent Agenda

Reviewed and approved as to form: MATTHEW A. NICHOLS, AUTHORITY ATTORNEY

Please find enclosed the items of a routine nature for consideration and approval by the Board of Directors with one motion. However, that does not preclude a board member from selecting an item to be voted on individually, if so desired.

C1- Minutes of January 9, 2022, Regular Board Meeting

C2- Kings Bluff Monthly Operations and Maintenance Report

C3- Bladen Bluffs Monthly Operations and Maintenance Report

C4- Approval of Owners Advisor Scope of Service for Design Build Project

Action Requested: Motion to approve/disapprove Consent Agenda.

Lower Cape Fear Water & Sewer Authority
Regular Board Meeting Minutes
January 13th, 2023

Chairman Blanchard called to order the Authority meeting scheduled on January 13th, 2023, at 9:00 a.m. and welcomed everyone present. The meeting was held at the Authority's office located at 1107 New Pointe Boulevard, Suite 17, Leland, North Carolina. Director Edge gave the invocation.

Roll Call by Chairman Rivenbark:

Present: Norwood Blanchard, Patrick DeVane, Wayne Edge, Harry Knight, Jackie Newton, Phil Norris, Scott Phillips, Charlie Rivenbark, Bill Saffo, Chris Smith, Bill Sue, and Rob Zapple

Present by Virtual Attendance: Al Leonard and Frank Williams

Absent: None

Staff: Tim H. Holloman, Executive Director; Matthew Nichols, General Counsel; Patrick Flanagan, COG; and Danielle Hertzog, Financial Administration Assistant

Guests Present: Glenn Walker, Brunswick County Water Resources Manager; Jordan Clark, Computer Warriors; Ken Waldroup, Cape Fear Public Utility Authority Executive Director; Kenny Keel, Pender County Public Utilities Director; John Nichols, Brunswick County Public Utilities Director; and Austin Eubanks, Thompson, Price, Scott, Adams & Co., P.A.

Guests Virtual Attendance: Tom Hendrick, Pender County Utilities Water Treatment Plant Superintendent; Benjamin Kearns, Cape Fear Public Utility Authority Water Resources Manager Water Treatment.

PLEDGE OF ALLEGIANCE: Chairman Blanchard led the Pledge of Allegiance.

APPROVAL OF CONSENT AGENDA

C1 - Minutes of December 12, 2022, Regular Board Meeting

C2 - Minutes of December 12, 2022, Personnel Committee Meeting

C3 - Kings Bluff Monthly Operations and Maintenance

C4 - Bladen Bluffs Monthly Operations and Maintenance Report

Motion: Director Rivenbark **MOVED**; seconded by Director Phillips, approval of the Consent Agenda Items C1-C4 as presented. Upon vote, the **MOTION CARRIED UNANIMOUSLY**.

	For	Against	Abstained	Absent
Norwood Blanchard	X			
Patrick DeVane	X			
Wayne Edge	X			
Harry Knight	X			
Al Leonard	X			
Jackie Newton	X			
Phil Norris				X
Scott Phillips	X			
Charlie Rivenbark	X			
Bill Saffo				X
Chris Smith	X			
Bill Sue	X			
Frank Williams	X			
Rob Zapple	X			
	12	0	0	2

PRESENTATION TO: Charlie Rivenbark, City of Wilmington Representative, by Chairman Blanchard

Chairman Blanchard presented Director Rivenbark with a plaque in recognition and appreciation for his distinguished service to the Authority for serving as Chairman in 2022.

OLD BUSINESS**OB1- Consider the award of Owners Advisor**

Executive Director Holloman stated two firms submitted an RFQ for the Owners Advisor for the 10-mile 48" parallel line. A committee comprised of the Lower Cape Fear Water and Sewer Authority's partners met, and the recommendations of that committee is to go with HDR to be the advisor for the 10-mile 48" parallel line project. Director Zapple wanted clarification on the difference between the progressive design-build process, design-build, and construction management at risk. Executive Director Holloman advised we have never done construction management at risk; however, the difference between progressive design building and design building is with progressive, they will do 30% of the work ahead of time, and we can pull out and change if required. The main reason to go with a progressive design-build is for the time crunch to have the project completed by (June)2026.

Motion: Director Zapple **MOVED**; seconded by Director DeVane, approval of the award of Owners Advisor to HDR. Upon vote, the **MOTION CARRIED UNANIMOUSLY**.

	<u>For</u>	<u>Against</u>	<u>Abstained</u>	<u>Absent</u>
Norwood Blanchard	X			
Wayne Edge	X			
Patrick DeVane	X			
Harry Knight	X			
Al Leonard	X			
Jackie Newton	X			
Phil Norris	X			
Scott Phillips	X			
Charlie Rivenbark	X			
Bill Saffo	X			
Chris Smith	X			
Bill Sue	X			
Frank Williams	X			
Rob Zapple	X			
	14	0	0	0

NEW BUSINESS**NB1 – Presentation of Annual Audit Report for Fiscal Year Ending June 30, 2022 (Thompson, Price, Scott, Adams & Co., P.A.)**

Mr. Austin Eubanks reviewed a PowerPoint summarization of the audit report, a copy of which is hereby incorporated as part of these minutes. He explained the primary task of the audit firm is to reach an opinion on the financial statements as a whole. The audit findings resulted in an unmodified opinion of a clean report with no material misstatements with a net position of increase in assets by over one million dollars. He reported the records were in good order, and all required audit procedures were performed with complete access to management and information without any limitations. There were no instances of material errors, misrepresentation, or non-compliance. He reviewed a summary of essential audit items, including cash/cash equivalents, total revenue, and total expenses. Director Zapple wanted to congratulate Executive Director Holloman and Financial Administration Assistant Danielle Hertzog for the work completed to make the audit a successful outcome.

Executive Director Holloman wanted it noted a hard copy or PDF file of the *Annual Financial Report for the Year Ended June 30, 2022*, is available upon request.

Motion: Director Rivenbark **MOVED**; seconded by Director Norris, approval of the Annual Financial Report for the Year Ended June 30, 2022. Upon vote, the **MOTION CARRIED UNANIMOUSLY**.

	For	Against	Abstained	Absent
Norwood Blanchard	X			
Wayne Edge	X			
Patrick DeVane	X			
Harry Knight	X			
Al Leonard	X			
Jackie Newton	X			
Phil Norris	X			
Scott Phillips	X			
Charlie Rivenbark	X			
Bill Saffo	X			
Chris Smith	X			
Bill Sue	X			
Frank Williams	X			
Rob Zapple	X			
	14	0	0	0

NB2 - Appointment of Calendar Year 2023 Finance Committee by Chairman Blanchard

Chairman Blanchard noted the members he appointed to the Finance Committee for the calendar year 2023, including:

Norwood Blanchard, Chairman
 Charlie Rivenbark
 Patrick DeVane
 Chris Smith
 Phil Norris
 Al Leonard

NB3 - Appointment of Calendar Year 2023 Personnel Committee by Chairman Blanchard

Chairman Blanchard noted the members he appointed to the Personnel Committee for the calendar year 2023, including:

Norwood Blanchard, Chairman
 Charlie Rivenbark
 Al Leonard
 Wayne Edge
 Scott Phillips
 William Sue
 Mayor Bill Saffo
 Harry Knight
 Matt Nichols
 Jackie Newton

NB4 - Appointment of Calendar Year 2023 Long Range Planning Committee by Chairman Blanchard

Chairman Blanchard noted the members he appointed to the Long-Range Planning Committee for the calendar year 2023, including:

Norwood Blanchard, Chairman
 Charlie Rivenbark
 Al Leonard
 Frank Williams
 Rob Zapple
 Harry Knight
 Patrick DeVane
 John Nichols
 Ken Waldroup
 Kenny Keel

Motion: Director Zapple **MOVED**; seconded by Director DeVane, approval of NB2, NB3, and NB4. Upon vote, the **MOTION CARRIED UNANIMOUSLY.**

	For	Against	Abstained	Absent
Norwood Blanchard	X			
Wayne Edge	X			
Patrick DeVane	X			
Harry Knight	X			
Al Leonard	X			
Jackie Newton	X			
Phil Norris	X			
Scott Phillips	X			
Charlie Rivenbark	X			
Bill Saffo	X			
Chris Smith	X			
Bill Sue	X			
Frank Williams	X			
Rob Zapple	X			
	14	0	0	0

ENGINEER'S COMMENTS

Tony Boahn gave an update on the US 421 sand mining operation. The potential encroachment is planned for November 30, 2023. The contractor, Shelter Creek Mine, stopped immediately when contacted by McKim & Creed. The contractor is now waiting on permits, and there is no activity currently and no plans to cross the LCFWASA easement. Mr. Boahn advised the Livingston Creek Walkway improvements contractor is Intracoastal Marine. Mr. Boahn stated that the challenge is waiting on materials; however, they still plan to start the project this month, January 2023, and the anticipated completion is March 2023.

ATTORNEY COMMENTS

No comments

EXECUTIVE DIRECTOR REPORT**EDR1 – Comments on Customers' Water Usage and Raw Water Revenue for Fiscal Year to Date Ending November 30, 2022**

Executive Director Holloman reported that during December 2022, all customers were above projections. Monthly revenue was above projections.

DIRECTOR'S COMMENTS AND/OR FUTURE AGENDA ITEMS

No comments

PUBLIC COMMENT

No comments

ADJOURNMENT

There being no further business, Chairman Rivenbark adjourned the meeting at 9:27 a.m.

Respectfully Submitted:

Patrick DeVane Secretary

COUNTY OF BRUNSWICK
PUBLIC UTILITIES DEPARTMENT
Kings Bluff Pump Station



246 Private Road
Riegelwood, NC 28456
(910) 655-4799 Office
(910) 655-4798 FAX

TO: Tim Holloman

FROM: Greg Lazorchak

DATE: 1/31/2023

SUBJECT: Monthly maintenance report for January 2023

Mr. Holloman,

The Maintenance and Operations of the king's bluff facility for the month of January were performed as prescribed in the station SOP'S and other items are as follows.

The diesel drive booster pumps along with the standby SCADA generator located at the raw tank and the SCADA generator located at INVISTA / CFPVA vaults off HWY 421 were run and tested weekly and verified standby ready.

KB personnel completed all locates issued by the 811 system.

KB personnel assisted Underwood Pump multiple days with disassembly and hauling off of pump #5.

KB personnel changed fan support and belts for pump #1 & #2 at the Raw Water Booster Station.

KB personnel did monthly check of right of way.

KB personnel purged water of A.R.V. housing, secured it, then locked up at right of way, Livingston creek

KB personnel change oil on compressor #1 & #2 at K.B. facility.

Contractors:

NEWCOMB completed quarterly PM on 1,2 & 3 HVAC units at VFD room.

Power Secure megged stator on generator at K.B. then tested generator and pumps at Raw Water Tank.

Got 3 quotes on fence at Brunswick Vault.

I&E assessed Gen #2 relay, worked on hoist, and connected heater on pump motor #5.

Thank you,

Gregory Lazorchak



To: Tim Holloman - LCFWASA

From: James Kern – Bladen Bluffs SWTP ORC

Date: 2/3/23

Subject: January 2023 Operations

During the month of January, Bladen Bluffs SWTP operated a total of 24 days, treating 66.33 million gallons of water.

We used:

53,814 lbs. of aluminum sulfate (Alum)

13,096 lbs. of sodium hydroxide (Caustic)

1,347 lbs. of sodium hypochlorite (2,705 gallons of 6% Chlorine Bleach)

James Kern
Water Treatment Plant
Supervisor

(910) 862-3114
(910) 862-3146
(910) 733-0016 mobile
jkern@smithfield.com

Smithfield
Good food. Responsibly.®

Bladen Bluffs Surface Water Treatment
Plant
17014 Highway 87 West
Tar Heel, NC 28392
www.smithfieldfoods.com

Monthly Operating Reports (MORs) Summary

(No user data entry – all values are auto-populated.)

Year: 2023 PWS Name: Bladen Bluffs Water System PWSID#: NC5009012
 Month: January Facility Name: Bladen Bluff

Combined Filter Effluent (CFE) Turbidity

Samples exceeding 1 NTU (count):	<u>0</u>	Number of samples required:	<u>126</u>
Samples exceeding .3 NTU (count):	<u>0</u>	Number of samples taken:	<u>126</u>
Samples exceeding .3 NTU (pct):	<u>0.0%</u>	Highest single turbidity reading NTU:	<u>0.122</u>
		Monthly average turbidity NTU:	<u>0.081</u>

Individual Filter Effluent (IFE) Turbidity

1) Was each filter <u>continuously</u> monitored for turbidity?	Yes	<u>X</u>	No	<u></u>
2) Was each filter's monitoring results <u>recorded every 15 minutes</u> ?	Yes	<u>X</u>	No	<u></u>
3) Was there a failure of the continuous turbidity monitoring equipment?	Yes	<u></u>	No	<u>X</u>
4) Was any individual filter turbidity level > 1.0 NTU in two consecutive measurements ?	Yes	<u></u>	No	<u>X</u>
5) Was any individual filter turbidity level > 0.5 NTU in two consecutive measurements at the end of 4 hours of operation after the filter has been backwashed or otherwise taken offline ?	Yes	<u></u>	No	<u>X</u>
6) Was any individual filter turbidity level > 1.0 NTU in two consecutive measurements in each 3 consecutive months ?	Yes	<u></u>	No	<u>X</u>
7) Was any individual filter turbidity level > 2.0 NTU in two consecutive measurements in 2 consecutive months ?	Yes	<u></u>	No	<u>X</u>

Entry Point Residual Disinfectant Concentration (EPRD)

Disinfectant Used	<u>Chlorine</u>	Number of samples required	<u>126</u>
Minimum EPRD concentration	<u>1.0700</u>	Number of samples taken	<u>126</u>

Distribution Residual Disinfectant Concentration

Number of samples under 0.010 mg/L (without any detectable) excluding where HPC is \leq 500/mL	<u>0</u>
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Contact Time (CT) Ratio

Lowest CT ratio reading	<u>15.20</u>	Number of CT ratios required	<u>24</u>
Number of CT ratios below 1.0	<u>0</u>	Number of CT ratios calculated	<u>24</u>

Remarks From General Info Worksheet

☒ By checking this box, the ORC certifies that the requirements of 15A NCAC 18C .1301 "General Requirements", .1302 "Tests, Forms, and Reporting", and .1303 "Facility Oversight" have been met for the month of January, 2023 and that records documenting compliance with this rule are maintained on the premises and available for inspection upon request.

Bladen Bluffs SWTP Maintenance Report

Date: 2/3/2023

ISSUE:

PLAN OF ACTION:

Air on finished water line (from GAC)	Installed trial valves – making modifications
All PLC need updated	Getting quotes
Found small leak in lagoon liner	Contractor has inspected
Clearwells Inspection	Inspection COMPLETE, awaiting recommendations, quote approved
Lost signal to three cameras at river	IN PROGRESS – hired new contractor
Vault intrusion electrical needs sealed	Quote approved
Replacing all faded ARC Flash/safety outdoor labels	IN PROGRESS
Need new keypad/intercom system front gate	Obtaining quote
Light Bulbs need replacing	COMPLETE
Turbidity and Flow Meter Calibrations Due	COMPLETE
Effluent valve on GAC #2 needs new actuator	FIXED



**LOWER CAPE FEAR WATER AND SEWER AUTHORITY
OWNER ADVISOR FOR 48" RAW WATER TRANSMISSION MAIN
DESIGN-BUILD PROJECT
SCOPE OF SERVICES
FEBRUARY 2023**

Background and Scope of Services

Background

Lower Cape Fear Water and Sewer Authority (LCFWASA or Owner) desires to construct a new 48-inch, 7-mile Raw Water Transmission Main (Project) with the possibility of extending the transmission main three (3) additional miles for a total of 10 miles. This scope covers the Phase 1 of the first seven (7) miles of the transmission main. The new main will be parallel to the existing 48-inch raw water main that supplies Pender, LCFWASA, CFPWA and several industries on Highway 421. The route of the existing 48-inch raw water line begins at the 3-million-gallon ground reservoir located near Brunswick County's Northwest Water Treatment Plant and traverses North and East through Brunswick, Pender, and New Hanover Counties to US Highway 421. LCFWASA received \$23.5 million from American Rescue Plan Act (ARPA) for this project.

Approach

HDR Engineering, Inc. of the Carolinas (Owner Advisor or OA or HDR) will serve as an extension of LCFWASA's staff and will work to align the project team with the Owner's priorities through the project. Under this Contract, the OA can provide, but is not limited to, the following services: project administration and support, general advisory services, funding assistance, Design-Build (DB) contract review and negotiation support, project design reviews, cost estimating, technical support services, construction support services, resident project representative/inspection services, and start-up support services for the project. The scope of services presented herein is split into two phases:

- Phase 1 – Preconstruction OA Services, covers services through the 60% design phase and Guaranteed Maximum Price (GMP). Phase 1 is anticipated to last 14 months.
- Phase 2 – Construction OA Services, will cover services following completion of the 60% design and GMP approval. Phase 2 is anticipated to last 18 months. It is anticipated that Phase 2 will be an amendment to this agreement and authorized at a later date.

General Tasks and Activities

Unless noted otherwise, the following assumptions are used for all tasks:

- Meetings will be held at LCFWASA offices or within a 20-mile radius.
- LCFWASA will coordinate with the OA to determine the location of the meetings.
- LCFWASA will be responsible for attendance of required LCFWASA staff.
- OA will prepare meeting agenda, handouts, notes, and presentation materials.
- Deliverables will consist of one draft document and one final, unless otherwise noted.
- Deliverables will be submitted as Adobe PDF files via email. Native files (MS Office, Project, AutoCAD) will be provided upon request.



- LCFWASA's review comments to draft deliverables will be provided to OA in one collated file that addresses any conflicting comments.
- LCFWASA's review will take no longer than two weeks per document, unless otherwise noted.
- OA will support the LCFWASA decision-making processes throughout the Project, but the LCFWASA holds the decision-making authority, not the OA.
- OA will not perform geotechnical or field investigation studies. These studies will be performed by the DB team.
- DB team is responsible for addressing LCFWASA/OA comments; OA has no responsibility for updates or modifications to design documents or other DB team deliverables.
- By performing these services, the OA shall not have authority or responsibility to supervise, direct, or control the DB team's work, means, methods, techniques, sequences, or procedures of construction.
- Services provided under this agreement are calculated as an assumed number of days per week of support that will be required based on the scope of services and Project requirements.

Deliverables will follow OA standards for memoranda and cost estimating.

- LCFWASA is responsible for communication with all other governmental agencies and community groups not otherwise noted below.
- LCFWASA is responsible to provide access to all properties that need to be accessed during the duration of this project.
- LCFWASA to pay for all permitting and agency review fees unless included in DB's scope.

Phase 1 - Scope of Services

Task 1 – Project and DB Contract Administration

The purpose of this task is to monitor, control and adjust scope, schedule, and budget as well as provide monthly status reporting, accounting, and invoicing. This task also includes project progress meetings and workshops.

OA Services

1. Project Administration Services
 - a. Prepare a Project Management Plan (Project Guide) outlining the project scope, team organization, schedule, and communications information.
 - b. Coordinate and manage the project team.
 - c. Prepare monthly status reports describing services completed during the month; services planned for the next month; needs for additional information; and a schedule update and financial status summary.
 - d. Prepare monthly invoices.
2. Project Meetings and Workshops
 - a. Lead the following meetings:
 - DB Phase 1 Scoping and Negotiations - Finalize DB Contract, Funding Review
 - Phase 1 Project Kickoff with LCFWASA and DB – define project team roles, establish internal communications and decision-making strategy, and review initial schedule.
 - As-needed meetings with LCFWASA Leadership



- b. Participate in the following meetings:
 - Monthly DB Progress Meetings (DB will lead)
 - 30% Design and Cost Estimate Review (DB will lead)
 - Early Work Package/Pipe Procurement Review (DB will lead)
 - 60% Design and Cost Estimate Review (DB will lead)
 - GMP Proposal Review (DB will lead)
- 3. Project Controls and Schedule
 - a. Develop overall initial high-level project schedule, however DB will maintain the overall detailed schedule.
 - b. Review DBs schedule for compliance with the contract.
 - c. Develop a plan for project cost control and monitor project costs.
 - d. Track DB's MBE/DBE documentation requirements.
 - e. Document Management
 - i. Serve as the record keeper on behalf of the LCFWASA for documents associated with the project development from design through construction and start-up.
 - ii. Utilize a 'simple' SharePoint site to organize and store final records. LCFWASA will be provided access through the duration of the Project. At the end of the Project, the LCFWASA will be provided a complete digital record of Project files.
 - f. Risk Management
 - i. Develop overall Owner's project risk register. (DB will keep their own risk register)
 - ii. Review baseline cost and schedule and identify risks related to the baseline.
 - iii. Monthly review of schedule and cost risks and update risk register.
 - iv. Support the management of the mitigation actions for each critical Project risk.
 - v. Develop value engineering recommendations about how to mitigate and/or avoid risks. Provide various recommendations for new value engineering opportunities.

LCFWASA Responsibilities

1. Participate in all project management meetings and workshops.
2. Timely processing and payment of invoices.
3. Review and process contract change requests and amendments, if needed.

Assumptions

1. The Phase 1 task is scheduled to last 14 months and be in alignment with the DB's Phase 1 – Preconstruction Services contract. It is anticipated that this task will be extended under Phase 2 amendment.
2. DB contractor will develop, update and own the overall project schedule.
3. DB contractor will utilize a project document management software (i.e. Procore) in which LCFWASA and OA have access.
4. Workshops will be up to three hours in duration and will include 1 to 3 OA representatives depending on the agenda topics.
5. Additional meetings and workshops after the 60% Design and GMP approval, will be held under the Phase 2 amendment.



Deliverables

1. Meeting minutes.
2. Monthly reports and invoices (one copy with invoice will be emailed as a PDF file).
3. Monthly project schedule and budget updates.
4. LCFWASA Risk register. (DB will keep their own Risk Register)
5. Project management meetings and workshops agenda and notes.

Task 2 – Project Criteria Development and Permitting Matrix

The purpose of this task is to develop the initial Project Criteria and Permitting Matrix.

OA Services

1. Collect and review currently available information provided by the LCFWASA. Identify additional information required.
2. Develop a four (4) page Owner's Project Criteria Document.
3. Develop a permitting matrix to list permits required, responsible party, required application date, potential phasing, etc.

LCFWASA Responsibilities

1. Provide necessary information for acquiring all necessary Project permits.
2. Pay permitting fees unless in DB's scope to pay for fees.

Assumptions

1. DB team is responsible for acquiring all necessary Project permits.

Deliverables

1. Owner's Project Criteria
2. Permitting Matrix

Task 3 – DB Procurement and Phase 1 DB Negotiations

The purpose of this task is to assist the LCFWASA with DB procurement including developing contract documents and assisting LCFWASA in the selection of a DB team including contract negotiations.

OA Services

1. Assist the LCFWASA in DB Procurement and Contract Negotiations
 - a. Assist LCFWASA with development of DBIA 520/530/535 contract documents.
 - b. Assist LCFWASA in answering proposer questions during the procurement process.
 - c. Review DB proposals and provide comments.
 - d. Review DB's bonds and insurance certificates and forward to LCFWASA for acceptance.
 - e. Assist LCFWASA in negotiating the DB contract agreement, General Conditions, Pre-construction and 60% Design Services scope with the selected DB team through meetings and workshops.

LCFWASA Responsibilities

1. Provide legal services to review DB RFQ and contract.
2. Review DB proposals and select the DB team.
3. Provide Commercial Non-Discrimination Certification, E-Verify Certification, and other information necessary for the procurement process.



Assumptions

1. DB contract and RFQ will be based on DBIA standard documents.
2. Up to two DB contract negotiation meetings will be held.
3. LCFWASA will purchase right to use DBIA documents.

Deliverables

1. Answers to questions during procurement process.
2. Provide red-line comments to DBIA documents.
3. Keep DB contract negotiations notes.

Task 4 – Funding Assistance

The purpose of this task is to assist in the preparation of documentation required for submittal of a grant and/or DWSRF loan application.

OA Services

1. Prepare directed grant (\$23,500,000) application. This can be prepared and submitted outside of normal funding cycles to provide early access to funds.
 - a. Application form [HDR draft / LCFWASA execute].
 - b. Initial project budget [HDR prepare / LCFWASA assist].
2. Review of ARPA federal procurement requirements
 - a. Temporary Design-Build statutes that are consistent with federal procurement requirements.
 - b. Federal procurement requirements.
 - c. Prevailing wage requirements.
 - d. Confirm DB is meeting ARPA milestones.
3. Hold up to four meetings meeting with NCDEQ staff to gain concurrence on specific approaches. Meetings may include items such as reviewing funding opportunities, DB adjustments for the funding process, and compliance with funding program requirements.
4. Identify additional applications to maximize funding opportunities and assist the LCFWASA in the preparation of identified applications.

LCFWASA Responsibilities

1. Prepare or assist in completing the documents listed under OA Services.
2. Execute and submit forms and templates in accordance with DWSRF.
3. Attend meeting(s) with NCDEQ staff.
4. Provide previous funding applications.

Assumptions

1. LCFWASA has secured ARPA funding of \$23.5M
2. Information provided to OA is accurate and maximizes the success of the application.
3. Meeting(s) with NCDEQ is anticipated to be held virtually.
4. DB entity will complete any required engineering reports / environmental information documents and plan approval as required for funding agencies.

Deliverables

1. Technical Memorandum summarizing review of ARPA requirements including, but not limited to, the following:



- a. Federal procurement / contract requirements
- b. DB considerations related to SL 2021-189, Sec. 1.6.
- c. SRF procurement / contract requirements

Task 5 –Cost Estimating Review

The purpose of this task is to review cost estimates prepared by DB to validate the project budget and the GMP.

OA Services

- 1. Review the DB's cost estimates at 30% Design and 60% Design
- 2. Review one early work package / early procurement package
- 3. Review GMP

LCFWASA Responsibilities

- 1. Attend workshops and meetings.

Assumptions

- 1. DB will provide necessary design information to complete independent cost estimates and reviews.
- 2. Initial total project cost estimate is \$60M.

Deliverables

- 1. 30% Cost Estimate
- 2. 60% Cost Estimate
- 3. Early work package / early procurement package review comments.
- 4. GMP review comments

Task 6 – 30%, 60% Design Reviews, Quality Assurance (QA), and Value Engineering (VE)

The purpose of this task is to perform design reviews at the 30% and 60% submittal stages, assist owner with QA, review DB's QC Plan, and participate in a VE session.

OA Services

- 1. Design Reviews
 - a. 30% Design
 - b. 60% Design
- 2. Review DB's QC Plan
- 3. Participate in a VE session with DB

LCFWASA Responsibilities

- 1. Attend workshops and meetings.

Assumptions

- 1. DB will provide necessary design information to complete design reviews.

Deliverables

- 1. Design Review Comments
- 2. QC Plan Comments
- 3. Summary of VE Ideas from both OA and DB



Task 7 – Early Work Package / Early Procurement Support

The purpose of this task is to assist LCFWASA in determining if an early work package / early procurement package is necessary to meet the overall schedule and provide benefits to LCFWASA.

OA Services

1. Review draft early work package / early procurement package
2. Review final early work package / early procurement package

LCFWASA Responsibilities

1. Attend workshops and meetings.

Assumptions

1. Due to market and supply chain conditions, DB may need to utilize an early work package for procurement of pipe and potential other early work.
2. DB will provide necessary early work package information to complete review.

Deliverables

1. Review Comments

Task 8 – GMP Review and Phase 2 Negotiations

The purpose of this task is to assist LCFWASA in reviewing and negotiation the GMP.

OA Services

1. Assist LCFWASA with DB GMP negotiations.

LCFWASA Responsibilities

1. Attend workshops and meetings.

Assumptions

1. Two negotiation meetings with DB.
2. GMP will be based on 60% Design documents.

Deliverables

1. Review comments and recommendations to proceed with GMP.
2. Letter of recommendation for approval of GMP.

Task 9 – As-needed Support

Provide as-needed technical support to the project.

OA Services

1. Participate as a non-voting member in the DB Interview and Selection (if Interview is required by LCFWASA)
2. Assist LCFWASA with scope items not currently identified. This may include, but is not limited to stakeholder coordination, regulator agency review meetings, specialized services, and technical support.

LCFWASA Responsibilities

1. Provide timely authorization to proceed with this support.



Assumptions

1. An allowance of \$25,000 has been provided for this task.

Deliverables

1. TBD

Schedule

The term for the Phase 1 scope of services is approximately 12 months from notice to proceed (NTP) and assumes a NTP in February 2023.

Compensation

Compensation to Consultant for the Phase 1 scope of services will be on a time and materials basis with a not to exceed amount of \$298,014. The table below provides compensation by task based on the attached rate schedule (Attachment A). Hours may be shifted around tasks as the project develops. Total fee will not be exceeded without written approval by the LCFWASA.

Phase 1 Tasks	Hourly Not to Exceed Budget
Task 1 – Project and DB Contract Administration	\$145,174
Task 2 – Project Criteria Development and Permitting Matrix	\$15,520
Task 3 – DB Procurement and Phase 1 Negotiations	\$26,220
Task 4 – Funding Assistance	\$19,091
Task 5 – Independent Cost Estimating	\$22,812
Task 6 – 30%, 60% Design Reviews, QA and VE	\$23,898
Task 7 – Early Work Package/Early Procurement Support	\$9,648
Task 8 – GMP Review and Phase 2 Negotiations	\$10,736
Task 9 – As-Needed Support	\$25,000
TOTAL	\$298,099



Attachment A – Hourly Rates Schedule

Services will be performed on an hourly rate basis using the rates shown in the table below.

Job Title/Classification	2023 Hourly Rate*
Principal in Charge / Senior Management Consultant	\$312
Senior Project Manager	\$281
Senior Technical Specialist	\$250
Project Engineer	\$166
Engineering Intern	\$125
Senior Estimator	\$291
Estimator	\$166
Accounting / Project Coordinator	\$135
Administrative	\$95

Additional codes and classifications may be utilized in the implementation of the services if authorized by LCFWASA.

*Hourly rates will escalate 4% on an annual basis, based on calendar year, but will be held constant for the first 11 months from the date of this agreement.

Lower Cape Fear Water and Sewer Authority
Owner Advisor for 48" Raw Water Transmission Main
Design-Build Project
Fee Estimate
2/7/2023

Task	Staff Hour Forecast (Hrs)										Expenses					Total		Total
	PIC/ Sr Mgt Consult	Sr PM	Sr Tech Specialist	Project Engineer	Eng Intern	Sr Estimator	Estimator	Project Coord	Hours	Labour	Travel	Supplies	Sub Mark-up	Misc.	Expense	Yr	Total	Total
2023 Billing Rates																		
Task 1: Project and DB Contract Administration																		
Project Administration	12	120						30	162	\$ 41,514								\$ 145,174
Project Meetings and Workshops	86	172	24						282	\$ 81,164	\$ 6,760	\$ 2,000						\$ 8,760
Project Controls and Schedule	8	40							48	\$ 13,736								
Task 2: Project Criteria Development and Permitting Matrix																		
Project Criteria Development	4	32		16					52	\$ 12,896								\$ 15,520
Permit Tracking		4							16	\$ 2,624								
Task 3: DB Procurement and Phase 1 DB Negotiations																		
Assist with DBIA 520/530/535 Contracts	16	24	4						44	\$ 12,736								\$ 26,220
Assist with DB Proposal Phase and Review DB Proposal	4	16		4					24	\$ 6,244								
Assist with DB Contract Negotiations and Agreement	16	8							24	\$ 7,240								
Task 4: Funding Assistance																		
Prepare Direct Grant Application		1	4						9	\$ 1,781								\$ 19,091
Review ARPA Federal Procurement Requirements		2	16						18	\$ 4,562								
Meet with NCDEQ Staff (4 1-hr meetings)		4	16						20	\$ 5,124								
Technical Memorandum		4	24		4				32	\$ 7,624								
Task 5: Cost Estimating Review																		
30% Cost Estimate Review and Comment	2	4							34	\$ 7,396								\$ 22,812
60% Cost Estimate Review and Comment	2	4							34	\$ 7,396								
GMP Review	4	4							36	\$ 8,020								
Task 6: 30% and 60% Design Review, Quality Assurance, Value Engineering																		
30% Design Review	8	16		8					32	\$ 8,320								\$ 23,898
60% Design Review	8	16		8					32	\$ 8,320								
Review DB QC Plan	2	2							4	\$ 1,186								
Participate in Value Engineering Session	8	8		8					24	\$ 6,072								
Task 7: Early Work Package/ Early Procurement Support																		
Review and Comment on Draft Early Work Package	4	8		8					20	\$ 4,824								\$ 9,648
Review and Comment on Final Early Work Package	4	8		8					20	\$ 4,824								
Task 8: GMP Review and Phase 2 Negotiations																		
Assist with GMP Negotiations	20	16							36	\$ 10,736								\$ 10,736
Task 9: As-Needed Support																		
Support Allowance										\$ 25,000								\$ 25,000
Total	208	513	88	56	24	24	60	30	1,003	\$ 289,339	\$ 6,760	\$ 2,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 298,099

AGENDA ITEM

To: CHAIRMAN BLANCHARD AND BOARD MEMBERS

From: TIM H HOLLOMAN EXECUTIVE DIRECTOR

Date: February 13, 2023

Re: Resolution Awarding Annual Audit Contract for Fiscal Year Ending June 30, 2023 to Thompson • Price • Scott • Adams & Co. P.A. in the Amount of \$8,000.00

Please find enclosed the annual audit contract for the preparation of the Authority's audit and financial statements for fiscal year ending June 30, 2023.

Action Requested: Motion to approve/disapprove:

Resolution Awarding Annual Audit Contract for Fiscal Year Ending June 30, 2023, to Thompson • Price • Scott • Adams & Co. P.A. in the Amount of \$8,000.

**Resolution Awarding Annual Audit Contract for Fiscal Year Ending June 30, 2023, to
Thompson•Price•Scott•Adams & Co. P.A. In the Not to Exceed Amount of \$8,000.00**

Whereas, each unit of local government shall have its accounts audited as soon as possible after the close of each fiscal year by a Certified Public Accountant;

Now Therefore Be It Resolved, that the Board of Directors for the Lower Cape Fear Water & Sewer Authority awards the annual auditing contract to the firm Thompson•Price•Scott•Adams & Co. P.A. in the amount of \$8,000.00 to audit the accounts of the Authority and to prepare the financial statements for the fiscal year ending June 30, 2023.

Furthermore, the Board designates that the Chairman and the Executive Director for the Authority are duly authorized to execute the contract on behalf of the Authority.

Adopted this 13th day of February 2023

Norwood Blanchard, Chairman

ATTEST:

Patrick DeVane, Secretary

LGC-205

CONTRACT TO AUDIT ACCOUNTS

Rev. 11/2022

The	Governing Board
of	Primary Government Unit Lower Cape Fear Water & Sewer Authority
and	Discretely Presented Component Unit (DPCU) (if applicable) NA

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

and	Auditor Name Thompson, Price, Scott, Adams & Co. PA
	Auditor Address 4024 Oleander Drive, Suite 103, Wilmington, NC 28403

Hereinafter referred to as Auditor

for	Fiscal Year Ending 06/30/23	Date Audit Will Be Submitted to LGC 10/31/23
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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). The basic financial statements shall include budgetary comparison information in a budgetary comparison statement, rather than as RSI, for the General Fund and any annually budgeted Special Revenue funds.

2. At a minimum, the Auditor shall conduct the audit and render the report in accordance with GAAS. The Auditor shall perform the audit in accordance with *Government Auditing Standards (GAGAS)* if the Governmental Unit expended \$100,000 or more in combined Federal and State financial assistance during the reporting period. The auditor shall perform a Single Audit if required by Title 2 US Code of Federal Regulations Part 200 *Uniform Administration Requirements, Cost Principles, and Audit Requirements for Federal Awards, Subpart F* (Uniform Guidance) or the State Single Audit Implementation Act. 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 in accordance with 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).

Effective for audits of fiscal years beginning after June 30, 2023, the LGC will allow auditors to consider whether a unit qualifies as a State low-risk auditee based upon federal criteria in the Uniform Guidance §200.520(a), and (b) through (e) as it applies to State awards. In addition to the federal criteria in the Uniform Guidance, audits must have been submitted timely to the LGC. If in the reporting year, or in either of the two previous years, the unit reported a Financial Performance Indicator of Concern that the audit was late, then

the report was not submitted timely for State low-risk auditee status. Please refer to "Discussion of Single Audits in North Carolina" on the LGC's website for more information.

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).

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*, 2018 revision, 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 Auditing 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 the audit fee or the date that the audit report will be submitted to the LGC, an amended contract along with a written explanation of the change 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.

For GAAS or *Government Auditing Standards* audits, if an auditor issues an AU-C §260 report, commonly referred to as "Governance Letter," LGC staff does not require the report to be submitted unless the auditor cites significant findings or issues from the audit, as defined in AU-C §260.12 - .14. This would include issues such as difficulties encountered during the audit, significant or unusual transactions, uncorrected misstatements, matters that are difficult or contentious reviewed with those charged with governance, and other significant matters.

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 records for audit, financial statement preparation, any finance-related investigations, or any other audit-related work in the State of North Carolina. Approval is also required for the Alternative Compliance Examination Engagement for auditing the Coronavirus State and Local Fiscal Recovery Funds expenditures as allowed by US Treasury. Approval is not required on audit contracts and invoices for system improvements and similar services of a non-auditing nature.

9. 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. This paragraph is not applicable to contracts for audits of hospitals.

10. 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 if required, 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 13).

11. 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.

12. 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.

13. 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.

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CONTRACT TO AUDIT ACCOUNTS

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14. The Auditor shall submit the report of audit in PDF format to LGC Staff. For audits of units other than hospitals, the audit report should be submitted 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. 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 and/or the compliance section, those corrections shall be provided within three business days of notification unless another deadline is agreed to by LGC Staff.
15. 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.
16. If an approved contract needs to be modified or amended for any reason, the change shall be made in writing and pre-audited if the change includes a change in audit fee (pre-audit requirement does not apply to hospitals). 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.
17. 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 except for fees, work, and terms not related to audit services, 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 30 of this contract. Engagement letters containing indemnification clauses shall not be accepted by LGC Staff.
18. Special provisions should be limited. Please list any special provisions in an attachment.
19. 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 primary 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.
20. The contract shall be executed, pre-audited (pre-audit requirement does not apply to hospitals), and physically signed by all parties including Governmental Unit(s) and the Auditor, then submitted in PDF format to the Secretary of the LGC.
21. 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.
22. 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.

23. 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.

24. 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.

25. 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.

26. 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.

27. **Applicable to audits with fiscal year ends of June 30, 2020 and later.** For all non-attest services, the Auditor shall adhere to the independence rules of the AICPA Professional Code of Conduct and *Government Auditing Standards, 2018 Revision* (as applicable). 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. If the Auditor cannot reduce the threats to an acceptable level, the Auditor cannot complete the audit. If the Auditor is able to reduce the threats to an acceptable level, the documentation of this determination, including the safeguards applied, must be included in the audit workpapers.

All non-attest service(s) being performed by the Auditor that are necessary to perform the audit must be identified and included in this contract. The Governmental Unit shall designate an individual with the suitable skills, knowledge, and/or experience (SKE) necessary to oversee the services and accept responsibility for the results of the services performed. If the Auditor is able to identify an individual with the appropriate SKE, s/he must document and include in the audit workpapers how he/she reached that conclusion. If the Auditor determines that an individual with the appropriate SKE cannot be identified, the Auditor cannot perform both the non-attest service(s) and the audit. See "Fees for Audit Services" page of this contract to disclose the person identified as having the appropriate SKE for the Governmental Unit.

28. **Applicable to audits with fiscal year ends of June 30, 2021 and later.** The auditor shall present the audited financial statements including any compliance reports to the government unit's governing body or audit committee in an official meeting in open session as soon as the audited financial statements are available but not later than 45 days after the submission of the audit report to the Secretary. The auditor's presentation to the government unit's governing body or audit committee shall include:

- a) the description of each finding, including all material weaknesses and significant deficiencies, as found by the auditor, and any other issues related to the internal controls or fiscal health of the government unit as disclosed in the management letter, the Single Audit or Yellow Book reports, or any other communications from the auditor regarding internal controls as required by current auditing standards set by the Accounting Standards Board or its successor;
- b) the status of the prior year audit findings;
- c) the values of Financial Performance Indicators based on information presented in the audited financial statements; and
- d) notification to the governing body that the governing body shall develop a "Response to the Auditor's Findings, Recommendations, and Fiscal Matters," if required under 20 NCAC 03 .0508.

29. Information based on the audited financial statements shall be submitted to the Secretary for the purpose of identifying Financial Performance Indicators and Financial Performance Indicators of Concern. See 20 NCAC 03 .0502(c)(6).

30. All of the above paragraphs are understood and shall apply to this contract, except the following numbered paragraphs shall be deleted (See Item 17 for clarification).

31. 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/state-and-local-government-finance-division/local-government-commission/submitting-your-audit>

32. 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.

33. Modifications to the language and terms contained in this contract form (LGC-205) are not allowed.

FEES FOR AUDIT SERVICES

1. For all non-attest services, the Auditor shall adhere to the independence rules of the AICPA Professional Code of Conduct (as applicable) and *Government Auditing Standards, 2018 Revision*. Refer to Item 27 of this contract for specific requirements. The following information must be provided by the Auditor; contracts presented to the LGC without this information will be not be approved.

Financial statements were prepared by: ☒ Auditor ☐ Governmental Unit ☐ Third Party

If applicable: Individual at Governmental Unit designated to have the suitable skills, knowledge, and/or experience (SKE) necessary to oversee the non-attest services and accept responsibility for the results of these services:

Name:

Title and Unit / Company:

Email Address:

Tim Holloman

Executive Director/LCFW&S

director@lcfwasa.gov

OR Not Applicable ☐ (Identification of SKE Individual on the LGC-205 Contract is not applicable for GAAS-only audits or audits with FYEs prior to June 30, 2020.)

2. 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 and 13 for details on other allowable and excluded fees.

3. The audit fee information included in the table below for both the Primary Government Fees and the DPCU Fees (if applicable) should be reported as a specific dollar amount of audit fees for the year under this contract. If any language other than an amount is included here, the contract will be returned to the audit form for correction.

4. Prior to the submission of the completed audited financial report and applicable compliance reports subject to this contract, or to an amendment to this contract (if required) the Auditor may submit interim invoices for approval for services rendered under this contract to the Secretary of the LGC, not to exceed 75% of the billings for the unit's last annual audit that was submitted to the Secretary of the LGC. All invoices for services rendered in an audit engagement as defined in 20 NCAC .0503 shall be submitted to the Commission for approval before any payment is made. Payment before approval is a violation of law. (This paragraph not applicable to contracts and invoices associated with audits of hospitals).

PRIMARY GOVERNMENT FEES

Primary Government Unit	Lower Cape Fear Water & Sewer Authority
Audit Fee	\$ 7500.00
Additional Fees Not Included in Audit Fee:	
Fee per Major Program	\$ 3,000.00 if applicable
Writing Financial Statements	\$ 1000.00
All Other Non-Attest Services	\$

DPCU FEES (if applicable)

Discretely Presented Component Unit	NA
Audit Fee	\$
Additional Fees Not Included in Audit Fee:	
Fee per Major Program	\$
Writing Financial Statements	\$
All Other Non-Attest Services	\$

SIGNATURE PAGE**AUDIT FIRM**

Audit Firm*	
Thompson, Price, Scott, Adams & Co. PA	
Authorized Firm Representative (typed or printed)*	Signature*
Gregory S Adams, CPA	
Date*	Email Address*
	gadams@tpsacpas.com

GOVERNMENTAL UNIT

Governmental Unit*	
Lower Cape Fear Water & Sewer Authority	
Date Primary Government Unit Governing Board Approved Audit Contract* (G.S. 159-34(a) or G.S. 115C-447(a))	
Mayor/Chairperson (typed or printed)*	Signature*
Norwood Blanchard, Chairperson	
Date	Email Address
	norwood1310 @gmail.com

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

GOVERNMENTAL UNIT – PRE-AUDIT CERTIFICATE

Required by G.S. 159-28(a1) or G.S. 115C-441(a1).
Not applicable to hospital contracts.

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)	Signature*
Tim Holloman, Executive Director	
Date of Pre-Audit Certificate*	Email Address*
	director@lcfwasa.gov

SIGNATURE PAGE -- DPCU
(complete only if applicable)

DISCRETELY PRESENTED COMPONENT UNIT

DPCU*	
NA	
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

Required by G.S. 159-28(a1) or G.S. 115C-441(a1).
Not applicable to hospital contracts.

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*
Date of Pre-Audit Certificate*	Email Address*

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

PRINT

AGENDA ITEM

To: CHAIRMAN BLANCHARD AND BOARD MEMBERS

From: TIM H HOLLOMAN EXECUTIVE DIRECTOR

Date: February 13, 2023

Re: Consider awarding of service contract to LJ's Lawn and Land Management, LLC

Please find enclosed proposal for cutting of the Kings Bluff Right of Way this Fiscal Year at a cost of \$39,000. For Fiscal Year 2023-24 this work will be covered by the maintenance contract with Brunswick County. Approval of this cutting allows the work to be done now and it will be October 2023 before the next cutting under the Brunswick County Maintenance contract.

Action Requested: Motion to approve/disapprove.

Right-of-Way Maintenance Kings Bluff Raw Water Line

January 23, 2022

4:00 PM



LJ's Lawn and Land Management, LLC
1598 Old Fayetteville Road
Leland, NC 28451
910-471-9747

January 23, 2023

LCF Water and Sewer Authority
1107 New Pointe Blvd., Suite 17
Leland, NC 28451

To whom this may concern:

Thank you for the opportunity for our company to submit a proposal for the Right of Way Kings Bluff Raw Water Line project. We at LJ's Lawn and Land Management have been in business for over 20 years, providing both residential and commercial lawn, landscaping and property land maintenance. With our experience, we believe we are the qualified company that you seek to enter contract with for your project's success.

For the maintenance of Right of Way Kings Bluff Raw Water Line, we propose to enter a contract with you, agreeing to all Brunswick County's terms and conditions contained in the Request for Proposals and its attachments. Within the requested timeline, we will perform all tasks and services to complete the project according to your requirements and specifications.

Please consider our proposal and feel free to call us at 910-471-9747 or email us at nedia86@yahoo.com for any questions or concerns. We look forward to working with you on this project.

Regards,

Jeremy Jacobs
Owner

The following company representatives have authority to answer questions or provide clarification regarding the proposal's contents:

Jeremy Jacobs

1598 Old Fayetteville Road
Leland, NC 28451
910-471-9747

Dwanedia Jacobs

1598 Old Fayetteville Road
Leland, NC 28451
910-685-2706

Key Personnel to Perform Services

Jeremy Jacobs:

Jeremy Jacobs, owner and operator of LJ's Lawn and Land Management will perform services for this project. Having personally aided in the completion of the Right of Way Kings Bluff Raw Water Line maintenance for over 10 years, Jeremy possesses relevant and diverse knowledge and expertise for successful completion of the proposed project. In addition to last year's annual routine Right of Way maintenance, Jeremy aided in the Brunswick County Public Utilities Emergency Action Plan, which consisted of Right of Way cutting, to assist Brunswick County Public Utilities in locating leaks along the water line. He has lead LJ's Lawn and Land Management in obtaining and completion of contracts for several significant commercial accounts throughout Brunswick, New Hanover, and Columbus Counties for grounds maintenance for the entirety of his role as owner and operator. Prior to his role as sole owner, he worked alongside his father, who held contracts with Brunswick County and similar commercial accounts for greater than 10 years.

Eddie Hancock:

Eddie Hancock has been with LJ's Lawn and Land Management for 8 years, aiding in several commercial projects of significant size and scope, to include Right of Way Maintenance and The Brunswick County Public Utilities Emergency Action Plan. Eddie has been a significant contributor to our company's success with grounds maintenance of similar commercial projects and thus possesses relevant and diverse knowledge in this respective field.

Christopher Simmons:

Chris has been with LJ's Lawn and Land Management for 5 years, assisting in several commercial projects of significant size and scope, to include Right of Way Maintenance and The Brunswick County Public Utilities Emergency Action Plan. Chris has been a significant contributor to our company's success with grounds maintenance of similar commercial projects and thus possesses relevant and diverse knowledge in this respective field.

*All above personnel have obtained yearly safety training with Mid Atlantic Safety Council, for essential safety guidelines based on regulations by the Department of Labor and OSHA standards. Examples of completed course objectives are listed below:

- General Work Safety
- Personal Protective Equipment
- Hazard Communications
- Safety Management
- Material Handling
- Excavation and Trenching
- Jobsite Safety Analysis
- Emergency Action Plans

Right of Way Maintenance- Ground/Floor only

Equipment Grinder Blades	\$ 150.00
Equipment Grease	\$ 500.00
Hand cutting tools	\$ 150.00
Misc. Tools and Supplies	\$ 250.00
String Trimmer Supplies	\$ 200.00
Fuel: \$ 350.00/ day x 28 days	\$ 9,800.00
Employee Labor	\$ 6,000.00
Company/Equipment Insurance	\$ 500.00
Equipment Servicing and Maint.	\$ 800.00
Rental Equipment	\$ 1,500.00
Overhead and Profit	\$ 3,650.00
PPE	\$ 500.00
Other miscellaneous overhead	\$ 500.00
 Total:	 \$ 24,500.00

Right of Way Maintenance- Sides/Walls only

Equipment Grinder Blades	\$ 100.00
Equipment Grease	\$ 300.00
Hand cutting tools	\$ 100.00
Misc. Tools and Supplies	\$ 200.00
String Trimmer Supplies	\$ 250.00
Fuel: \$ 350.00/ day x 14 days	\$ 4,900.00
Employee Labor	\$ 3,000.00
Company/Equipment Insurance	\$ 250.00
Equipment Servicing and Maint.	\$ 500.00
Rental Equipment	\$ 1,000.00
Overhead and Profit	\$ 3,200.00
PPE	\$ 200.00
Other miscellaneous overhead	\$ 500.00

Total:	\$ 14,500.00
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ROW Maintenance Ground/Floor	\$ 24,500.00
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ROW Maintenance Sides/Walls	\$14,500.00
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Lump Sum Total:	\$ 39,000.00
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Implementation Plan

Scope

In the most efficient, timely and comprehensive manner possible, to provide maintenance of the Right of Way by mowing in one mowing cycle between September and December each year, to a uniform maximum height of 6 inches. Hand-cutting vegetation around riverbanks and river's edge beyond docks. Trim trees at Right of Way edges to a height of 10 feet. Use of specialty equipment and/or hand-cutting low, wet areas, creek crossings and ponds. Negotiating with landowners for access to Right of Way easements that cross private property. Weed-eating around vaults, pipes and other structures along Right of Way. Working around all sign posts, concrete vaults, ductile iron pipe, bollards, mailboxes and other pipeline equipment that may be present.

Implementation Plan

Providing at least 2 weeks notice to County before beginning mowing operations.

3-4 days: ROW maintenance to begin behind Kings Bluff Pump station-

- Hand cutting from Kings Bluff Pump Station out to the river's edge. Along both sides of pier and continuing to the wood lines. String trim/weed-eat under pier.

1-2 hours: Kings Bluff entrance gate

- Mowing and string trimming/weed-eating from asphalt at wood line "wide" to asphalt on Locks Road "length."

6 hours Locks Road to Black Rock Road (0.97 miles)

- Mowing from Locks Road to Black Rock Road and string trimming around all vaults and structures as needed and requested.

4 hours Black Rock Road to Beaverdam Creek (0.24 miles)

- Mowing/bush hogging with two zero-turn lawn mowers and two tractors with 10 ft bush hog attachments. String trimming around structures and vaults. Hand cutting with power saws on the Creek's edge to a depth reachable with chest waders. Then hand cutting areas not reachable by foot via small boat.

6 hours Beaverdam Creek to Highway 11/General Howe Road (0.55 miles)

- Mowing/bush hogging with two zero-turn lawn mowers and two tractors with 10 ft bush hog attachments. String trimming around structures and vaults. Hand-cutting and use of Kubota KX057 excavator with cutter attachment to trim Creek's edge vegetation.
- 3-4 hours Highway 11/General Howe Road to Weyman's Creek (0.36 miles)
- Mowing/bush hogging with two zero-turn lawn mowers and two tractors with 10 ft bush hog attachments. String trimming around structures and vaults. Hand cutting with power saws on the Creek's edge to a depth reachable with chest waders. Then hand cutting areas not reachable by foot via small boat if needed.
- 1 day Weyman's Creek crossing over State Road 1811 to Double Branch (1.6 miles)
- Mowing/bush hogging with two zero-turn lawn mowers and two tractors with 10 ft bush hog attachments. String trimming around structures and vaults. Hand cutting with power saws and string trimmers, in low, wet areas. Then hand cutting areas not reachable by foot via small boat if needed.
- 1 day Double Branch to Riegel Course Road (1.33 miles)
- Hand cutting at Double Branch, both sides, and all low, wet areas along way. Mowing with 2 tractors with 10-foot bush hogs, skid steer with 72 inch mowing deck. String trimming as needed as well.
- 6 hours Riegel Course Road to John Riegel Road (0.54 miles)
- Mowing via 10-foot bush hog, 2 tractors with cutter attachment, skid steer with 72 inch deck, as well as hand-cutting all low, wet areas. String trimming around all vaults.
- 5 hours John Riegel Road to Livingston Creek (0.84 miles)
- Mowing with bush hogs with 10-foot attachments. Hand-cutting all low, wet areas as well as steep slopes. Hand-cutting both sides of Livingston Creek edge as well as around all vaults, pipes and structures.
- 16 hours John Riegel Road to Neils Eddy Road (1.80 miles)
- Mowing with 2 tractors with 10-foot attachments, power saws as needed, string trimmers. Hand-cutting all low, wet areas as well as steep slopes. Hand

cutting around all vaults, pipes and structures. Use of small boat if needed to reach wet areas not reachable by foot. **Item NB2**

- | | |
|-----------|--|
| 10 hours | Neils Eddy Road to Port Royal Road (0.86 miles) <ul style="list-style-type: none">• Mowing with 2 tractors with 10-foot attachments, power saws as needed, string trimmers. Hand-cutting all low, wet areas as well as steep slopes. Hand cutting around all vaults, pipes and structures. |
| 8 ½ hours | Port Royal Road to Gooseneck Road (1.23 miles) <ul style="list-style-type: none">• Mowing with 2 tractors with 10-foot attachments. Crossing over Bear Branch and run of the Mill Creek with tractors. Hand-cutting all low, wet areas as well as steep slopes. Hand cutting around all vaults, pipes and structures. |
| 1 hour | Gooseneck Road to Blue Banks Loop Road <ul style="list-style-type: none">• Bush hogging as needed and hand-cutting around vaults, pipes and structures. |
| 6 hours | Blue Banks Loop Road to Vernon Road (0.82 miles) <ul style="list-style-type: none">• Mowing with 2 tractors with 10-foot attachments. Hand-cutting all low, wet areas as well as steep slopes. Hand cutting around all vaults, pipes and structures. |
| 3-4 hours | Vernon Road to behind E. Peterson's pond (0.34 miles) <ul style="list-style-type: none">• Mowing with 1 tractor with 10-foot attachment, 1 string trimmer, and 1 power saw if needed. |
| 4 hours | Mount Misery Road through E. Peterson Farm to Rattle Snake Branch (0.6 miles) <ul style="list-style-type: none">• Mowing with 2 tractors with 10-foot attachments, power saws as needed, string trimmers. Hand-cutting all low, wet areas as well as steep slopes. Hand cutting around all vaults, pipes and structures. Use of small boat if needed to reach wet areas not reachable by foot. |
| 7-8 hours | Rattle Snake Branch to Northwest Water Plant <ul style="list-style-type: none">• Mowing with 2 tractors with 10-foot attachments, power saws as needed, string trimmers. Hand-cutting all low, wet areas as well as steep slopes. Hand |

cutting around all vaults, pipes and structures. Use of small boat if needed to reach wet areas not reachable by foot. **Item NB2**

- | | |
|-----------|--|
| 10 hours | Northwest Water Plant to Mount Misery Road (2.54 miles) <ul style="list-style-type: none">• Mowing with 2 tractors with 10-foot attachments, power saws as needed, string trimmers. Hand cutting at low, wet areas and around all vaults, pipes and structures at Mount Misery Road entrance. |
| 3 hours | Mount Misery Road to Big Beaver Pond at the head of Indian Creek (0.07 miles) <ul style="list-style-type: none">• Mowing with 1 tractor, 2 string trimmers, and 1 power saw. Hand-cutting where impassable with tractors up to water's edge, using hip boots and chest waders to cut out in water out to Big Beaver mound in the middle of the Beaver pond. Cut trees growing on top of Beaver mound . |
| 4-5 hours | Mount Misery Road to Dogwood Road (0.15 miles) <ul style="list-style-type: none">• Beaver Pond sides/Head of Indian Creek closest to Dog Wood Road• Hand cutting wet areas. Mowing with one tractor with 10 foot bush hog attachment. |
| 8-9 hours | Strawberry Hill Drive Northeast (Bluff's Entrance) to Bay Branch (0.96 miles) <ul style="list-style-type: none">• Mowing with 2 tractors with 10-foot attachments, skid steer, 2 string trimmers, and power saws as needed. Hand-cutting all low, wet areas as well as steep slopes. Hand cutting around all vaults, pipes and structures. |
| 28 hours | Bay Branch (Cape Fear River side) to 90 degree turn running parallel to Cape Fear River, Running back into Bay Branch (1.89 miles) <ul style="list-style-type: none">• Mowing with 2 tractors, 1 skid steer, 3 string trimmers. Hand-cutting down to water's edge on both sides, and in all low, wet areas and steep slopes. |
| 18 hours | Area where Right of Way makes turn toward the Cape Fear River (0.49 miles) <ul style="list-style-type: none">• Cutting both sides using Kubota KX057 mini excavator. Tractor not a feasible option at this point, as it will not stand up to cut full width specified. |
| 18 hours | Water Edge at Cape Fear Rive behind Pender County Sewer Plant (520 yards) |

- Cutting with 3 string trimmers with blades where needed until area dry enough for equipment to take over.

18 hours Cape Fear River/ Pender County Water Treatment Plant to HWY 421 (1.4 miles)

- Mowing with 2 tractors and 2 string trimmers where hand-cutting stops (above). Hand cutting at all low, wet areas and around all vaults, pipes and structures.

Cutting Right of Way Walls/Woodline edges at a height of 10 feet high per specified parameters along entire Right of Way. One mini excavator with cutter, one tractor with bushhog, one skid steer with forestry mulcher to mulch large limbs and debris. This can be broken down as needed to include only sections requested by Brunswick County. An additional quote can be made.

*Distances listed are not exact and are approximate values based on Google Maps.

About our Company

LJ's Lawn and Land Management has been in service for over 20 years now. Serving Brunswick, New Hanover, Pender, Columbus Counties, we provide both residential and commercial lawn, landscaping and land management services. LJ's Lawn and Land Management holds contracts with several commercial clients, significant in both size and scope in the surrounding counties.

We have proudly taken care of the Right of Way Kings Bluff Raw Water Line maintenance for over 10 years. In addition to last year's annual routine Right of Way maintenance, LJ's Lawn and Land Management aided in the Brunswick County Public Utilities Emergency Action Plan, which consisted of Right of Way cutting, to assist Brunswick County Public Utilities in locating leaks along the water line. For greater than 10 years, we have maintained the grounds and maintenance of several Brunswick County Public Utilities facilities, including Northwest Water Plant, Kings Bluff Water Plant, Raw Tank at Northwest Water Plant, the main office in supply, all surrounding Waste Water Treatment Plants, Water tanks and pump stations as well as Sewer Lift Stations.

We started as a father-son company in 2004, obtaining skills and training to obtain substantial contracts in our field of work. Remaining a small contractor, with 1-5 employees, we ensure training and safety classes are completed annually. Completed course objectives include general work safety, personal protective equipment, hazard communications, safety management, material handling, excavation and trenching, jobsite safety analysis and emergency action plans.

LJ's Lawn and Land Management strives to complete our projects in the most efficient, timely and comprehensive manner possible. We look forward to working with you.

Thank you,

Jeremy Jacobs

Owner

LJ's Lawn and Land Management

Project Reference List

Brunswick County Public Utilities Right-of-Way Maintenance

- > 12 years
- Brunswick County
- Contact: Glenn Walker 910-612-5618

Brunswick County Public Utilities Grounds Maintenance

- >12 years
- Northwest Water Plant, Main Supply Office, Kings Bluff Water Tank, Raw Water Tank at Northwest Water Plant.
- Contact: Thad Hill 910-200-0913

Stepan Company/Fortron Industries Right of Way Maintenance and Plant Grounds Maintenance

- > 5 years
- Contact: Danny Ward 910-619-0429

AGENDA ITEM

To: CHAIRMAN BLANCHARD AND BOARD MEMBERS

From: TIM HOLLOMAN, EXECUTIVE DIRECTOR

Date: February 13, 2023

Re: Budget Amendment #1 for the Right-of-Way service contract

Budget Amendment #1 for awarding of service contract to LJ's Lawn and Land Management, LLC for the maintenance of the Right-of-Way for the Kings Bluff Raw Water Line.

Action Requested: Motion to approve/disapprove



Lower Cape Fear Water & Sewer Authority
Leland, North Carolina

BUDGET AMENDMENT #1

Fiscal Year 2022 - 2023

BE IT ORDAINED by the Board of Directors of the Lower Cape Fear Water & Sewer Authority that the following amendments are made to the FY 2022-202 Annual Budget Ordinances as follows:

Section 1: To amend the **Operating Revenue** the listed appropriation is to be increased as follows:

Operating Revenue:	Increase
3001-01 – 01 Brunswick Revenue	\$19,500
3006-01 – 01 Bladen Bluffs Revenue	\$19,500
	<hr/> \$39,000

This amendment provides for an unbudgeted cost for the Right-of-Way maintenance of the Kings Bluff Raw Water line.

The Revenue for the increased appropriation will be provided as follows:

Section 2: To amend the **Operating Expenses** the appropriations are to be changed as follows:

Operating Expenditures:	Increase
4530-01 – Kings Bluff O&M Expenses	\$39,000
	<hr/> \$39,000

Section 3: Copies of this Budget Amendment shall be furnished to the Budget Officer for direction in the carrying out of his duties.

Approved as to the availability of funds:

Tim H. Holloman, Finance Officer

This Budget Amendment adopted this 13th day of February 2023.

Norwood Blanchard, Chairman

ATTEST:

Patrick DeVane, Secretary

AGENDA ITEM

To: CHAIRMAN BLANCHARD AND BOARD MEMBERS

From: TIM HOLLOMAN, EXECUTIVE DIRECTOR

Date: February 13, 2023

Re: Resolution Requesting funding of a 10 Mile Parallel line Phase 2
for the Lower Cape Fear Water and Sewer Authority

Action Requested: Motion to approve

Resolution Requesting funding of a 10 Mile Parallel line Phase 2 For the Lower Cape Fear Water and Sewer Authority

WHEREAS, the Lower Cape Fear Water and Sewer Authority (Authority) serves Brunswick, Bladen, Pender, New Hanover, Columbus Counties, and the City of Wilmington with a Board of Directors representing those local governments, and

WHEREAS, The Authority, the most extensive regional water system in Eastern North Carolina, has the primary role is to provide raw water from the Cape Fear to supply treatment facilities that serve 550,000 customers: and,

WHEREAS the Board of Directors for Lower Cape Fear Water and Sewer Authority wishes to ensure reliable availability and redundancy in its raw water supply; and

WHEREAS in November of 2021, the LCFWASA experienced a significant leak on unparalleled infrastructure in the lower 10 miles of its raw water distribution system; and

WHEREAS, if this leak had occurred during the peak seasonal months, critical regional facilities would have been severely affected, including the State Port, ten regional medical facilities, the Sunny Point Military Terminal, the rail terminal in Leland, the Port terminal in Boiling Springs Lakes, and multiple other essential operations, businesses, and facilities; and

WHEREAS the retail water systems served by the LCFWASA would be compelled to take extreme water conservation measures during a similar worst-case crisis scenario in the summer; and

WHEREAS, according to the analysis and opinion of the LCFWASA Engineer of Record, the direct and cumulative effect of such an event would be "catastrophic"; and

WHEREAS the design and construction of a 48" inch parallel raw water line over 51,800 feet in length (Project) from the current termination points of parallel infrastructure in the LCFWASA system to the final meter vaults serving Pender and New Hanover Counties provides a solution to the outstanding risks to the LCFWASA infrastructure; and

WHEREAS, the current estimate cost of the Project is \$60.2 million, and the budgetary impact of the Project would effectively double the LCFWASA wholesale rates if it were solely funded by the LCFWASA; and

WHEREAS, in recognition of this significant impact in terms of both needs and cost, the Legislature appropriated partial funding in the amount of \$23.5 million to the LCFWASA to begin construction; and

WHEREAS the LCFWASA's customers, specifically Cape Fear Public Utility Authority and Pender County, have agreed to contribute a total of \$11.7 million to the Project, for a total of \$35.2 million toward construction of the first phase of the Project; and

WHEREAS an additional allocation request of \$25 million will be required to complete the Project in a second phase of construction; and

NOW, THEREFORE, BE IT RESOLVED, by the Chairman and the Board of Directors for the Lower Cape Fear Water & Sewer Authority request of the members of the North Carolina General Assembly to appropriate in the FY24-FY25 state budget an allocation of funding for the second phase of the ten-mile parallel line project for redundancy, reliability, and emergency management of the critical regional water supply in Eastern North Carolina.

THEREFORE, BE IT FURTHER RESOLVED that a copy of this resolution be recorded in the permanent minutes of this Board.

Adopted this 13th day of February 2023.

Norwood Blanchard, Chairman

ATTEST:

Patrick DeVane, Secretary

AGENDA ITEM

To: CHAIRMAN BLANCHARD AND BOARD MEMBERS

From: TIM HOLLOMAN, EXECUTIVE DIRECTOR

Date: February 13, 2023

Re: ARPA Funding standard Resolutions

-
- a) Resolution adopting policy for property management related to the expenditure of American Rescue Plan Act Coronavirus State and Local Fiscal Recovery Funds
 - b) Resolution adopting records retention policy for the expenditure of American Rescue Plan Act of 2021 Coronavirus State and Local Fiscal Recovery Funds by Lower Cape Fear Water and Sewer Authority
 - c) Resolution adopting eligible project policy for the expenditure of American Rescue Plan Act of 2021 Coronavirus State and Local Fiscal Recovery Funds by Lower Cape Fear Water and Sewer Authority
 - d) Resolution adopting non-discrimination policy for the expenditure of American Rescue Plan Act of 2021 Coronavirus State and Local Fiscal Recovery Funds by Lower Cape Fear Water and Sewer Authority
 - e) Resolution adopting policy for allowable costs and cost principles for expenditure of American Rescue Plan Act of 2021 Coronavirus State and Local Fiscal Recovery Funds by Lower Cape Fear Water and Sewer Authority
 - f) Resolution adopting conflict of interest policy for the expenditure of American Rescue Plan Act of 2021 Coronavirus State and Local Fiscal Recovery Funds by Lower Cape Fear Water and Sewer Authority

Action Requested: Motion to approve

**LOWER CAPE FEAR WATER AND SEWER AUTHORITY RESOLUTION
ADOPTING POLICY FOR PROPERTY MANAGEMENT RELATED TO THE
EXPENDITURE OF AMERICAN RESCUE PLAN ACT CORONAVIRUS STATE AND
LOCAL FISCAL RECOVERY FUNDS**

WHEREAS, the Lower Cape Fear Water and Sewer Authority (“LCFWASA”) has received an allocation of funds from the Coronavirus State and Local Fiscal Recovery Funds of H.R. 1319 American Rescue Plan Act of 2021 (ARP/CSLFRF); and

WHEREAS, the funds may be used for projects within these categories, to the extent authorized by state law:

1. Support COVID-19 public health expenditures, by funding COVID-19 mitigation and prevention efforts, medical expenses, behavioral healthcare, preventing and responding to violence, and certain public health and safety staff;
2. Address negative economic impacts caused by the public health emergency, including economic harms to households, small businesses, non-profits, impacted industries, and the public sector;
3. Replace lost public sector revenue, using this funding to provide government services to the extent of the reduction in revenue experienced due to the pandemic;
4. Provide premium pay for essential workers, offering additional support to those who have borne and will bear the greatest health risks because of their service in critical infrastructure sectors; and,
5. Invest in water, sewer, and broadband infrastructure, making necessary investments to improve access to clean drinking water, support vital wastewater and stormwater infrastructure, and to expand access to broadband internet.

WHEREAS, the ARP/CSLFRF are subject to the provisions of the federal Uniform Grant Guidance, 2 CFR Sect. 200 (UG), as provided in the Assistance Listing; and

WHEREAS, the Compliance and Reporting Guidance for the State and Local Fiscal Recovery Funds (v2.1 November 2021) provides, in relevant part:

Equipment and Real Property Management. Any purchase of equipment or real property with SLFRF funds must be consistent with the Uniform Guidance at 2 CFR Part 200, Subpart D. Equipment and real property acquired under this program must be used for the originally authorized purpose. Consistent with 2 CFR 200.311 and 2 CFR 200.313, any equipment or real property acquired using SLFRF funds shall vest in the non-Federal entity. Any acquisition and maintenance of equipment or real property must also be in compliance with relevant laws and regulations.

WHEREAS, Subpart D of the UG dictates title, use, management, and disposal of real property, equipment, and supplies acquired in whole or in part with ARP/CSLFRF funds.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of the Lower Cape Fear Water and Sewer Authority hereby adopts and enacts the following UG Property Management Policy for the expenditure of ARP/CSLFRF funds.

Adopted this 13th day of February 2023.

Norwood Blanchard, Chairman

ATTEST:

Patrick DeVane, Secretary

Lower Cape Fear Water and Sewer Authority Property Standards for Real Property, Equipment, and Supplies Acquired with American Rescue Plan Act of 2021 Coronavirus State and Local Fiscal Recovery Funds

I. POLICY OVERVIEW

Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, commonly called Uniform Guidance (UG), specifically Subpart D, details post award requirements related to property management of property acquired or updated, in whole or in part, with funds from the Coronavirus State and Local Fiscal Recovery Funds of H.R. 1319 American Rescue Plan Act of 2021 (“ARP/CSLFRF”).

2 CFR 200.311 through 2 CFR 200.316 detail property standards related to the expenditure of ARP/CLSFRF funds. The Lower Cape Fear Water and Sewer Authority (“LCFWASA”) shall adhere to all applicable property standards, as detailed below.

II. DEFINITIONS

The following definitions from 2 CFR 200.1 apply in this policy.

Computing devices: machines used to acquire, store, analyze, process, and publish data and other information electronically, including accessories (or “peripherals”) for printing, transmitting and receiving, or storing electronic information. See also the definitions of supplies and information technology systems in this section.

Equipment: tangible personal property (including information technology systems) having a useful life of more than one year and a per-unit acquisition cost which equals or exceeds the lesser of the capitalization level established by LCFWASA for financial statement purposes, or \$5,000. See also the definitions of *capital assets*, *computing devices*, *general purpose equipment*, *information technology systems*, *special purpose equipment*, and *supplies* in this section.

Information technology systems: computing devices, ancillary equipment, software, firmware, and similar procedures, services (including support services), and related resources. See also the definitions of computing devices and equipment in this section.

Intangible property: property having no physical existence, such as trademarks, copyrights, patents and patent applications and property, such as loans, notes and other debt instruments, lease agreements, stock and other instruments of property ownership (whether the property is tangible or intangible).

Personal property: property other than real property. It may be tangible, having physical existence, or intangible.

Property: real property or personal property.

Real property: land, including land improvements, structures and appurtenances thereto, but excludes moveable machinery and equipment.

Supplies: all tangible personal property other than those described in the definition of equipment in this section. A computing device is a supply if the acquisition cost is less than the lesser of the capitalization level established by the local government for financial statement purposes or \$5,000, regardless of the length of its useful life. See also the definitions of computing devices and equipment in this section.

III. REAL PROPERTY

Title to Real Property: Title to real property acquired or improved with ARP/CSLFRF funds vests with LCFWASA. 2 CFR 200.311(a).

Use of Real Property: Real property acquired or improved with ARP/CSLFRF funds must be used for the originally authorized purpose as long as needed for that purpose, during which time LCFWASA must not dispose of or encumber its title or other interests. 2 CFR 200.311(b).

Insurance of Real Property: LCFWASA must provide the equivalent insurance coverage for real property acquired or improved with ARP/CSLFRF funds as provided to property owned by LCFWASA. 2 CFR 200.310.

Disposition of Real Property: When LCFWASA no longer needs real property purchased with ARP/CSLFRF for ARP/CSLFRF purposes, LCFWASA must obtain disposition instructions from the U.S. Department of the Treasury ("Treasury"). The instructions must provide for one of the following alternatives:

1. LCFWASA retains title after compensating the Treasury. The amount paid to the Treasury will be computed by applying the Treasury's percentage of participation in the cost of the original purchase (and costs of any improvements) to the fair market value of the property. However, in those situations where LCFWASA is disposing of real property acquired or improved with ARP/CSLFRF funds and acquiring replacement real property under the ARP/CSLFRF, the net proceeds from the disposition may be used as an offset to the cost of the replacement property.
2. LCFWASA sells the property and compensates the Treasury. The amount due to the Treasury will be calculated by applying the Treasury's percentage of participation in the cost of the original purchase (and cost of any improvements) to the proceeds of the sale after deduction of any actual and reasonable selling and fixing-up expenses. If the ARP/CSLFRF award has not been closed out, the net proceeds from sale may be offset against the original cost of the property. When LCFWASA is directed to sell property, sales procedures must be followed that provide for competition to the extent practicable and result in the highest possible return.
3. LCFWASA transfers title to the Treasury or to a third party designated/approved by the Treasury. LCFWASA is entitled to be paid an amount calculated by applying LCFWASA's percentage of participation in the purchase of the real property (and cost of any improvements) to the current fair market value of the property. 2 CFR 200.311(c).

IV. EQUIPMENT

Title to Equipment: Title to equipment acquired or improved with ARP/CSLFRF funds vests with LCFWASA. 2 CFR 200.313(a).

Use of Equipment: LCFWASA must use equipment acquired with ARP/CSLFRF funds for the project for which it was acquired as long as needed, whether or not the project continues to be supported by the ARP/CSLFRF award, and LCFWASA must not encumber the property without prior approval of the Treasury. 2 CFR 200.313(a)(1)-(2).

When no longer needed for the original project, the equipment may be used in other activities supported by a Federal awarding agency, in the following order of priority:

1. Activities under a Federal award from the Federal awarding agency which funded the original project, then
2. Activities under Federal awards from other Federal awarding agencies. This includes consolidated equipment for information technology systems. 2 CFR 200.313(c)(1).

During the time that equipment is used on the project for which it was acquired, LCFWASA must also make equipment available for use on other projects or programs currently or previously supported by the Federal Government, provided that such use will not interfere with the work on the project for which it was originally acquired. First preference for other use must be given to other programs or projects supported by the Treasury and second preference must be given to programs or projects under Federal awards from other Federal awarding agencies. Use for non-federally-funded programs or projects is also permissible. User fees should be considered if appropriate. 2 CFR 200.313(c)(2).

Noncompetition: LCFWASA must not use equipment acquired with the ARP/CSLFRF funds to provide services for a fee that is less than private companies charge for equivalent services unless specifically authorized by Federal statute for as long as the Federal Government retains an interest in the equipment. 2 CFR 200.313(c)(3).

Replacement Equipment: When acquiring replacement equipment, LCFWASA may use the equipment to be replaced as a trade-in or sell the property and use the proceeds to offset the cost of the replacement property. 2 CFR 200.313(c)(4).

Management of Equipment: LCFWASA will manage equipment (including replacement equipment) acquired in whole or in part with ARP/CSLFRF funds according to the following requirements.

1. LCFWASA will maintain sufficient records that include.
 - a) a description of the property,
 - b) a serial number or other identification number,
 - c) the source of funding for the property (including the Federal Award Identification Number (FAIN)),
 - d) who holds title,

- e) the acquisition date,
 - f) cost of the property,
 - g) percentage of Federal participation in the project costs for the Federal award under which the property was acquired,
 - h) the location, use and condition of the property, and
 - i) any ultimate disposition data including the date of disposal and sale price of the property.
2. LCFWASA will conduct a physical inventory of the property and reconcile results with its property records at least once every two years.
 3. LCFWASA will develop a control system to ensure adequate safeguards to prevent loss, damage, or theft of the property. Any loss, damage, or theft will be investigated by LCFWASA.
 4. LCFWASA will develop and implement adequate maintenance procedures to keep the property in good condition.
 5. If LCFWASA is authorized or required to sell the property, it will establish proper sales procedures to ensure the highest possible return, in accordance with state and federal law.

Insurance of Equipment: LCFWASA must provide the equivalent insurance coverage for equipment acquired or improved with ARP/CSLFRF funds as provided to property owned by LCFWASA. 2 CFR 200.310.

Disposition of Equipment: When the equipment is no longer needed for its original ARP/CSLFRF purpose, LCFWASA may either make the equipment available for use in other activities funded by a Federal agency, with priority given to activities funded the Treasury, dispose of the equipment according to instructions from the Treasury, or follow the procedures below. 2 CFR 200.313(e).

1. Equipment with a per-item fair market value of less than \$5,000 may be retained, sold or transferred by LCFWASA, in accordance with state law, with no additional responsibility to the Treasury;
2. If no disposal instructions are received from the Treasury, equipment with a per-item fair market value of greater than \$5,000 may be retained or sold by LCFWASA. LCFWASA must establish proper sales procedures, in accordance with state law, to ensure the highest possible return. LCFWASA must reimburse the Treasury for its federal share. Specifically, the Treasury is entitled to an amount calculated by multiplying the current market value or proceeds from sale by the ARP/CSLFRF funding percentage of participation in the cost of the original purchase. If the equipment is sold, the Treasury may permit LCFWASA to deduct and retain from the Federal share \$500 or ten percent of the proceeds, whichever is less, for its selling and handling expenses.

3. Equipment may be transferred to the Treasury or to a third-party designated by the Treasury in return for compensation to LCFWASA for its attributable compensation for its attributable percentage of the current fair market value of the property.

V. SUPPLIES

Title to Supplies. Title to supplies acquired with ARP/CSLFRF funds vests with LCFWASA upon acquisition. 2 CFR 200.314(a).

Use and Disposition of Supplies: If there is a residual inventory of unused supplies exceeding \$5,000 in total aggregate value upon termination or completion of the ARP/CSLFRF project and the supplies are not needed for any other Federal award, LCFWASA must retain the supplies for use on other activities or sell them, but must, in either case, compensate the Federal Government for its share. The amount of compensation must be computed in the same manner as for equipment. 2 CFR 200.314(a).

Noncompetition. As long as the Federal Government retains an interest in the supplies, LCFWASA must not use supplies acquired under the ARP/CSLFRF to provide services to other organizations for a fee that is less than private companies charge for equivalent services, unless specifically authorized by Federal statute. 2 CFR 200.314(b).

VI. PROPERTY TRUST RELATIONSHIP

Real property, equipment, and intangible property, that are acquired or improved with ARP/CSLFRF funds must be held in trust by LCFWASA as trustee for the beneficiaries of the project or program under which the property was acquired or improved. The Treasury may require LCFWASA to record liens or other appropriate notices of record to indicate that personal or real property has been acquired or improved with a Federal award and that use and disposition conditions apply to the property. 2 CFR 200.316.

VII. IMPLEMENTATION OF POLICY

The LCFWASA Executive Director shall adopt procedures to track all real property, equipment, and supplies (collectively, property) acquired or improved in whole or in part with ARP/CLSFRRF funds. At a minimum, those procedures must address the following:

- Ensure proper insurance of property.
- Document proper use of property
- Working with the LCFWASA Financial Administrative Assistant, record and maintain required data records for equipment
- Conduct periodic inventories of equipment, at least every two years
- Create processes for replacement and disposition of property
- Establish other internal controls to safeguard and properly maintain property

**RESOLUTION ADOPTING RECORDS RETENTION POLICY FOR THE
EXPENDITURE OF AMERICAN RESCUE PLAN ACT OF 2021 CORONAVIRUS
STATE AND LOCAL FISCAL RECOVERY FUNDS BY LOWER CAPE FEAR WATER
AND SEWER AUTHORITY**

WHEREAS, the Lower Cape Fear Water and Sewer Authority (“LCFWASA”) has received an allocation of funds from the “Coronavirus State Fiscal Recovery Fund” or “Coronavirus Local Fiscal Recovery Fund” (together “CSLFRF funds”), established pursuant to Sections 602 and 603 of the Social Security Act, as added by Section 9901 of the American Rescue Plan Act of 2021, Pub. L. No. 117-2 (the “ARP/CSLFRF award”); and

WHEREAS, it is the policy of the LCFWASA to follow the U.S. Department of the Treasury’s record retention requirements as it expends CSLFRF pursuant to the ARP/CSLFRF award.

NOW, THEREFORE, BE IT RESOLVED, that the Board of Directors of the Lower Cape Fear Water and Sewer Authority hereby adopts and enacts the following records retention policy, which shall apply to the operations of any program, activity, or facility that is supported in whole, or in part, by expenditures of CSLFRF pursuant to the ARP/CSLFRF award.

Adopted this 13th day of February 2023.

Norwood Blanchard, Chairman

ATTEST:

Patrick DeVane, Secretary

**Lower Cape Fear Water and Sewer Authority Record Retention Policy: Documents
Created or Maintained Pursuant to the ARP/CSLFRF Award**

Retention of Records: The Coronavirus Local Fiscal Recovery Funds (“CSLFRF”) Award Terms and Conditions and the Compliance and Reporting Guidance set forth the U.S. Department of the Treasury’s (“Treasury”) record retention requirements for the ARP/CSLFRF award.

It is the policy of the Lower Cape Fear Water and Sewer Authority (“LCFWASA”) to follow the Treasury’s record retention requirements as it expends CSLFRF pursuant to the ARP/CSLFRF award. Accordingly, LCFWASA agrees to the following:

- Retain all financial and programmatic records related to the use and expenditure of CSLFRF pursuant to the ARP/CSLFRF award for a period of five (5) years after all CLFRF funds have been expended or returned to the Treasury, whichever is later.
- Retain records for real property and equipment acquired with CSLFRF for five years after final disposition.
- Ensure that the financial and programmatic records retained sufficiently evidence compliance with section 603(c) of the Social Security Act “ARPA,” Treasury’s regulations implementing that section, and guidance issued by the Treasury regarding the foregoing.
- Allow the Treasury Office of Inspector General and the Government Accountability Office, or their authorized representatives, the right of timely and unrestricted access to any records for the purpose of audits or other investigations.
- If any litigation, claim, or audit is started before the expiration of the 5-year period, the records will be retained until all litigation, claims, or audit findings involving the records have been resolved.

Covered Records: For purposes of this policy, records are information, regardless of physical form or characteristics, that are created, received, or retained that evidence the LCFWASA’s expenditure of CSLFRF funds on eligible projects, programs, or activities pursuant to the ARP/CSLFRF award.

Records that shall be retained pursuant to this policy include, but are not limited to, the following:

- Financial statements and accounting records evidencing expenditures of CSLFRF for eligible projects, programs, or activities;
- Documentation of rationale to support a particular expenditure of CSLFRF (e.g., expenditure constitutes a general government service);
- Documentation of administrative costs charged to the ARP/CSLFRF award;

- Procurement documents evidencing the significant history of a procurement, including, at a minimum, the rationale for the method of procurement, selection of contract type, contractor selection or rejection, and the basis for contract cost or price;
- Subaward agreements and documentation of subrecipient monitoring;
- Documentation evidencing compliance with the Uniform Guidance property management standards set forth in 2 C.F.R. §§ 200.310-316 and 200.329;
- Personnel and payroll records for full-time and part-time employees compensated with CSLFRF, including time and effort reports; and
- Indirect cost rate proposals.

Storage: LCFWASA's records must be stored in a safe, secure, and accessible manner. Wherever practicable, such records should be collected, transmitted, and stored in open and machine-readable formats.

Departmental Responsibilities: Any department or unit of the LCFWASA, and its employees, who are responsible for creating or maintaining the covered documents in this policy shall comply with the terms of this policy. Failure to do so may subject LCFWASA to civil and/or criminal liability. Any employee who fails to comply with the record retention requirements set forth herein may be subject to disciplinary sanctions, including suspension or termination.

The LCFWASA Executive Director is responsible for identifying the documents that the LCFWASA must or should retain and arrange for the proper storage and retrieval of records. The LCFWASA Executive Director shall also ensure that all personnel subject to the terms of this policy are aware of the record retention requirements set forth herein.

Reporting Policy Violations: LCFWASA is committed to enforcing this policy as it applies to all forms of records. Any employee that suspects the terms of this policy have been violated shall report the incident immediately to that employee's supervisor. If an employee is not comfortable bringing the matter up with the supervisor, the employee may bring the matter to the attention of the LCFWASA Board Chair. LCFWASA prohibits, any form of discipline, reprisal, intimidation, or retaliation for reporting incidents of inappropriate conduct of any kind, pursuing any record destruction claim, or cooperating in related investigations.

Additional Requirements: This policy is in addition to all other applicable State of North Carolina and LCFWASA records retention and disposition schedules and policies.

Questions About the Policy: Any questions about this policy should be referred to the following person who is in charge of administering, enforcing, and updating this policy: Tim H. Holloman, LCFWASA Executive Director, 1107 New Pointe Blvd, Suite 17, Leland, NC 28451, telephone (910) 383-1919, email director@lcfwasa.gov.

**RESOLUTION ADOPTING ELIGIBLE PROJECT POLICY FOR THE EXPENDITURE
OF AMERICAN RESCUE PLAN ACT OF 2021 CORONAVIRUS STATE AND LOCAL
FISCAL RECOVERY FUNDS BY LOWER CAPE FEAR WATER AND SEWER
AUTHORITY**

WHEREAS, the Lower Cape Fear Water and Sewer Authority (“LCFWASA”) has received an allocation of funds from the Coronavirus State and Local Fiscal Recovery Funds of H.R. 1319 American Rescue Plan Act of 2021 (“ARP/CSLFRF”); and

WHEREAS, the U.S. Department of the Treasury (“Treasury”) is responsible for implementing ARP/CSLFRF and has enacted a Final Rule outlining eligible projects; and

WHEREAS, the funds may be used for projects within these categories, to the extent authorized by state law.

1. Support COVID-19 public health expenditures, by funding COVID-19 mitigation and prevention efforts, medical expenses, behavioral healthcare, preventing and responding to violence, and certain public health and safety staff;
2. Address negative economic impacts caused by the public health emergency, including economic harms to households, small businesses, non-profits, impacted industries, and the public sector;
3. Replace lost public sector revenue, using this funding to provide government services to the extent of the reduction in revenue experienced due to the pandemic;
4. Provide premium pay for essential workers, offering additional support to those who have borne and will bear the greatest health risks because of their service in critical infrastructure sectors; and,
5. Invest in water, sewer, and broadband infrastructure, making necessary investments to improve access to clean drinking water, support vital wastewater and stormwater infrastructure, and to expand access to broadband internet.

WHEREAS, the ARP/CSLFRF are subject to the provisions of the federal Uniform Grant Guidance, 2 CFR Part 200 (UG), as provided in the Assistance Listing; and

WHEREAS, the Treasury has issued a Compliance and Reporting Guidance v.2.1 (November 15, 2021) dictating implementation of the ARP/CSLFRF award terms and compliance requirements; and

WHEREAS, the Compliance and Reporting Guidance states on page 6 that

Per 2 CFR Part 200.303, your organization must develop and implement effective internal controls to ensure that funding decisions under the SLFRF award constitute eligible uses of funds, and document determinations.

NOW, THEREFORE, BE IT RESOLVED, that the Board of Directors of the Lower Cape Fear Water and Sewer Authority hereby adopts and enacts the following Eligibility Determination Policy for ARP/CSLFRF funds.

Adopted this 13th day of February 2023.

Norwood Blanchard, Chairman

ATTEST:

Patrick DeVane, Secretary

Lower Cape Fear Water and Sewer Authority Eligibility Determination Policy for American Rescue Plan Act of 2021 Coronavirus State and Local Fiscal Recovery Funds

This policy defines the permissible and prohibited uses of the Coronavirus State and Local Fiscal Recovery Funds of H.R. 1319 American Rescue Plan Act of 2021 (ARP/CSLFRF) funds. It also outlines the procedures for determining how the Lower Cape Fear Water and Sewer Authority (“LCFWASA”) will spend its ARP/CSLFRF funds.

I. PERMISSIBLE USES OF ARP/CSLFRF FUNDING

The U.S. Department of the Treasury (“Treasury”) issued its **Final Rule** regarding use of ARPA funds on January 6, 2022. (The Final Rule is effective as of April 1, 2022. Until that date, a local government may proceed under the regulation promulgated by the U.S. Department of the Treasury in its **Interim Final Rule** or the Final Rule.) The Final Rule (and the Interim Final Rule) identify permissible uses of ARP/CSLFRF funds and certain limitations and process requirements. Local governments must allocate ARP/CSLFRF funds no later than December 31, 2024, and disburse all funding no later than December 31, 2026. Failure of an entity to expend all funds by December 31, 2026, will result in forfeiture of ARPA funds.

ARP/CSLFRF funds may be used for projects within the following categories of expenditures:

1. Support COVID-19 public health expenditures, by funding COVID-19 mitigation and prevention efforts, medical expenses, behavioral healthcare, preventing and responding to violence, and certain public health and safety staff;
2. Address negative economic impacts caused by the public health emergency, including economic harms to workers, households, small businesses, non-profits, impacted industries, and the public sector;
3. Replace lost public sector revenue, using this funding to provide government services to the extent of the reduction in revenue experienced due to the pandemic;
4. Provide premium pay for essential workers, offering additional support to those who have borne and will bear the greatest health risks because of their service in critical infrastructure sectors; and
5. Invest in water, sewer, and broadband infrastructure, making necessary investments to improve access to clean drinking water, support vital wastewater and stormwater infrastructure, and to expand access to broadband internet.

II. PROHIBITED USES OF ARPA FUNDING

The ARP/CSLFRF and U.S. Department of the Treasury’s Final Rule prohibit certain uses of ARP/CSLFRF funds. Specifically, ARP/CSLFRF funds may not be used for projects within the following categories of expenditures:

1. To make a deposit into a pension fund that constitutes an extraordinary payment of an accrued, unfunded liability (Note that routine contributions as part of a payroll obligation for an eligible project are allowed.).
2. To borrow money or make debt service payments.
3. To replenish rainy day funds or fund other financial reserves.
4. To satisfy an obligation arising from a settlement agreement, judgment, consent decree, or judicially confirmed debt restructuring plan in a judicial, administrative, or regulatory proceeding (There is an exception to this prohibition if the settlement or judgment requires the LCFWASA to provide services to respond to the COVID-19 public health emergency or its negative economic impacts or to provide government services, then the costs of those otherwise ARP/CSLFRF-eligible projects are allowed.).
5. For a project that includes a term or condition that undermines efforts to stop the spread of COVID-19 or discourages compliance with recommendations and guidelines in CDC guidance for stopping the spread of COVID-19.
6. In violation of the conflict-of-interest requirements imposed by the award terms and 2 CFR 200.318(c).
7. For any expenditure that would violate other applicable federal, state, and local laws and regulations.

LCFWASA, and any of its contractors or subrecipients, may not expend any ARP/CSLFRF funds for these purposes.

III. PROCEDURES FOR PROJECT APPROVAL

The following are procedures for ARP/CSLFRF project approvals. All LCFWASA employees and officials must comply with these requirements.

1. Requests for ARP/CSLFRF funding, must be made in writing and include all the following:
 - a. Brief description of the project.
 - b. Identification of ARP/CSLFRF Expenditure Category (EC) (A list of ECs is in the Appendix to the U.S. Treasury Compliance and Reporting Guidance.)
 - c. Required justifications for applicable projects, according to the requirements in the Final Rule. Employees or any applicant seeking ARPA funding should review the Final Rule and Final Rule Overview prior to submitting a proposal.
 - d. Proposed budget, broken down by cost item, in accordance with the LCFWASA's Allowable Cost Policy.
 - e. A project implementation plan and estimated implementation timeline (All ARP/CSLFRF funds must be fully obligated by December 31, 2024, and fully expended by December 31, 2026.)
2. Requests for funding must be submitted to the LCFWASA Board of Directors for approval. All requests will be reviewed by the LCFWASA Board of Directors for ARP/CSLFRF compliance and by the LCFWASA Finance Officer for allowable costs and other financial review.

3. No ARP/CSLFRF may be obligated or expended before final written approval by the LCFWASA Finance Officer. LCFWASA Board approval and budget amendments shall be required before approval.
4. If a proposal does not meet the required criteria, it will be returned to the requesting party for revision and resubmittal.
5. Following approval, employees responsible for implementing the project must conform actual obligations and expenditures to the pre-approved project budget. Changes in project budgets must be approved by the LCFWASA Executive Director and may require a budget amendment before proceeding. Any delay in the projected project completion date shall be communicated to the LCFWASA Executive Director and the LCFWASA Board Chair immediately.
6. The LCFWASA Executive Director must collect and document required information for each EC, for purposes of completing the required Project and Expenditure reports.
7. The LCFWASA Executive Director must maintain written project requests and approvals, all supporting documentation, and financial information at least until December 31, 2031.

**RESOLUTION ADOPTING NON-DISCRIMINATION POLICY FOR THE
EXPENDITURE OF AMERICAN RESCUE PLAN ACT OF 2021 CORONAVIRUS
STATE AND LOCAL FISCAL RECOVERY FUNDS BY LOWER CAPE FEAR WATER
AND SEWER AUTHORITY**

WHEREAS, the Lower Cape Fear Water and Sewer Authority (“LCFWASA”) has received an allocation of funds from the “Coronavirus State Fiscal Recovery Fund” or “Coronavirus Local Fiscal Recovery Fund” (together “CSLFRF funds”), established pursuant to Sections 602 and 603 of the Social Security Act, as added by Section 9901 of the American Rescue Plan Act of 2021, Pub. L. No. 117-2 (the “ARP/CSLFRF award”);

WHEREAS, CSLFRF funds are subject to the U.S. Department of Treasury (“Treasury”) regulations, including the Final Rule, the Award Terms and Conditions, and the Title VII implementing regulations at 31 C.F.R. Part 22;

WHEREAS, pursuant to the ARP/CSLFRF Award Terms and Conditions, and as a condition of receiving CSLFRF funds, LCFWASA agrees to follow all federal statutes and regulations prohibiting discrimination in its administration of CSLFRF under the terms and conditions of the ARP/CSLFRF award, including, without limitation, the following:

- i. Title VI of the Civil Rights Act of 1964 (42 U.S.C. §§ 2000d et seq.) and Treasury’s implementing regulations at 31 C.F.R. Part 22, which prohibit discrimination on the basis of race, color, or national origin within programs or activities receiving federal financial assistance;
- ii. The Fair Housing Act, Title VIII of the Civil Rights Act of 1968 (42 U.S.C. §§ 3601 et seq.), which prohibits discrimination in housing on the basis of race, color, religion, national origin, sex, familial status, or disability;
- iii. Section 504 of the Rehabilitation Act of 1973, as amended (29 U.S.C. § 794), which prohibits discrimination on the basis of disability under any program or activity receiving Federal financial assistance;
- iv. The Age Discrimination Act of 1975, as amended (42 U.S.C. §§ 6101 et seq.), and Treasury’s implementing regulations at 31 C.F.R. Part 23, which prohibit discrimination on the basis of age in programs or activities receiving federal financial assistance; and
- v. Title II of the Americans with Disabilities Act of 1990, as amended (42 U.S.C. §§ 12101 et seq.), which prohibits discrimination on the basis of disability under programs, activities, and services provided or made available by state and local governments or instrumentalities or agencies thereto.

NOW, THEREFORE, BE IT RESOLVED, that the Board of Directors of the Lower Cape Fear Water and Sewer Authority hereby adopts and enacts the following nondiscrimination policy,

which shall apply to the operations of any program, activity, or facility that is supported in whole, or in part, by expenditures CSLFRF pursuant to the ARP/CSLFRF award.

Adopted this 13th day of February 2023.

Norwood Blanchard, Chairman

ATTEST:

Patrick DeVane, Secretary

Lower Cape Fear Water and Sewer Authority Non-Discrimination Policy Statement

It is the policy of the Lower Cape Fear Water and Sewer Authority (“LCFWASA”) to ensure that no person shall, on the ground of race, color, national origin (including limited English Proficiency), familial status, sex, age, or disability, be excluded from participation in, be denied the benefits of, or be otherwise subject to discrimination under any program or activity administered by the LCFWASA, including programs or activities that are funded in whole or part, with Coronavirus State and Local Fiscal Recovery Funds (“CSLFRF”), which the LCFWASA received from the U.S. Department of Treasury (“Treasury”) pursuant to Sections 602 and 603 of the Social Security Act, as added by Section 9901 of the American Rescue Plan Act of 2021, Pub. L. No. 117-2 (herein the “ARP/CSLFRF award”).

I. Governing Statutory & Regulatory Authorities

As required by the CSLFRF Award Terms and Conditions, LCFWASA shall ensure that each “activity,” “facility,” or “program”¹ that is funded in whole, or in part, with CSLFRF and administered under the ARP/CSLFRF award, will be facilitated, operated, or conducted in compliance with the following federal statutes and federal regulations prohibiting discrimination. These include, but are not limited to, the following:

- i. Title VI of the Civil Rights Act of 1964 (42 U.S.C. §§ 2000d et seq.) and Treasury’s implementing regulations at 31 C.F.R. Part 22, which prohibit discrimination on the basis of race, color, or national origin under programs or activities receiving federal financial assistance;
- ii. The Fair Housing Act, Title VIII of the Civil Rights Act of 1968 (42 U.S.C. §§ 3601 et seq.), which prohibits discrimination in housing on the basis of race, color, religion, national origin, sex, familial status, or disability;
- iii. Section 504 of the Rehabilitation Act of 1973, as amended (29 U.S.C. § 794), which prohibits discrimination on the basis of disability under any program or activity receiving federal financial assistance;
- iv. The Age Discrimination Act of 1975, as amended (42 U.S.C. §§ 6101 et seq.), and Treasury’s implementing regulations at 31 C.F.R. Part 23, which prohibit discrimination on the basis of age within programs or activities receiving federal financial assistance; and

¹ 22 C.F.R. § 22.3 defines “program” and “activity” as all operations of an entity, including local governments, that receive Federal financial assistance, and the departments, agencies, or special purpose districts of the local governments to which Federal financial assistance is distributed. “Federal financial assistance” includes, among other things, grants and loans of federal funds. “Facility” includes all or any part of structures, equipment, or other real or personal property or interests therein, and the provision of facilities includes the construction, expansion, renovation, remodeling, alteration, or acquisition of facilities.

- v. Title II of the Americans with Disabilities Act of 1990, as amended (42 U.S.C. §§ 12101 et seq.), which prohibits discrimination on the basis of disability under programs, activities, and services provided or made available by state and local governments or instrumentalities or agencies thereto.

II. Discriminatory Practices Prohibited in the Administration of the ARP/CSLFRF Award

To ensure compliance with Title VII of the Civil Rights Act of 1964, and Title 31 Code of Federal Regulations, Part 22, the Civil Rights Restoration Act of 1987, and other pertinent nondiscrimination authorities, LCFWASA shall prohibit, at a minimum, the following practices in its administration of CSLFRF pursuant to the ARP/CSLFRF award:

1. Denying to a person any service, financial aid, or other program benefit without good cause;
2. Providing to a person any service, financial aid, or another benefit which is different in quantity or quality, or is provided in a different manner, from that provided to others under the program;
3. Subjecting a person to segregation or separate treatment in any matter related to the receipt of any service, financial aid, or other benefit under the program;
4. Restricting a person in the enjoyment of any advantages, privileges, or other benefits enjoyed by others receiving any service, financial aid, or other benefit under the program;
5. Treating a person differently from others in determining whether that person satisfies any admission, enrollment, quota, eligibility, membership, or other requirement or condition which persons must meet to be provided any service, financial aid, or other benefit provided under the program;
6. Implementing different standards, criteria, or other requirements for admission, enrollment, or participation in planning, advisory, contractual, or other integral activities to the program;
7. Adopting methods of administration which, directly or through contractual relationships, would defeat or substantially impair the accomplishment of effective nondiscrimination;
8. Selecting a site or location of facilities with the purpose or effect of excluding persons from, denying them the benefits of, subjecting them to discrimination, or with the purpose or effect of defeating or substantially impairing the accomplishment of the objectives of Title VI or related acts and regulations;

9. Discriminating against any person, either directly or through a contractual agreement, in any employment resulting from the program, a primary objective of which is to provide employment;
10. Committing acts of intimidation or retaliation, including threatening, coercing, or discriminating against any individual for the purpose of interfering with any right or privilege secured by any pertinent nondiscrimination law, or because an individual made a complaint, testified, assisted, or participated in an investigation, proceeding, or hearing.

III. Reporting & Enforcement

1. LCFWASA shall cooperate in any enforcement or compliance review activities by the Department of the Treasury. Enforcement may include investigation, arbitration, mediation, litigation, and monitoring of any settlement agreements that may result from these actions. LCFWASA shall comply with information requests, on-site compliance reviews, and reporting requirements.
2. LCFWASA shall maintain a complaint log and inform the Treasury of any complaints of discrimination on the grounds of race, color, or national origin (including limited English proficiency covered by Title VI of the Civil Rights Act of 1964 and implementing regulations and provide, upon request, a list of all such reviews or proceedings based on the complaint, whether pending or completed, including the outcome. LCFWASA shall inform the Treasury if it has received no complaints under Title VI.
3. Any person who believes they have been aggrieved by a discriminatory practice under Title VI has a right to file a formal complaint with the Treasury. Any such complaint must be in writing and filed with the Treasury's Title VI Coordinator within one hundred eighty (180) days following the date of the alleged discriminatory occurrence.
4. Any person who believes that because of that person's race, color, national origin, limited English proficiency, familial status, sex, age, religion, or disability that he/she/they have been discriminated against or unfairly treated by LCFWASA in violation of this policy should contact the following office within 180 days from the date of the alleged discriminatory occurrence: Tim H. Holloman, LCFWASA Executive Director, 1107 New Pointe Blvd, Suite 17, Leland, NC 28451, telephone (910) 383-1919, email director@lcfwasa.gov.

RESOLUTION ADOPTING POLICY FOR ALLOWABLE COSTS AND COST PRINCIPLES FOR EXPENDITURE OF AMERICAN RESCUE PLAN ACT CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS BY LOWER CAPE FEAR WATER AND SEWER AUTHORITY

WHEREAS, the Lower Cape Fear Water and Sewer Authority (“LCFWASA”), has received an allocation of funds from the Coronavirus State and Local Fiscal Recovery Funds of H.R. 1319 American Rescue Plan Act of 2021 (“ARP/CSLFRF”); and

WHEREAS, the funds may be used for projects within these categories, to the extent authorized by state law:

1. Support COVID-19 public health expenditures, by funding COVID-19 mitigation and prevention efforts, medical expenses, behavioral healthcare, preventing and responding to violence, and certain public health and safety staff;
2. Address negative economic impacts caused by the public health emergency, including economic harms to households, small businesses, non-profits, impacted industries, and the public sector;
3. Replace lost public sector revenue, using this funding to provide government services to the extent of the reduction in revenue experienced due to the pandemic;
4. Provide premium pay for essential workers, offering additional support to those who have borne and will bear the greatest health risks because of their service in critical infrastructure sectors; and,
5. Invest in water, sewer, and broadband infrastructure, making necessary investments to improve access to clean drinking water, support vital wastewater and stormwater infrastructure, and to expand access to broadband internet.

WHEREAS, the ARP/CSLFRF are subject to the provisions of the federal Uniform Grant Guidance, 2 CFR Sect. 200 (UG), as provided in the Assistance Listing; and

WHEREAS, the Compliance and Reporting Guidance for the State and Local Fiscal Recovery Funds provides, in relevant part:

Allowable Costs/Cost Principles. As outlined in the Uniform Guidance at 2 CFR Part 200, Subpart E regarding Cost Principles, allowable costs are based on the premise that a recipient is responsible for the effective administration of Federal awards, application of sound management practices, and administration of Federal funds in a manner consistent with the program objectives and terms and conditions of the award. Recipients must implement robust internal controls and effective monitoring to ensure compliance with the Cost Principles, which are important for building trust and accountability.

ARP/CSLFRF Funds may be, but are not required to be, used along with other funding sources for a given project. Note that ARP/CSLFRF Funds may not be used for a non-Federal cost share or match where prohibited by other Federal programs, e.g., funds may not be used for the State share for Medicaid.

Treasury's Interim Final Rule and guidance and the Uniform Guidance outline the types of costs that are allowable, including certain audit costs. For example, per 2 CFR 200.425, a reasonably proportionate share of the costs of audits required by the Single Audit Act Amendments of 1996 are allowable; however, costs for audits that were not performed in accordance with 2 CFR Part 200, Subpart F are not allowable. Please see 2 CFR Part 200, Subpart E regarding the Cost Principles for more information.

- a. Administrative costs: Recipients may use funds for administering the SLFRF program, including costs of consultants to support effective management and oversight, including consultation for ensuring compliance with legal, regulatory, and other requirements. Further, costs must be reasonable and allocable as outlined in 2 CFR 200.404 and 2 CFR 200.405. Pursuant to the ARP/CSLFRF Award Terms and Conditions, recipients are permitted to charge both direct and indirect costs to their SLFRF award as administrative costs. Direct costs are those that are identified specifically as costs of implementing the ARP/CSLFRF program objectives, such as contract support, materials, and supplies for a project. Indirect costs are general overhead costs of an organization where a portion of such costs are allocable to the ARP/CSLFRF award such as the cost of facilities or administrative functions like a director's office. Each category of cost should be treated consistently in like circumstances as direct or indirect, and recipients may not charge the same administrative costs to both direct and indirect cost categories, or to other programs. If a recipient has a current Negotiated Indirect Costs Rate Agreement (NICRA) established with a Federal cognizant agency responsible for reviewing, negotiating, and approving cost allocation plans or indirect cost proposals, then the recipient may use its current NICRA. Alternatively, if the recipient does not have a NICRA, the recipient may elect to use the de minimis rate of 10 percent of the modified total direct costs pursuant to 2 CFR 200.414(f).
- b. Salaries and Expenses: In general, certain employees' wages, salaries, and covered benefits are an eligible use of ARP/CSLFRF award funds;

WHEREAS, Subpart E of the UG dictates allowable costs and cost principles for expenditure of ARP/CSLFRF funds; and

WHEREAS, Subpart E of the UG (specifically, 200.400) states that:

The application of these cost principles is based on the fundamental premises that:

- (a) The non-Federal entity is responsible for the efficient and effective administration of the Federal award through the application of sound management practices.
- (b) The non-Federal entity assumes responsibility for administering Federal funds in a manner consistent with underlying agreements, program objectives, and the terms and conditions of the Federal award.
- (c) The non-Federal entity, in recognition of its own unique combination of staff, facilities, and experience, has the primary responsibility for employing whatever form of sound organization and management techniques may be necessary in order to assure proper and efficient administration of the Federal award.
- (d) The application of these cost principles should require no significant changes in the internal accounting policies and practices of the non-Federal entity. However, the accounting practices of the non-Federal entity must be consistent with these cost principles and support the accumulation of costs as required by the principles, and must provide for adequate documentation to support costs charged to the Federal award.
- (e) In reviewing, negotiating and approving cost allocation plans or indirect cost proposals, the cognizant agency for indirect costs should generally assure that the non-Federal entity is applying these cost accounting principles on a consistent basis during their review and negotiation of indirect cost proposals. Where wide variations exist in the treatment of a given cost item by the non-Federal entity, the reasonableness and equity of such treatments should be fully considered.
- (f) For non-Federal entities that educate and engage students in research, the dual role of students as both trainees and employees (including pre- and post-doctoral staff) contributing to the completion of Federal awards for research must be recognized in the application of these principles.
- (g) The non-Federal entity may not earn or keep any profit resulting from Federal financial assistance, unless explicitly authorized by the terms and conditions of the Federal award.

NOW, THEREFORE, BE IT RESOLVED, that the Board of Directors of the Lower Cape Fear Water and Sewer Authority hereby adopts and enacts the following UG Allowable Costs and Cost Principles Policy for the expenditure of ARP/CSLFRF funds.

Adopted this 13th day of February 2023.

Norwood Blanchard, Chairman

ATTEST:

Patrick DeVane, Secretary

Lower Cape Fear Water and Sewer Authority Allowable Costs and Cost Principles Policy

I. ALLOWABLE COSTS AND COST PRINCIPLES POLICY OVERVIEW

Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, commonly called Uniform Guidance (UG), specifically Subpart E, defines those items of cost that are allowable, and which are unallowable. The tests of allowability under these principles are: (a) the costs must be reasonable; (b) they must be allocable to eligible projects under the Coronavirus State and Local Fiscal Recovery Funds of H.R. 1319 American Rescue Plan Act of 2021 (“ARP/CSLFRF”); (c) they must be given consistent treatment through application of those generally accepted accounting principles appropriate to the circumstances; and (d) they must conform to any limitations or exclusions set forth in these principles or in the ARP/CSLFRF grant award as to types or amounts of cost items. Unallowable items fall into two categories: expenses which are by their nature unallowable (e.g., alcohol), and unallowable activities (e.g., fund raising).

The Lower Cape Fear Water and Sewer Authority (“LCFWASA”) shall adhere to all applicable cost principles governing the use of federal grants. This policy addresses the proper classification of both direct and indirect charges to ARP/CSLFRF funded projects and enacts procedures to ensure that proposed and actual expenditures are consistent with the ARP/CSLFRF grant award terms and all applicable federal regulations in the UG.

Responsibility for following these guidelines lies with the LCFWASA Executive Director, who is charged with the administration and financial oversight of the ARP/CSLFRF. Further, all local government employees and officials who are involved in obligating, administering, expending, or monitoring ARP/CSLFRF grant funded projects should be well versed with the categories of costs that are generally allowable and unallowable. Questions on the allowability of costs should be directed to the LCFWASA Executive Director or LCFWASA Board Chair. As questions on allowability of certain costs may require interpretation and judgment, local government personnel are encouraged to ask for assistance in making those determinations.

II. GENERAL COST ALLOWABILITY CRITERIA

All costs expended using ARP/CSLFRF funds must meet the following general criteria:

1. **Be necessary and reasonable for the proper and efficient performance and administration of the grant program.**

A cost must be *necessary* to achieve a project object. When determining whether a cost is necessary, consideration may be given to:

- Whether the cost is needed for the proper and efficient performance of the grant project.
- Whether the cost is identified in the approved project budget or application.

- Whether the cost aligns with identified needs based on results and findings from a needs assessment.
- Whether the cost addresses project goals and objectives and is based on program data.

A cost is *reasonable* if, in its nature and amount, it does not exceed that which would be incurred by a prudent person under the circumstances prevailing at the time the decision to incur the cost was made. For example, reasonable means that sound business practices were followed, and purchases were comparable to market prices. When determining reasonableness of a cost, consideration must be given to:

- Whether the cost is a type generally recognized as ordinary and necessary for the operation of the LCFWASA or the proper and efficient performance of the federal award.
- The restraints or requirements imposed by factors, such as: sound business practices; arm's-length bargaining; federal, state, and other laws and regulations; and terms and conditions of the ARP/CSLFRF award.
- Market prices for comparable goods or services for the geographic area.
- Whether individuals concerned acted with prudence in the circumstances considering their responsibilities to the LCFWASA, its employees, the public at large, and the federal government.
- Whether the LCFWASA significantly deviates from its established practices and policies regarding the incurrence of costs, which may unjustifiably increase the ARP/CSLFRF award's cost.

2. **Be allocable to the ARP/CSLFRF federal award.** A cost is allocable to the ARP/CSLFRF award if the goods or services involved are chargeable or assignable to the ARP/CSLFRF award in accordance with the relative benefit received. This means that the ARP/CSLFRF grant program derived a benefit in proportion to the funds charged to the program. *For example, if 50 percent of a local government program officer's salary is paid with grant funds, then the local government must document that the program officer spent at least 50 percent of his/her time on the grant program.*

If a cost benefits two or more projects or activities in proportions that can be determined without undue effort or cost, the cost must be allocated to the projects based on the proportional benefit. If a cost benefits two or more projects or activities in proportions that cannot be determined because of the interrelationship of the work involved, then the costs may be allocated or transferred to benefitted projects on any reasonable documented basis. Where the purchase of equipment or other capital asset is specifically authorized by the ARP/CSLFRF, the costs are assignable to the Federal award regardless of the use that may be made of the equipment or other capital asset involved when no longer needed for the purpose for which it was originally required.

3. **Be authorized and not prohibited under state or local laws or regulations.**
4. **Conform to any limitations or exclusions set forth in the principles, federal laws, ARP/CSLFRF award terms, and other governing regulations as to types or amounts of cost items.**
5. **Be consistent with policies, regulations, and procedures that apply uniformly to both the ARP/CSLFRF federal award and other activities of the LCFWASA.**
6. **Be accorded consistent treatment.** A cost MAY NOT be assigned to a federal award as a direct cost and also be charged to a federal award as an indirect cost. And a cost must be treated consistently for both federal award and non-federal award expenditures.
7. **Be determined in accordance with generally accepted accounting principles (GAAP), unless provided otherwise in the UGG.**
8. **Be net of all applicable credits.** The term “applicable credits” refers to those receipts or reduction of expenditures that operate to offset or reduce expense items allocable to the federal award. Typical examples of such transactions are purchase discounts; rebates or allowances; recoveries or indemnities on losses; and adjustments of overpayments or erroneous charges. To the extent that such credits accruing to and received by the local government related to the federal award, they shall be credited to the ARP/CSLFRF award, either as a cost reduction or a cash refund, as appropriate and consistent with the award terms.
9. **Be adequately documented.**

III. SELECTED ITEMS OF COST

The UGG examines the allowability of fifty-five (55) specific cost items (commonly referred to as Selected Items of Cost) at 2 CFR § 200.420-.475.

The LCFWASA Executive Director is responsible for determining cost allowability must be familiar with the Selected Items of Cost. LCFWASA must follow the applicable regulations when charging these specific expenditures to the ARP/CSLFRF grant. The LCFWASA Executive Director will check costs against the selected items of cost requirements to ensure the cost is allowable and that all process and documentation requirements are followed. In addition, State laws, LCFWASA regulations, and program-specific rules may deem a cost as unallowable, and LCFWASA personnel must follow those non-federal rules as well.

Exhibit A identifies and summarizes the Selected Items of Cost.

IV. DIRECT AND INDIRECT COSTS

Allowable and allocable costs must be appropriately classified as direct or indirect charges. It is essential that each item of cost be treated consistently in like circumstances either as a direct or an indirect cost.

Direct costs are expenses that are specifically associated with a particular ARP/CSLFRF-eligible project and that can be directly assigned to such activities relatively easily with a high degree of accuracy. Common examples of direct costs include salary and fringe benefits of personnel directly involved in undertaking an eligible project, equipment and supplies for the project, subcontracted service provider, or other materials consumed or expended in the performance of a grant-eligible project.

Indirect costs are (1) costs incurred for a common or joint purpose benefitting more than one ARP/CSLFRF-eligible project, and (2) not readily assignable to the project specifically benefited, without effort disproportionate to the results achieved. They are expenses that benefit more than one project or even more than one federal grant. Common examples of indirect costs include utilities, local telephone charges, shared office supplies, administrative or secretarial salaries.

For indirect costs, LCFWASA may charge a 10 percent de minimis rate of modified total direct costs (MTDC). According to UGG Section 200.68 MTDC means all direct salaries and wages, applicable fringe benefits, materials and supplies, services, travel, and up to the first \$25,000 of each subaward (regardless of the period of performance the subawards under the award). MTDC EXCLUDES equipment, capital expenditures, charges for patient care, rental costs, tuition remission, scholarships and fellowships, participant support costs and the portion of each subaward in excess of \$25,000.

V. SPECIAL PROVISIONS FOR STATE AND LOCAL GOVERNMENTS

There are some special provisions of the UG that apply only to states, local governments, and Indian Tribes.

§ 200.444 General costs of government.

(a) For states, local governments, and Indian Tribes, the general costs of government are unallowable (except as provided in § 200.475). Unallowable costs include:

- (1) Salaries and expenses of the Office of the Governor of a state or the chief executive of a local government or the chief executive of an Indian tribe;
- (2) Salaries and other expenses of a state legislature, tribal council, or similar local governmental body, such as a county supervisor, city council, school board, etc., whether incurred for purposes of legislation or executive direction;
- (3) Costs of the judicial branch of a government;
- (4) Costs of prosecutorial activities unless treated as a direct cost to a specific program if authorized by statute or regulation (however, this does not preclude the allowability of other legal activities of the Attorney General as described in § 200.435); and
- (5) Costs of other general types of government services normally provided to the general public, such as fire and police, unless provided for as a direct cost under a program statute or regulation.

(b) For Indian tribes and Councils of Governments (COGs) (see definition for *Local government* in § 200.1 of this part), up to 50% of salaries and expenses directly attributable

to managing and operating Federal programs by the chief executive and his or her staff can be included in the indirect cost calculation without documentation.

§ 200.416 Cost allocation plans and indirect cost proposals.

(a) For states, local governments and Indian tribes, certain services, such as motor pools, computer centers, purchasing, accounting, etc., are provided to operating agencies on a centralized basis. Since Federal awards are performed within the individual operating agencies, there needs to be a process whereby these central service costs can be identified and assigned to benefitted activities on a reasonable and consistent basis. The central service cost allocation plan provides that process.

(b) Individual operating agencies (governmental department or agency), normally charge Federal awards for indirect costs through an indirect cost rate. A separate indirect cost rate(s) proposal for each operating agency is usually necessary to claim indirect costs under Federal awards. Indirect costs include:

(1) The indirect costs originating in each department or agency of the governmental unit carrying out Federal awards and

(2) The costs of central governmental services distributed through the central service cost allocation plan and not otherwise treated as direct costs.

(c) The requirements for development and submission of cost allocation plans (for central service costs and public assistance programs) and indirect cost rate proposals are contained in appendices V, VI and VII to this part.

§ 200.417 Interagency service.

The cost of services provided by one agency to another within the governmental unit may include allowable direct costs of the service plus a pro-rated share of indirect costs. A standard indirect cost allowance equal to ten percent of the direct salary and wage cost of providing the service (excluding overtime, shift premiums, and fringe benefits) may be used in lieu of determining the actual indirect costs of the service. These services do not include centralized services included in central service cost allocation plans as described in Appendix V to Part 200.

VI. COST ALLOWABILITY REVIEW PROCESS

Preapproval Cost Allowability Review

Before an ARP/CSLFRF-funded project is authorized, the LCFWASA Executive Director must review the proposed cost items within an estimated project budget to determine whether they are allowable and allocable and whether cost items will be charged as direct or indirect expenses. This review will occur concurrently with the review of project eligibility and *before* obligating or expending any ARP/CSLFRF funds.

- The LCFWASA Executive Director must submit proposed ARP/CSLFRF projects to the LCFWASA Board of Directors for review and approval. In addition to other required information, all proposed project submissions must delineate estimated costs by cost item.
- Along with a general review of project eligibility and conformance with other LCFWASA Board management directives, the LCFWASA Executive Director must review estimated costs for specific allowable cost requirements, budget parameters, indirect rates, fringe benefit rates, and those activities/costs that require pre-approval by the U.S. Department of the Treasury. *See also the Lower Cape Fear Water and Sewer Authority Eligibility Determination Policy for American Rescue Plan Act of 2021 Coronavirus State and Local Fiscal Recovery Funds.*
- If a proposed project includes a request for an unallowable cost, the LCFWASA Executive Director will return the proposal to the requesting party for review and, if practicable, resubmission with corrected cost items.
- Once a proposed project budget is pre-approved by the LCFWASA Board, the local government personnel responsible for implementing the project must conform actual obligations and expenditures to the pre-approved project budget.

Post-expenditure Cost Allowability Review

Once an expenditure is incurred related to an eligible project, and an invoice or other demand for payment is submitted to the local government, the LCFWASA Executive Director must perform a second review to ensure that actual expenditures comprise allowable costs.

- All invoices or other demands for payment must include a breakdown by cost item. The cost items should mirror those presented in the proposed budget for the project. If an invoice or other demand for payment does not include a breakdown by cost item, the LCFWASA Executive Director will return the invoice to the project manager and/or vendor, contractor, or subrecipient for correction.
- The LCFWASA Executive Director must review the individual cost items listed on the invoice or other demand for payment to determine their allowability and allocability.
- If all cost items are deemed allowable and properly allocable, the LCFWASA Executive Director must proceed through the local government's normal disbursement process.
- If any cost item is deemed unallowable, the LCFWASA Executive Director will notify the project management and/or vendor, contractor, or subrecipient that a portion of the invoice or other demand for payment will not be paid with ARP/CSLFRF funds. The LCFWASA Executive Director may in his or her discretion, and consistent with this policy, allow an invoice or other demand for payment to be resubmitted with a revised cost allocation. If the local government remains legally obligated by contract or otherwise to pay the

disallowed cost item, it must identify other local government funds to cover the disbursement. The LCFWASA Board of Directors must approve any allocation of other funds for this purpose.

- The LCFWASA Executive Director must retain appropriate documentation of budgeted cost items per project and actual obligations and expenditures of cost items per project.

VII. COST TRANSFERS

Any costs charged to the ARP/CSLFRF federal award that do not meet the allowable cost criteria must be removed from the award account and charged to an account that does not require adherence to federal UGG or other applicable guidelines.

Failure to adequately follow this policy and related procedures could result in questioned costs, audit findings, potential repayment of disallowed costs and discontinuance of funding.

EXHIBIT A

Selected Items of Cost	Uniform Guidance General Reference	Allowability
Advertising and public relations costs	2 CFR § 200.421	Allowable with restrictions
Advisory councils	2 CFR § 200.422	Allowable with restrictions
Alcoholic beverages	2 CFR § 200.423	Unallowable
Alumni/ae activities	2 CFR § 200.424	Not specifically addressed
Audit services	2 CFR § 200.425	Allowable with restrictions
Bad debts	2 CFR § 200.426	Unallowable
Bonding costs	2 CFR § 200.427	Allowable with restrictions
Collection of improper payments	2 CFR § 200.428	Allowable
Commencement and convocation costs	2 CFR § 200.429	Not specifically addressed
Compensation – personal services	2 CFR § 200.430	Allowable with restrictions; Special conditions apply (e.g., § 200.430(i)(5))
Compensation – fringe benefits	2 CFR § 200.431	Allowable with restrictions
Conferences	2 CFR § 200.432	Allowable with restrictions
Contingency provisions	2 CFR § 200.433	Unallowable with exceptions
Contributions and donations	2 CFR § 200.434	Unallowable (made by non-federal entity); not reimbursable but value may be used as cost sharing or matching (made to non-federal entity)
Defense and prosecution of criminal and civil proceedings, claims, appeals and patent infringements	2 CFR § 200.435	Allowable with restrictions

Depreciation	2 CFR § 200.436	Allowable with qualifications
Employee health and welfare costs	2 CFR § 200.437	Allowable with restrictions
Entertainment costs	2 CFR § 200.438	Unallowable with exceptions
Equipment and other capital expenditures	2 CFR § 200.439	Allowability based on specific requirement
Exchange rates	2 CFR § 200.440	Allowable with restrictions
Fines, penalties, damages and other settlements	2 CFR § 200.441	Unallowable with exceptions
Fund raising and investment management costs	2 CFR § 200.442	Unallowable with exceptions
Gains and losses on disposition of depreciable assets	2 CFR § 200.443	Allowable with restrictions
General costs of government	2 CFR § 200.444	Unallowable with exceptions
Goods and services for personal use	2 CFR § 200.445	Unallowable (goods/services); allowable (housing) with restrictions
Idle facilities and idle capacity	2 CFR § 200.446	Idle facilities - unallowable with exceptions; Idle capacity - allowable with restrictions
Insurance and indemnification	2 CFR § 200.447	Allowable with restrictions
Intellectual property	2 CFR § 200.448	Allowable with restrictions
Interest	2 CFR § 200.449	Allowable with restrictions
Lobbying	2 CFR § 200.450	Unallowable
Losses on other awards or contracts	2 CFR § 200.451	Unallowable (however, they are required to be included in the indirect cost rate base for allocation of indirect costs)

Maintenance and repair costs	2 CFR § 200.452	Allowable with restrictions
Materials and supplies costs, including costs of computing devices	2 CFR § 200.453	Allowable with restrictions
Memberships, subscriptions, and professional activity costs	2 CFR § 200.454	Allowable with restrictions; unallowable for lobbying organizations
Organization costs	2 CFR § 200.455	Unallowable except federal prior approval
Participant support costs	2 CFR § 200.456	Allowable with prior approval of the federal awarding agency
Plant and security costs	2 CFR § 200.457	Allowable; capital expenditures are subject to § 200.439
Pre-award costs	2 CFR § 200.458	Allowable if consistent with other allowabilities and with prior approval of the federal awarding agency
Professional services costs	2 CFR § 200.459	Allowable with restrictions
Proposal costs	2 CFR § 200.460	Allowable with restrictions
Publication and printing costs	2 CFR § 200.461	Allowable with restrictions
Rearrangement and reconversion costs	2 CFR § 200.462	Allowable (ordinary and normal)
Recruiting costs	2 CFR § 200.463	Allowable with restrictions
Relocation costs of employees	2 CFR § 200.464	Allowable with restrictions
Rental costs of real property and equipment	2 CFR § 200.465	Allowable with restrictions
Scholarships and student aid costs	2 CFR § 200.466	Not specifically addressed
Selling and marketing costs	2 CFR § 200.467	Unallowable with exceptions
Specialized service facilities	2 CFR § 200.468	Allowable with restrictions

Student activity costs	2 CFR § 200.469	Unallowable unless specifically provided for in the federal award
Taxes (including Value Added Tax)	2 CFR § 200.470	Allowable with restrictions
Termination costs	2 CFR § 200.471	Allowable with restrictions
Training and education costs	2 CFR § 200.472	Allowable for employee development
Transportation costs	2 CFR § 200.473	Allowable with restrictions
Travel costs	2 CFR § 200.474	Allowable with restrictions
Trustees	2 CFR § 200.475	Not specifically addressed

**RESOLUTION ADOPTING CONFLICT OF INTEREST POLICY FOR THE
EXPENDITURE OF AMERICAN RESCUE PLAN ACT OF 2021 CORONAVIRUS
STATE AND LOCAL FISCAL RECOVERY FUNDS BY LOWER CAPE FEAR WATER
AND SEWER AUTHORITY**

WHEREAS, the Lower Cape Fear Water and Sewer Authority (“LCFWASA”) has received an allocation of funds from the “Coronavirus State Fiscal Recovery Fund” or “Coronavirus Local Fiscal Recovery Fund” (together “CSLFRF funds”), established pursuant to Sections 602 and 603 of the Social Security Act, as added by Section 9901 of the American Rescue Plan Act of 2021, Pub. L. No. 117-2 (the “ARP/CSLFRF award”); and

WHEREAS, the LCFWASA has determined that it is necessary and prudent to establish conflict of interest standards that apply when the LCFWASA (1) enters into a Contract to be funded, in part or in whole, by Federal Financial Assistance to which 2 C.F.R. § 200.318(c) applies, or (2) makes any Subaward to be funded by Federal Financial Assistance to which 2 C.F.R. § 200.318(c) applies.

NOW, THEREFORE, BE IT RESOLVED, that the Board of Directors of the Lower Cape Fear Water and Sewer Authority hereby adopts and enacts the following *Conflict of Interest Policy Applicable to Contracts and Subawards of Lower Cape Fear Water and Sewer Authority Supported by Federal Financial Assistance*.

Adopted this 13th day of February 2023.

Norwood Blanchard, Chairman

ATTEST:

Patrick DeVane, Secretary

CONFLICT OF INTEREST POLICY

APPLICABLE TO CONTRACTS AND SUBAWARDS OF LOWER CAPE FEAR WATER AND SEWER AUTHORITY SUPPORTED BY FEDERAL FINANCIAL ASSISTANCE

I. Scope of Policy

- a. Purpose of Policy. This Conflict of Interest Policy ("*Policy*") establishes conflict of interest standards that (1) apply when the Lower Cape Fear Water and Sewer Authority ("*Unit*" or "LCFWASA") enters into a Contract (as defined in Section II hereof) or makes a Subaward (as defined in Section II hereof), and (2) meet or exceed the requirements of North Carolina law and 2 C.F.R. § 200.318(c).
- b. Application of Policy. This Policy shall apply when the Unit (1) enters into a Contract to be funded, in part or in whole, by Federal Financial Assistance to which 2 C.F.R. § 200.318(c) applies, or (2) makes any Subaward to be funded by Federal Financial Assistance to which 2 C.F.R. § 200.318(c) applies. If a federal statute, regulation, or the terms of a financial assistance agreement applicable to a particular form of Federal Financial Assistance conflicts with any provision of this Policy, such federal statute, regulation, or terms of the financial assistance agreement shall govern.

II. Definitions

Capitalized terms used in this Policy shall have the meanings ascribed thereto in this Section II. Any capitalized term used in this Policy but not defined in this Section II shall have the meaning set forth in 2 C.F.R. § 200.1.

- a. "*COI Point of Contact*" means the individual identified in Section III(a) of this Policy.
- b. "*Contract*" means, for the purpose of Federal Financial Assistance, a legal instrument by which the Unit purchases property or services needed to carry out a program or project under a Federal award.
- c. "*Contractor*" means an entity or individual that receives a Contract.
- d. "*Covered Individual*" means a Public Officer, employee, or agent of the Unit.
- e. "*Covered Nonprofit Organization*" means a nonprofit corporation, organization, or association, incorporated or otherwise, that is organized or operating in the State of North Carolina primarily for religious, charitable, scientific, literary, public health and safety, or educational purposes, excluding any board, entity, or other organization created by the State of North Carolina or any political subdivision of the State (including the Unit).
- f. "*Direct Benefit*" means, with respect to a Public Officer or employee of the Unit, or the spouse of any such Public Officer or employee, (i) having a ten percent (10%) ownership interest or other interest in a Contract or Subaward; (ii) deriving any income or commission

directly from a Contract or Subaward; or (iii) acquiring property under a Contract or Subaward.

- g. “*Federal Financial Assistance*” means Federal financial assistance that the Unit receives or administers in the form of grants, cooperative agreements, non-cash contributions or donations of property (including donated surplus property), direct appropriations, food commodities, and other Federal financial assistance (except that the term does not include loans, loan guarantees, interest subsidies, or insurance).
- h. “*Governing Board*” means the Board of Directors of the Lower Cape Fear Water and Sewer Authority.
- i. “*Immediate Family Member*” means, with respect to any Covered Individual, (i) a spouse, and parents thereof, (ii) a child, and parent thereof, (iii) a parent, and spouse thereof, (iv) a sibling, and spouse thereof, (v) a grandparent and grandchild, and spouses thereof, (vi) domestic partners and parents thereof, including domestic partners of any individual in (ii) through (v) of this definition; and (vii) any individual related by blood or affinity whose close association with the Covered Individual is the equivalent of a family relationship.
- j. “*Involved in Making or Administering*” means (i) with respect to a Public Official or employee, (a) overseeing the performance of a Contract or Subaward or having authority to make decisions regarding a Contract or Subaward or to interpret a Contract or Subaward, or (b) participating in the development of specifications or terms or in the preparation or award of a Contract or Subaward, (ii) only with respect to a Public Official, being a member of a board, commission, or other body of which the Public Official is a member, taking action on the Contract or Subaward, whether or not the Public Official actually participates in that action.
- k. “*LCFWASA*” means the Lower Cape Fear Water and Sewer Authority, as specified in Section I hereof.
- l. “*Lower Cape Fear Water and Sewer Authority*” has the meaning specified in Section I hereof.
- m. “*Pass-Through Entity*” means a non-Federal entity that provides a Subaward to a Subrecipient to carry out part of a Federal program.
- n. “*Public Officer*” means an individual who is elected or appointed to serve or represent the Lower Cape Fear Water and Sewer Authority (including, without limitation, any member of the Governing Board), other than an employee or independent contractor of the Lower Cape Fear Water and Sewer Authority.
- o. “*Recipient*” means an entity, usually but not limited to a non-Federal entity, that receives a Federal award directly from a Federal awarding agency. The term does not include Subrecipients or individuals that are beneficiaries of the award.

- p. “*Related Party*” means (i) an Immediate Family Member of a Covered Individual, (ii) a partner of a Covered Individual, or (iii) a current or potential employer (other than the Lower Cape Fear Water and Sewer Authority) of a Covered Individual, of a partner of a Covered Individual, or of an Immediate Family Member of a Covered Individual.
- q. “*Subaward*” means an award provided by a Pass-Through Entity to carry out part of a Federal award received by the Pass-Through Entity. It does not include payments to a contractor or payments to a contractor or payments to an individual that is a beneficiary of a Federal program.
- r. “*Subcontract*” means any agreement entered into by a Subcontractor to furnish supplies or services for the performance of a Contract or a Subcontract. It includes, but is not limited to, purchase orders, and changes and modifications to purchase orders.
- s. “*Subcontractor*” means an entity that receives a Subcontract.
- t. “*Subrecipient*” means an entity, usually but not limited to a non-Federal entity, that receives a subaward from a Pass-Through Entity to carry out part of a Federal award; but does not include an individual that is a beneficiary of such award. A subrecipient may also be a recipient of other Federal awards directly from a Federal awarding agency.
- u. “*Unit*” means the Lower Cape Fear Water and Sewer Authority, as specified in Section I hereof.

III. COI Point of Contact

- a. Appointment of COI Point of Contact. Tim H. Holloman, LCFWASA Executive Director, shall have primary responsibility for managing the disclosure and resolution of potential or actual conflicts of interest arising under this Policy. In the event that Tim H. Holloman is unable to serve in such capacity, the LCFWASA Board Chair shall assume responsibility for managing the disclosure and resolution of conflicts of interest arising under this Policy. The individual with responsibility for managing the disclosure and resolution of potential or actual conflicts of interest under this Section III(a) shall be known as the “*COI Point of Contact*”.
- b. Distribution of Policy. The COI Point of Contact shall ensure that each Covered Individual receives a copy of this Policy.

IV. Conflict of Interest Standards in Contracts and Subawards

- a. North Carolina Law. North Carolina law restricts the behavior of Public Officials and employees of the LCFWASA involved in contracting on behalf of the LCFWASA. The LCFWASA shall conduct the selection, award, and administration of Contracts and Subawards in accordance with the prohibitions imposed by the North Carolina General Statutes and restated in this Section III.

- i. G.S. § 14-234(a)(1). A Public Officer or employee of LCFWASA Involved in Making or Administering a Contract or Subaward on behalf of LCFWASA shall not derive a Direct Benefit from such a Contract or Subaward.
 - ii. G.S. § 14-234(a)(3). No Public Officer or employee of LCFWASA may solicit or receive any gift, favor, reward, service, or promise of reward, including but not limited to a promise of future employment, in exchange for recommending, influencing, or attempting to influence the award of a Contract or Subaward by LCFWASA.
 - iii. G.S. § 14-234.3. If a member of the Governing Board of LCFWASA serves as a director, officer, or governing board member of a Covered Nonprofit Organization, such member shall not (1) deliberate or vote on a Contract or Subaward between LCFWASA and the Covered Nonprofit Corporation, (2) attempt to influence any other person who deliberates or votes on a Contract or Subaward between LCFWASA and the Covered Nonprofit Corporation, or (3) solicit or receive any gift, favor, reward, service, or promise of future employment, in exchange for recommending or attempting to influence the award of a Contract or Subaward to the Covered Nonprofit Organization.
 - iv. G.S. § 14-234.1. A Public Officer or employee of LCFWASA shall not, in contemplation of official action by the Public Officer or employee, or in reliance on information which was made known to the public official or employee and which has not been made public, (1) acquire a pecuniary interest in any property, transaction, or enterprise or gain any pecuniary benefit which may be affected by such information or other information, or (2) intentionally aid another in violating the provisions of this section.
- b. Federal Standards.
- i. Prohibited Conflicts of Interest in Contracting. Without limiting any specific prohibition set forth in Section IV(a), a Covered Individual may not participate in the selection, award, or administration of a Contract or Subaward if such Covered Individual has a real or apparent conflict of interest.
 - 1. Real Conflict of Interest. A real conflict of interest shall exist when the Covered Individual or any Related Party has a financial or other interest in or a tangible personal benefit from a firm considered for a Contract or Subaward. Exhibit A attached hereto provides a non-exhaustive list of examples of (i) financial or other interests in a firm considered for a Contract or Subaward, and (ii) tangible personal benefits from a firm considered for a Contract or Subaward.
 - 2. Apparent Conflict of Interest. An apparent conflict of interest shall exist where a real conflict of interest may not exist under Section IV(b)(i)(1), but where a reasonable person with knowledge of the relevant facts would find that an existing situation or relationship creates the appearance that a

Covered Individual or any Related Party has a financial or other interest in or a tangible personal benefit from a firm considered for a Contract or Subaward.

ii. Identification and Management of Conflicts of Interest.

1. Duty to Disclose and Disclosure Forms

- a. Each Covered Individual expected to be or actually involved in the selection, award, or administration of a Contract or Subaward has an ongoing duty to disclose to the COI Point of Contact potential real or apparent conflicts of interest arising under this Policy.
- b. Prior to LCFWASA's award of a Contract or Subaward, the COI Point of Contact shall advise Covered Individuals expected to be involved in the selection, award, or administration of the Contract or Subaward of such duty.
- c. If the value of a proposed Contract or Subaward exceeds \$250,000 the COI Point of Contact shall collect a Conflict of Interest Disclosure Form contained in Exhibit C (for Contracts) and Exhibit E (for Subawards) from each Covered Individual and file such Conflict of Interest Disclosure Form in records of the LCFWASA.

2. Identification Prior to Award of Contract or Subaward.

- a. Prior to LCFWASA's award of a Contract or Subaward, the COI Point of Contact shall complete the appropriate Compliance Checklist contained in Exhibit B (for Contracts) and Exhibit D (for Subawards) attached hereto and file such Compliance Checklist in the records of LCFWASA.

3. Management Prior to Award of Contract or Subaward

- a. If, after completing the Compliance Checklist, the COI Point of Contact identifies a potential real or apparent conflict of interest relating to a proposed Contract or Subaward, the COI Point of Contact shall disclose such finding in writing to the Chair of the Governing Board and to each member of the Governing Board. If the Governing Board desires to enter into the proposed Contract or Subaward despite the identification by the COI Point of Contact of a potential real or apparent conflict of interest, it may either:
 - i. accept the finding of the COI Point of Contact and direct the COI Point of Contact to obtain authorization to enter

into the Contract or Subaward from (a) if Unit is a Recipient of Federal Financial Assistance, the Federal awarding agency with appropriate mitigation measures, or (b) if Unit is a Subrecipient of Federal Financial Assistance, from the Pass-Through Entity that provided a Subaward to Unit; or

- ii. reject the finding of the COI Point of Contact and enter into the Contract or Subaward. In rejecting any finding of the COI Point of Contact, the Governing Board shall in writing document a justification supporting such rejection.

- b. If the COI Point of Contact does not identify a potential real or apparent conflict of interest relating to a proposed Contract or Subaward, the Unit may enter into the Contract or Subaward in accordance with the Unit's purchasing or subaward policy.

4. Identification After Award of Contract or Subaward.

- a. If the COI Point of Contact discovers that a real or apparent conflict of interest has arisen after the Unit has entered into a Contract or Subaward, the COI Point of Contact shall, as soon as possible, disclose such finding to the Chair of the Governing Board and to each member of the Governing Board. Upon discovery of such a real or apparent conflict of interest, the Unit shall cease all payments under the relevant Contract or Subaward until the conflict of interest has been resolved.

5. Management After Award of Contract or Subaward.

- a. Following the receipt of such disclosure of a potential real or apparent conflict of interest pursuant to Section IV(b)(ii)(4), the Governing Board may reject the finding of the COI Point of Contact by documenting in writing a justification supporting such rejection. If the LCFWAWA Governing Board fails to reject the finding of the COI Point of Contact within 15 days of receipt, the COI Point of Contact shall:
 - i. if Unit is a Recipient of Federal Financial Assistance funding the Contract or Subaward, disclose the conflict to the Federal awarding agency providing such Federal Financial Assistance in accordance with 2 C.F.R. § 200.112 and/or applicable regulations of the agency, or
 - ii. if Unit is a Subrecipient of Federal Financial Assistance, disclose the conflict to the Pass-Through Entity providing

a Subaward to Unit in accordance with 2 C.F.R. § 200.112 and applicable regulations of the Federal awarding agency and the Pass-Through Entity.

V. Oversight of Subrecipient's Conflict of Interest Standards

- a. Subrecipients of Unit Must Adopt Conflict of Interest Policy. Prior to the Unit's execution of any Subaward for which the Unit serves as a Pass-Through Entity, the COI Point of Contact shall ensure that the proposed Subrecipient of Federal Financial Assistance has adopted a conflict of interest policy that satisfies the requirements of 2 C.F.R. § 200.318(c)(1), 2 C.F.R. § 200.318(c)(2), and all other applicable federal regulations.
- b. Obligation to Disclose Subrecipient Conflicts of Interest. The COI Point of Contact shall ensure that the legal agreement under which the Unit makes a Subaward to a Subrecipient shall require such Subrecipient to disclose to the COI Point of Contact any potential real or apparent conflicts of interest that the Subrecipient identifies. Upon receipt of such disclosure, the COI Point of Contact shall disclose such information to the Federal awarding agency that funded the Subaward in accordance with that agency's disclosure policy.

VI. Gift Standards

- a. Federal Standard. Subject to the exceptions set forth in Section VI(b), a Covered Individual may not solicit or accept gratuities, favors, or anything of monetary value from a Contractor or a Subcontractor.
- b. Exception. Notwithstanding Section VI(a), a Covered Individual may accept an unsolicited gift from a Contractor or Subcontractor of one or more types specified below if the gift has an aggregate market value of \$20 or less per source per occasion, provided that the aggregate market value of all gifts received by the Covered Individual pursuant to this Section VI(b) does not exceed \$50 in a calendar year:
 - i. honorariums for participating in meetings;
 - ii. advertising items or souvenirs of nominal value; or
 - iii. meals furnished at banquets.
- c. Internal Reporting. A Covered Individual shall report any gift accepted under Section VI(b) to the COI Point of Contact. If required by regulation of a Federal awarding agency, the COI Point of Contact shall report such gifts to the Federal awarding agency or a Pass-Through Entity for which the Unit is a Subrecipient.

VII. Violations of Policy

- a. Disciplinary Actions for Covered Individuals. Any Covered Individual that fails to disclose a real, apparent, or potential real or apparent conflict of interest arising with respect

to the Covered Individual or Related Party may be subject to disciplinary action, including, but not limited to, an employee's termination or suspension of employment with or without pay, the consideration or adoption of a resolution of censure of a Public Official by the Governing Board, or termination of an agent's contract with the Unit.

- b. Disciplinary Actions for Contractors and Subcontractors. LCFWASA shall terminate any Contract with a Contractor or Subcontractor that violates any provision of this Policy.
- c. Protections for Whistleblowers. In accordance with 41 U.S.C. § 4712, LCFWASA shall not discharge, demote, or otherwise discriminate against an employee in reprisal for disclosing to any of the list of persons or entities provided below, information that the employee reasonably believes is evidence of gross mismanagement of a federal contract or grant, a gross waste of federal funds, an abuse of authority relating to a federal contract or grant, a substantial and specific danger to public health or safety, or a violation of law, rule, or regulation related to a federal contract (including the competition for or negotiation of a contract) or grant: (i) a member of Congress or a representative of a committee of Congress; (ii) an Inspector General; (iii) the Government Accountability Office; (iv) a Treasury or other federal agency employee responsible for grant oversight or management; (v) an authorized official of the Department of Justice or other law enforcement agency; (vi) a court or grand jury; or (vii) a management official or other employee of LCFWASA, a Contractor, or Subcontractor who has the responsibility to investigate, discover, or address misconduct.

Adopted this the _____ day of February, 2023.

EXHIBIT A

Examples

<i>Potential Examples of a “Financial or Other Interest” in a Firm or Organization Considered for a Contract or Subaward</i>	<i>Potential Examples of a “Tangible Personal Benefit” From a Firm or Organization Considered for a Contract or Subaward</i>
<p>Direct or indirect equity interest in a firm or organization considered for a Contract or Subaward, which may include:</p> <ul style="list-style-type: none"> - Stock in a corporation. - Membership interest in a limited liability company. - Partnership interest in a general or limited partnership. - Any right to control the firm or organization’s affairs. For example, a controlling equity interest in an entity that controls or has the right to control a firm considered for a contract. - Option to purchase any equity interest in a firm or organization. 	<p>Opportunity to be employed by the firm considered for a contract, an affiliate of that firm, or any other firm with a relationship with the firm considered for a Contract.</p> <p>A position as a director or officer of the firm or organization, even if uncompensated.</p>
<p>Holder of any debt owed by a firm considered for a Contract or Subaward, which may include:</p> <ul style="list-style-type: none"> - Secured debt (e.g., debt backed by an asset of the firm (like a firm’s building or equipment)) - Unsecured debt (e.g., a promissory note evidencing a promise to repay a loan). <ul style="list-style-type: none"> o Holder of a judgment against the firm. 	<p>A referral of business from a firm considered for a Contract or Subaward.</p>
<p>Supplier or contractor to a firm or organization considered for a Contract or Subaward.</p>	<p>Political or social influence (e.g., a promise of appointment to an local office or position on a public board or private board).</p>

EXHIBIT B

COMPLIANCE CHECKLIST FOR OVERSIGHT OF CONTRACT CONFLICTS OF INTEREST

The LOWER CAPE FEAR WATER AND SEWER AUTHORITY (“*Unif*” or “*LCFWASA*”) has adopted a Conflict of Interest Policy (“*Policy*”) that governs the Unit’s expenditure of Federal Financial Assistance (as defined in Section II of the Policy). The Policy designates the LCFWASA Executive Director as the “COI Point of Contact.” The Policy requires the COI Point of Contact to complete this Compliance Checklist to identify potential real or apparent conflicts of interest in connection with proposed Contracts (as defined in Section II) and file the Checklist in the records of the Unit.

Instructions for Completion

1. The COI Point of Contact shall complete Steps 1 through 5 of the Checklist below.
2. If the value of the proposed Contract exceeds \$250,000, the COI Point of Contact shall collect a Conflict of Interest Disclosure Form from each Covered Individual.
3. If the COI Point of Contact identifies a potential real or apparent conflict of interest after completing this Compliance Checklist, the COI Point of Contact shall report such potential conflict of interest to the LCFWASA Board Chair and to each member of the LCFWASA Board of Directors.

Definitions.

1. *Covered Individual.* Each person identified in Section 1 of this Checklist is a “Covered Individual” for purposes of this Compliance Checklist and the Policy.
2. *Immediate Family Member* means, with respect to any Covered Individual, (i) a spouse, and parents thereof, (ii) a child, and parent thereof, (iii) a parent, and spouse thereof, (iv) a sibling, and spouse thereof, (v) a grandparent and grandchild, and spouses thereof, (vi) domestic partners and parents thereof, including domestic partners of any individual in (ii) through (v) of this definition; and (vii) any individual related by blood or affinity whose close association with the Covered Individual is the equivalent of a family relationship.
3. *Related Party* means (i) an Immediate Family Member of a Covered Individual, (ii) a partner of a Covered Individual, or (iii) a current or potential employer (other than the Unit) of a Covered Individual, of a partner of a Covered Individual, or of an Immediate Family Member of a Covered Individual.

B-1

Step	
1	<p>Identify the proposed Contract, counterparty, and the subject of the Contract.</p> <p><u>Name of Contract:</u></p> <p><u>Name of Counterparty</u></p> <p><u>Subject of Contract:</u></p>
2	<p>Identify all individuals involved in the selection, award, or administration of the Contract. These individuals are "Covered Individuals". Ensure that each Covered Individual has been provided with a copy of the Conflict of Interest Policy.</p> <p><u>Public Officials</u></p> <p><u>Employees</u></p> <p><u>Agents</u></p>
3	<p>Identify whether any Covered Individual has a (i) financial or other interest in, or (ii) tangible personal benefit from the firm considered for a Contract. [If the estimated Contract amount exceeds \$250,000, ensure that each Covered Individual files a Conflict of Interest Disclosure Form with the COI Point of Contact.]</p> <p><u>Public Officials</u></p> <p><u>Employees</u></p> <p><u>Agents</u></p>
4	<p>Identify whether any Related Party has a (i) financial or other interest in or (ii) tangible personal benefit from the firm considered from a Contract. If the estimated Contract amount exceeds \$250,000, ensure that each Covered Individual files a Conflict of Interest Disclosure Form with the COI Point of Contact.</p> <p><u>Public Officials – Related Party</u></p> <p><u>Employees – Related Party</u></p> <p><u>Agents – Related Party</u></p>

a potential “real” conflict of interest.				
5	Identify whether a reasonable person with knowledge of the relevant facts would find that an existing situation or relationship creates the <i>appearance</i> that a Covered Individual or any Related Party has a financial or other interest in or a tangible personal benefit from a firm considered for a Contract? If yes, explain.			
Any identified interest in Step 5 is a potential “apparent” conflict of interest.	<u>Public Officials</u>	<u>Employees</u>	<u>Agents</u>	

COI Point of Contact:

Signature of COI Point of Contact:

Date of Completion:

EXHIBIT C

CONTRACT CONFLICT OF INTEREST DISCLOSURE FORM
FOR OFFICIALS, EMPLOYEES, AND AGENTS

The LOWER CAPE FEAR WATER AND SEWER AUTHORITY (“Unit” or “LCFWASA”) has adopted a Conflict of Interest Policy (“Policy”) that governs the Unit’s expenditure of Federal Financial Assistance (as defined in Section II of the Policy). The Policy designates the LCFWASA Executive Director as the “COI Point of Contact.”

The COI Point of Contact has identified you as an official, employee, or agent of the Unit that may be involved in the selection, award, or administration of the following contract: _____ (the “Contract”). To safeguard the Unit’s expenditure of Federal Financial Assistance, the COI Point of Contact has requested that you identify any potential real or apparent conflicts of interest in the Firm considered for the award of a Contract. Using the Exhibit A to the Policy as a guide, please answer the following questions:

1. Do you have a financial or other interest in a firm considered for this Contract?

Yes _____ No _____ Unsure: _____

If the answer is Yes or Unsure, please explain:

2. Will you receive any tangible personal benefit from a firm considered for this Contract?

Yes _____ No _____ Unsure: _____

If the answer is Yes or Unsure, please explain:

3. For purposes of Question 3(a) and 3(b), your “Immediate Family Members” include: (i) your spouse and their parents, (ii) your child, (iii) your parent and any spouse of your parent, (iv) your sibling and any spouse of your sibling, (v) your grandparents or grandchildren, and the spouses of each, (vi) any domestic partner of any individual in (ii) through (v) of this definition; and (vii) any individual related by blood or affinity whose close association with you is the equivalent of a family relationship.

- a. Do you have an Immediate Family Member with a financial or other interest in a firm considered for this Contract?

Yes _____ No _____ Unsure: _____

If the answer is Yes or Unsure, please explain:

- b. Do you have an Immediate Family Member that will receive a tangible personal benefit from a firm considered for this Contract?

Yes _____ No _____ Unsure: _____

4. Do you have any other partner with a financial or other interest in a firm considered for this Contract?

Yes _____ No _____ Unsure: _____

If the answer is Yes or Unsure, please explain:

5. Will any other partner of yours receive any tangible personal benefit from a firm considered for this Contract?

Yes _____ No _____ Unsure: _____

If the answer is Yes or Unsure, please explain:

6. Does your current or potential employer (other than the Unit) have a financial or other interest in a firm considered for this Contract or will such current or potential employer receive a tangible personal benefit from this Contract?

Yes _____ No _____ Unsure: _____

If the answer is Yes or Unsure, please explain:

7. Benefits to Employers

- a. Does a current or potential employer (other than the Unit) of any of your Immediate Family Members have a financial or other interest in a firm considered for this Contract?

Yes _____ No _____ Unsure: _____

If the answer is Yes or Unsure, please explain:

- b. Will a current or potential employer (other than the Unit) of any of your Immediate Family Members receive a tangible personal benefit from this Contract?

Yes _____ No _____ Unsure: _____

If the answer is Yes or Unsure, please explain:

- c. Does a current or potential employer (other than the Unit) of any partner of yours have a financial or other interest in a firm considered for this Contract?

Yes _____ No _____ Unsure: _____

If the answer is Yes or Unsure, please explain:

- d. Will a current or potential employer (other than the Unit) of any partner of yours receive a tangible personal benefit from this Contract?

Yes _____ No _____ Unsure: _____

If the answer is Yes or Unsure, please explain:

8. Does any existing situation or relationship create the appearance that you have a financial or other interest in a firm considered for this Contract or will receive a tangible personal benefit from a firm considered for this Contract?

Yes _____ No _____ Unsure: _____

If the answer is Yes or Unsure, please explain:

9. Does any existing situation or relationship create the appearance that any Immediate Family Member of yours has a financial or other interest in a firm considered for this Contract or will receive a tangible personal benefit from a firm considered for this Contract?

Yes _____ No _____ Unsure: _____

If the answer is Yes or Unsure, please explain:

10. Does any existing situation or relationship create the appearance that your current or potential employer (other than the Unit) has a financial or other interest in a firm considered for this Contract or will receive a tangible personal benefit from a firm considered for this Contract?

Yes _____ No _____ Unsure: _____

If the answer is Yes or Unsure, please explain:

11. Does any existing situation or relationship create the appearance that any current or potential employer (other than the Unit) of any of your Immediate Family Members has a financial or other interest in a firm considered for this Contract or will receive a tangible personal benefit from a firm considered for this Contract?

Yes _____ No _____ Unsure: _____

If the answer is Yes or Unsure, please explain:

12. Does any existing situation or relationship create the appearance that any current or potential employer (other than the Unit) of any other partner has a financial or other interest in a firm considered for this Contract or will receive a tangible personal benefit from a firm considered for this Contract?

Yes _____ No _____ Unsure: _____

If the answer is Yes or Unsure, please explain:

* * * * *

Sign Name: _____
 Print Name: _____
 Name of Employer _____
 Job Title: _____
 Date of Completion: _____

* * * * *

EXHIBIT D**COMPLIANCE CHECKLIST FOR SUBAWARD OVERSIGHT**

The LOWER CAPE FEAR WATER AND SEWER AUTHORITY (“Unit” or “LCFWASA”) has adopted a Conflict of Interest Policy (“Policy”) that governs the Unit’s expenditure of Federal Financial Assistance (as defined in Section II of the Policy). The Policy designates the LCFWASA Executive Director as the “COI Point of Contact.” The Policy requires the COI Point of Contact to complete this Compliance Checklist to identify potential real or apparent conflicts of interest in connection with proposed Subawards (as defined in Section II) and file the Checklist in the records of the Unit.

Instructions for Completion

1. The COI Point of Contact shall complete Steps 1 through 5 of the Checklist below.
2. If the value of the proposed Subaward exceeds \$250,000, the COI Point of Contact shall collect a Conflict of Interest Disclosure Form from each Covered Individual.
3. If the COI Point of Contact identifies a potential real or apparent conflict of interest after completing this Compliance Checklist, the COI Point of Contact shall report such potential conflict of interest to the LCFWASA Board Chair and to each member of the Governing Board.

Definitions.

1. *Covered Individual.* Each person identified in Section 1 of this Checklist is a “Covered Individual” for purposes of this Compliance Checklist and the Policy.
2. *Immediate Family Member* means, with respect to any Covered Individual, (i) a spouse, and parents thereof, (ii) a child, and parent thereof, (iii) a parent, and spouse thereof, (iv) a sibling, and spouse thereof, (v) a grandparent and grandchild, and spouses thereof, (vi) domestic partners and parents thereof, including domestic partners of any individual in (ii) through (v) of this definition; and (vii) any individual related by blood or affinity whose close association with the Covered Individual is the equivalent of a family relationship.
3. *Related Party* means (i) an Immediate Family Member of a Covered Individual, (ii) a partner of a Covered Individual, or (iii) a current or potential employer (other than the Unit) of a Covered Individual, of a partner of a Covered Individual, or of an Immediate Family Member of a Covered Individual.

D-5

Step		
1	Identify the proposed Subaward, Subrecipient, and the subject of the Subaward.	<u>Name of Contract:</u> <u>Name of Counterparty</u> <u>Subject of Subaward:</u>
2	Identify all individuals involved in the selection, award, or administration of the Subaward. These individuals are "Covered Individuals". Ensure that each Covered Individual has been provided with a copy of the Conflict of Interest Policy.	<u>Public Officials</u> <u>Employees</u> <u>Agents</u>
3	Identify whether any Covered Individual has a (i) financial or other interest in, or (ii) tangible personal benefit from the firm considered for a Subaward. [If the estimated Subaward amount exceeds \$250,000, ensure that each Covered Individual files a Conflict of Interest Disclosure Form with the COI Point of Contact.]	<u>Public Officials</u> <u>Employees</u> <u>Agents</u>
Any identified interest in Step 3 is a potential "real" conflict of interest.		
4	Identify whether any Related Party has a (i) financial or other interest in or (ii) tangible personal benefit from the firm considered from a Subaward. If the estimated Subaward amount exceeds \$250,000, ensure that each Covered Individual files a Conflict of Interest Disclosure Form with the COI Point of Contact.]	
Any identified interest in Step 4 is a potential "real" conflict of interest.	<u>Public Officials – Related Party</u> <u>Employees – Related Party</u> <u>Agents – Related Party</u>	

5	Identify whether a reasonable person with knowledge of the relevant facts would find that an existing situation or relationship creates the <i>appearance</i> that a Covered Individual or any Related Party has a financial or other interest in or a tangible personal benefit from a firm considered for a Subaward? If yes, explain.				
		<u>Public Officials</u>	<u>Employees</u>	<u>Agents</u>	
Any identified interest in Step 5 is a potential “apparent” conflict of interest.					

COI Point of Contact: _____

Signature of COI Point of Contact: _____

Date of Completion: _____

EXHIBIT E

SUBAWARD CONFLICT OF INTEREST DISCLOSURE FORM
FOR OFFICIALS, EMPLOYEES, AND AGENTS

The LOWER CAPE FEAR WATER AND SEWER AUTHORITY (“Unit” or “LCFWASA”) has adopted a Conflict of Interest Policy (“Policy”) that governs the Unit’s expenditure of Federal Financial Assistance (as defined in Section II of the Policy). The Policy designates the LCFWASA Executive Director as the COI Point of Contact.

The COI Point of Contact has identified you as an official, employee, or agent of the Unit that may be involved in the selection, award, or administration of the following subaward: [REDACTED] (the “Subaward”). To safeguard the Unit’s expenditure of Federal Financial Assistance, the COI Point of Contact has requested that you identify any potential real or apparent conflicts of interest in the Firm considered for the award of a Subaward. Using the Exhibit A to the Policy as a guide, please answer the following questions:

1. Do you have a financial or other interest in a firm considered for this Subaward?

Yes _____ No _____ Unsure: _____

If the answer is Yes or Unsure, please explain:

2. Will you receive any tangible personal benefit from a firm considered for this Subaward?

Yes _____ No _____ Unsure: _____

If the answer is Yes or Unsure, please explain:

3. For purposes of Question 3(a) and 3(b), your “Immediate Family Members” include: (i) your spouse and their parents, (ii) your child, (iii) your parent and any spouse of your parent, (iv) your sibling and any spouse of your sibling, (v) your grandparents or grandchildren, and the spouses of each, (vi) any domestic partner of any individual in (ii) through (v) of this definition; and (vii) any individual related by blood or affinity whose close association with you is the equivalent of a family relationship.

- a. Do you have an Immediate Family Member with a financial or other interest in a firm considered for this Subaward?

Yes _____ No _____ Unsure: _____

If the answer is Yes or Unsure, please explain:

- b. Do you have an Immediate Family Member that will receive a tangible personal benefit from a firm considered for this Subaward?

Yes _____ No _____ Unsure: _____

4. Do you have any other partner with a financial or other interest in a firm considered for this Subaward?

Yes _____ No _____ Unsure: _____

If the answer is Yes or Unsure, please explain:

5. Will any other partner of yours receive any tangible personal benefit from a firm considered for this Subaward?

Yes _____ No _____ Unsure: _____

If the answer is Yes or Unsure, please explain:

6. Does your current or potential employer (other than the Unit) have a financial or other interest in a firm considered for this Subaward or will such current or potential employer receive a tangible personal benefit from this Subaward?

Yes _____ No _____ Unsure: _____

If the answer is Yes or Unsure, please explain:

7. Benefits to Employers

- a. Does a current or potential employer (other than the Unit) of any of your Immediate Family Members have a financial or other interest in a firm considered for this Subaward?

Yes _____ No _____ Unsure: _____

If the answer is Yes or Unsure, please explain:

- b. Will a current or potential employer (other than the Unit) of any of your Immediate Family Members receive a tangible personal benefit from this Subaward?

Yes _____ No _____ Unsure: _____

If the answer is Yes or Unsure, please explain:

- c. Does a current or potential employer (other than the Unit) of any partner of yours have a financial or other interest in a firm considered for this Subaward?

Yes _____ No _____ Unsure: _____

If the answer is Yes or Unsure, please explain:

- d. Will a current or potential employer (other than the Unit) of any partner of yours receive a tangible personal benefit from this Subaward?

Yes _____ No _____ Unsure: _____

If the answer is Yes or Unsure, please explain:

8. Does any existing situation or relationship create the appearance that you have a financial or other interest in a firm considered for this Subaward or will receive a tangible personal benefit from a firm considered for this Subaward?

Yes _____ No _____ Unsure: _____

If the answer is Yes or Unsure, please explain:

9. Does any existing situation or relationship create the appearance that any Immediate Family Member of yours has a financial or other interest in a firm considered for this Subaward or will receive a tangible personal benefit from a firm considered for this Subaward?

Yes _____ No _____ Unsure: _____

If the answer is Yes or Unsure, please explain:

10. Does any existing situation or relationship create the appearance that your current or potential employer (other than the Unit) has a financial or other interest in a firm considered for this Subaward or will receive a tangible personal benefit from a firm considered for this Subaward?

Yes _____ No _____ Unsure: _____

If the answer is Yes or Unsure, please explain:

11. Does any existing situation or relationship create the appearance that any current or potential employer (other than the Unit) of any of your Immediate Family Members has a financial or other interest in a firm considered for this Subaward or will receive a tangible personal benefit from a firm considered for this Subaward?

Yes _____ No _____ Unsure: _____

If the answer is Yes or Unsure, please explain:

12. Does any existing situation or relationship create the appearance that any current or potential employer (other than the Unit) of any other partner has a financial or other interest in a firm considered for this Subaward or will receive a tangible personal benefit from a firm considered for this Subaward?

Yes _____ No _____ Unsure: _____

If the answer is Yes or Unsure, please explain:

* * * * *

Sign Name:

Print Name:

Name of Employer

Job Title:

Date of Completion:

* * * * *

AGENDA ITEM

To: CHAIRMAN BLANCHARD AND BOARD MEMBERS

From: TIM H. HOLLOMAN, EXECUTIVE DIRECTOR

Date: February 13, 2023

Re: Executive Director's Report

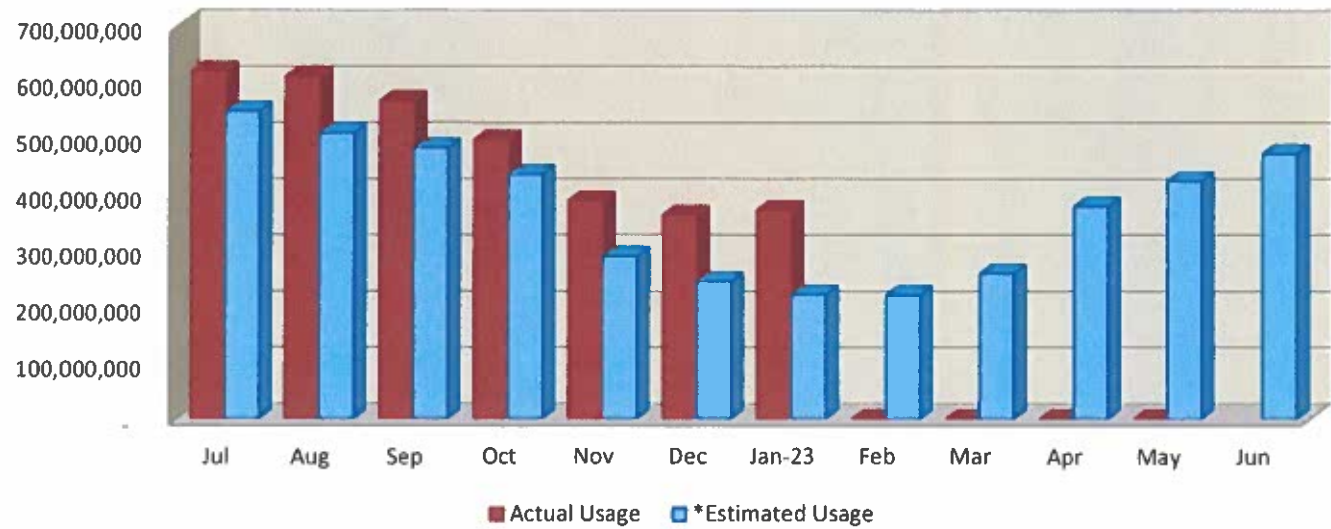
EDR1 - Comments on Customers' Water Usage and Raw Water Revenue for Fiscal Year to Date Ending January 31, 2023

EDR2 - Operating Budget Status, Ending December 31, 2022.

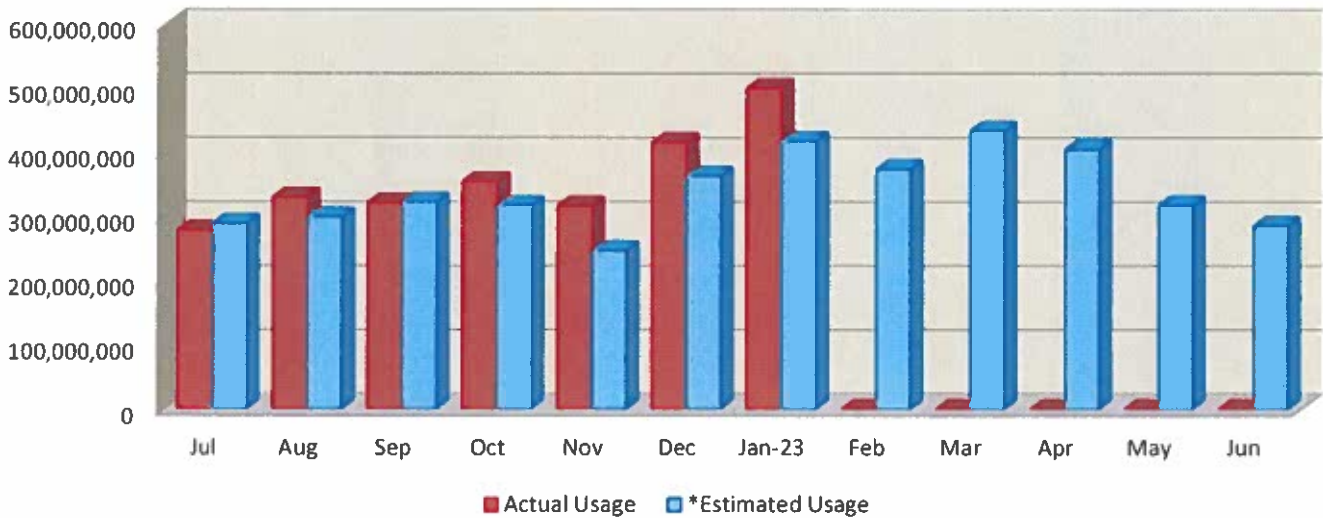
EDR3 - Summary of Activities.

Action Requested: For information purposes.

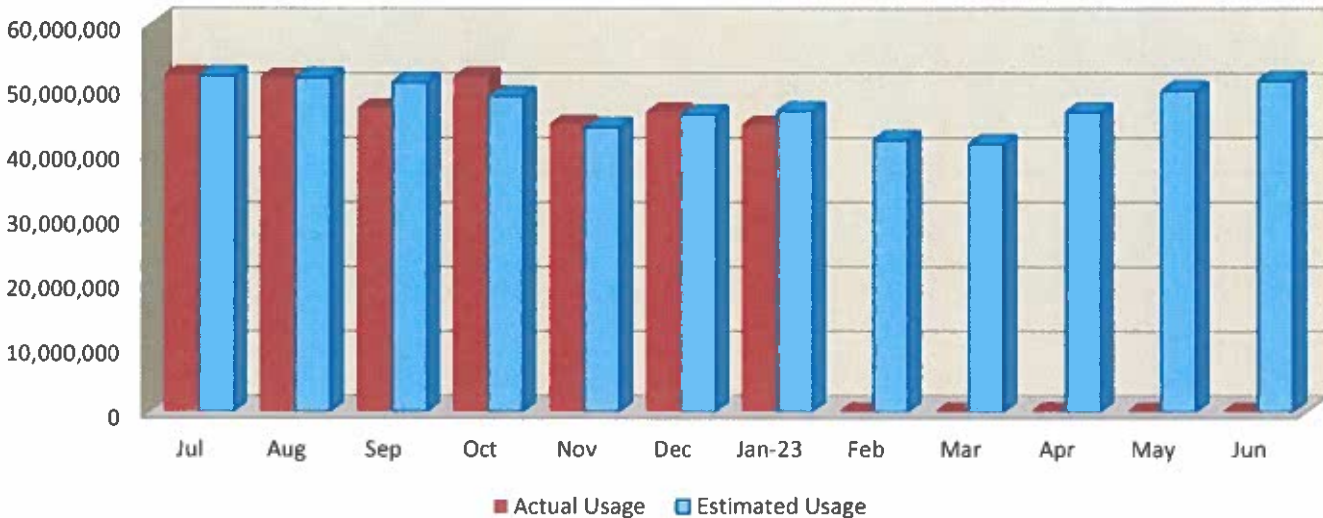
Brunswick County Water Usage FY 22-23



CFPUA Water Usage FY 22-23



Pender County Water Usage FY 22-23



OPERATING FUND BUDGET PERFORMANCE

Jul-1 through Dec 31

Income	Approved Annual Budget	Approved Adjusted Budget	Jul 1- Dec 31 Kings Bluff	Jul 1- Dec 31 Bladen Bluffs	Jul 1- Dec 31 OF BUDGET	Budget As of 12/31/2022
3000-01 - OPERATING REVENUE						
3001-01 - 01 Bruns County Public Utility	1,566,597	1,566,597	1,095,525		1,095,525	70%
3002-01 - 01 CFPWA	1,428,403	2,857,111	2,157,178		2,157,178	76%
3003-01 - 01 Pender County	199,518	543,293	449,552		449,552	83%
3004-01 - 01 HWY 421 - Stepan	79,818	141,566	137,689		137,689	97%
3005-01 - 01 Praxair, Inc	2,095	61,179	62,272		62,272	102%
3006-01 - 01 Bladen Bluffs Revenue	3,654,318	3,654,318		2,116,204	2,116,204	58%
Bladen Admin Reimb	102,190	102,190		69,545	69,545	68%
3007-01 - Sales Tax Refund Revenue	100,000	100,000		114,314	114,314	114%
Total 3000-01 - OPERATING REVENUE	7,132,739	9,026,254	3,902,196	2,300,063	6,202,259	68%
3100-00 - OF NONOPERATING REVENUE						
3120-00 - Revenue-Other						
Interest & Investment Revenue	500	500	89		89	18%
FEMA Reimbursement	0	0	0		0	0%
Refunds / Insurance Proceeds/ Other	0	0	1	1,251	1,252	0%
3158-00 - Rental Income	0	0	7,789		7,789	
3900-01 R&R Fund Appropriated	0	0	0		0	0%
2900-00 Fund Balance	0	0	0		0	0%
Total 3100-00 - OF NONOPERATING REVENUE	500	500	7,879	1,251	9,130	1826%
Total Income	7,133,239	9,026,754	3,910,075	2,301,314	6,211,389	69%
Expense						
4000-01 - ADMINISTRATION EXPENDITURES						
4001-01 - Salary - gross	187,024	187,024	60,459	28,054	88,513	47%
4010-01 - Per Diem= mileage+per diem pay	62,500	62,500	18,219	9,375	27,594	44%
4012-01 - Vehicle Allowance	5,200	5,200	1,820	780	2,600	50%
4070-02 - Phone Allowance	520	520	182	78	260	50%
4015-01 - Payroll Taxes	19,542	19,542	7,825	2,931	10,757	55%
4029-01 - Retirement Employer's Part	22,462	22,462	7,429	3,369	10,798	48%
4035-01 - 401K Employer PD Contribution	5,311	5,311	1,859	797	2,655	50%
4038-01 - Payroll Processing Exp	2,900	2,900	1,115		1,115	38%
4038-01 - Insurance Group	38,074	38,074	10,046	5,711	15,757	41%
4039-01 - Insurance, Property	94,301	94,301	36,642	14,145	50,787	54%
4048-00 Professional Services General	15,000	15,000	0	0	0	0%
4048-01 - Attorney	30,000	45,000	16,271		16,271	36%
4048-02 - Auditor	9,000	9,000	5,400	2,800	8,200	91%
4048-03 - Engineer	253,041	253,041	34,672	0	34,672	14%
4049-01 Information Technology	14,000	14,000	924	0	924	7%
4055-01 - Office Main/Repair	23,902	23,902	7,360		7,360	31%
4058-01 Office Utilities	5,000	5,000	984		984	20%
4059-01 Office Expense	14,000	14,000	8,781		8,781	63%
4062-01 Office Equipment	10,000	10,000	7,188		7,188	72%
4064-01 Printing & Advertising	6,500	6,500	3,201		3,201	49%
4065-01 Telephone and Internet	3,500	3,500	1,598		1,598	46%
4070-01 - Travel & Training	26,000	29,000	13,419		13,419	46%
4080-01 - Miscellaneous Expenses	15,000	23,000	11,283		11,283	49%
Total 4000-01 - ADMINISTRATION EXPENDITURES	862,777	888,777	256,676	68,040	324,716	37%
4500-01 - OPERATING EXPENDITURES						
4501-00 - Sales Tax Expense - Other	100,000	100,000		54,819	54,819	55%
4510-01 - Bladen Bluffs Expenses	2,335,094	2,335,094		1,765,801	1,765,801	76%
4520-01 - Utilities-Energy Pump Station	756,336	730,336	367,727		367,727	50%
4530-01 - Kings Bluff O&M Expenses	510,822	510,822	211,507		211,507	41%
4535-01 Kings Bluff Hurricane Other FEMA	0	0	0		0	0%
4543-01 - Series 2012 Bond Principal (ST)	0	0	0		0	0%
4544-01 - Series 2012 Bond Interest (ST)	0	0	0		0	0%
4545-01 - Series 2010 Bond Principal (BB)	850,000	850,000		910,000	910,000	107%
4548-01 - Series 2010 Bond Interest (BB)	297,500	297,500		181,606	181,606	61%
7400-01 - Operating Capital Expense	911,875	2,805,390		1,893,515	1,893,515	67%
4998-05- Transfer to R&R- KB R&R Expense	250,000	250,000		0	0	0%
2041-01- 421 Relocation NHC Loan Principal	258,835	258,835		258,835	258,835	100%
Total 4500-01 - OPERATING EXPENDITURES	6,270,462	8,137,977	579,234	5,064,576	5,643,810	69%
Total Expense	7,133,239	9,026,754	835,910	5,132,616	5,985,526	66%

Executive Director Highlighted Activities:

- Met with Directors' individual/group.
- Work with Brunswick County regarding a request from Praxair/Linde regarding metering questions.
- Work with CFPUA, Attorney, on draft policies to comply with receipt of ARPA funding for the 10 Mile Parallel Line project, Phase 1.
- Reviewed scope of work with Owner's Advisor and Team.
- Sent Legislators request for funding Phase 2 of the 10-mile parallel line project.
- Request from LCFWASA partners adoption of supporting resolution for funding.
- Attended Pender County Utility Monthly Meeting
- Check-in with King's Bluff Crew
- Attended NC One Water Endowment Dinner
- Attended CFPUA's Sweeny ribbon cutting.
- Attended North Carolina Building Inspectors Association Continuing Education Seminar
- Attended North Carolina's City/County Management Association Winter Conference