

**TENTATIVE AGENDA & MEETING NOTICE
BOARD OF COUNTY COMMISSIONERS**

**TUESDAY, AUGUST 2, 2022
5:30 P.M.**

**WATAUGA COUNTY ADMINISTRATION BUILDING
COMMISSIONERS' BOARD ROOM**

TIME	#	TOPIC	PRESENTER	PAGE
5:30	1	CALL REGULAR MEETING TO ORDER		
	2	APPROVAL OF MINUTES: July 19, 2022, Regular Meeting		1
	3	APPROVAL OF THE AUGUST 2, 2022, AGENDA		11
5:35	4	BLUE RIDGE RELAY	MR. KEN SEVENSKY	13
5:40	5	KILL/CHILL FACILITY UPDATE	MR. JIM HAMILTON	17
5:45	6	PROPOSED RECOMMENDATION TO HIGH IMPACT LAND USE (HILU) REGULATIONS SPACING REQUIREMENTS	MR. JOE FURMAN	75
5:50	7	FINANCE MATTERS	MS. MISTY WATSON	
	A.	BUDGET AMENDMENTS		77
	B.	AMERICAN RESCUE PLAN ACT (ARPA) PROPOSALS		81
	1.	Policy for Allowable Costs and Cost Principles for Expenditure of ARPA Coronavirus State and Local Fiscal Recovery Funds by North Carolina Local Governments		83
	2.	Conflict of Interest Policy Applicable to Contracts and Subawards of Watauga County Supported by Federal Financial Assistance		96
	3.	Resolution for Subaward & Monitoring for Expenditure of ARPA Coronavirus State and Local Fiscal Recovery Funds		119
	4.	Subaward and Monitoring Policy for Expenditures of ARPA of 2021 Coronavirus State and Local Fiscal Recovery Funds		122
	5.	Nondiscrimination Policy		142
	6.	Eligible Project Policy for the Expenditure of ARPA of 2021 Coronavirus State and Local Fiscal Recovery Funds by Watauga County		146
5:55	8	MISCELLANEOUS ADMINISTRATIVE MATTERS	MR. DERON GEOUQUE	
	A.	Armory Planning Committee		149
	B.	Request to Schedule Public Hearing to Allow Citizen Comment on the Proposed Financing of the New Valle Crucis Elementary School		151
	C.	Announcements		157
6:00	9	PUBLIC COMMENT		159
7:00	10	BREAK		159
7:05	11	CLOSED SESSION Attorney/Client Matters – G. S. 143-318.11(a)(3)		159
7:30	12	ADJOURN		

AGENDA ITEM 2:

APPROVAL OF MINUTES:

July 19 2022, Regular Meeting

DRAFT**MINUTES****WATAUGA COUNTY BOARD OF COMMISSIONERS
TUESDAY, JULY 19, 2022**

The Watauga County Board of Commissioners held a regular meeting, as scheduled, on Tuesday, July 19, 2022, at 5:30 P.M. in the Commissioners' Board Room located in the Watauga County Administration Building, Boone, North Carolina.

Chairman Welch called the meeting to order at 5:35 P.M. The following were present:

PRESENT: John Welch, Chairman
 Billy Kennedy, Vice-Chairman
 Carrington Pertalion, Commissioner
 Larry Turnbow, Commissioner
 Charlie Wallin, Commissioner
 Deron Geouque, County Manager
 Anita J. Fogle, Clerk to the Board

[Clerk's Note: There was no County Attorney present.]

Commissioner Wallin opened with a prayer and Commissioner Turnbow led the Pledge of Allegiance.

APPROVAL OF MINUTES

Chairman Welch called for additions and/or corrections to the June 13, 2022, special and closed session minutes as well as the June 21, 2022, regular meeting and closed session minutes.

Vice-Chairman Kennedy, seconded by Commissioner Pertalion, moved to approve the June 13, 2022, special meeting minutes as presented.

VOTE: Aye-5
 Nay-0

Vice-Chairman Kennedy, seconded by Commissioner Pertalion, moved to approve the June 13, 2022, special meeting closed session minutes as presented.

VOTE: Aye-5
 Nay-0

Vice-Chairman Kennedy, seconded by Commissioner Pertalion, moved to approve the June 21, 2022, regular meeting minutes as presented.

VOTE: Aye-5
 Nay-0

Vice-Chairman Kennedy, seconded by Commissioner Peralion, moved to approve the June 21, 2022, closed session minutes as presented.

VOTE: Aye-5
Nay-0

APPROVAL OF AGENDA

Chairman Welch called for additions and/or corrections to the July 19, 2022, agenda.

County Manager Geouque requested removing Closed Session from the agenda due to not having a County Attorney present.

Commissioner Turnbow, seconded by Commissioner Wallin, moved to approve the July 19, 2022, agenda as amended.

VOTE: Aye-5
Nay-0

SPECIAL PRESENTATION BY THE BOARD OF COMMISSIONERS

Chairman Welch stated that Parks and Recreation Director, Stephen Poulos, was retiring August 1, 2022, and read a proclamation honoring Mr. Poulos' thirty years of service to the County. Chairman Welch presented the proclamation to Mr. Poulos who thanked the Board, County Manager, and his Parks and Recreation staff and shared a few stories related to his time at work.

Chairman Welch also recognized Ms. Amy Parsons who recently retired from the Parks and Recreation Department.

A drop-by Retirement Party will be held in honor of Mr. Stephen Poulos at the Community Recreation Center (CRC) between 12:00 and 3:00 P.M. on Friday, July 22, 2022.

PUBLIC HEARING TO ALLOW CITIZEN COMMENT REGARDING ERIC O'LOUGHLIN'S REQUEST TO NAME THE AQUATIC CENTER LOCATED IN THE WATAUGA COUNTY COMMUNITY RECREATION CENTER IN MEMORY OF MR. LAWRENCE "LAN" O'LOUGHLIN

Mr. Eric O'Loughlin, Ms. Jean Hord Roberts, and Ms. Ashley Ginn presented a request to name the lap pool in the Aquatic Center after Lawrence ("Lan") O'Loughlin at the last Board meeting. Mr. O'Loughlin was the Watauga High School Men and Women's Head Swim Coach from 1979 to 2003.

A required public hearing was scheduled to seek comments and input from County citizens. Once the public hearing was complete the Board shall vote on the request. A unanimous vote of the Board was required for the naming application to be approved.

Commissioner Turnbow, seconded by Vice-Chairman Kennedy, moved to call the public hearing to order at 5:48 P.M.

VOTE: Aye-5
Nay-0

The following shared comments in support of the naming request: Anita Kitchens, Ralph E. Lentz II, Jim Deal, J. Paul Welsh, Jenny Miller, Stephanie McDaniel, Tim Forsyth, Jack James, Jonathan Miller, Samantha Deal, Mary E. Moretz, and Phyllis MacBryde.

As there were no additional comments, Commissioner Wallin, seconded by Vice-Chairman Kennedy, moved to close the public hearing at 6:20 P.M.

VOTE: Aye-5
Nay-0

Vice-Chairman Kennedy agreed that Mr. O'Loughlin was an exceptional person and the appropriate way to honor him needed to be determined. Mr. Kennedy stated that the Community Recreation Center belonged to all citizens in the County and elected officials had to make hard decisions. If the request was not approved it would not take away from all of Mr. O'Loughlin's accomplishments. Mr. Kennedy suggested a compromise by offering that an alternate way to show honor would be to name the first swim meet each year in Mr. O'Loughlin's honor and/or to have his name listed on the record board.

Chairman Welch called for a motion to approve the naming request. No such motion was made.

Vice-Chairman Kennedy moved to deny the naming request. The motion died for lack of a second.

Vice-Chairman Kennedy moved to name the first swim meet of each year in Mr. O'Loughlin's honor and/or placing a plaque with his name on the record board. Chairman Welch tabled the motion prior to a second to allow staff the opportunity to discuss the suggestions with the School System.

Due to no motion being provided to accept the naming request, the request was not approved.

The Chairman called for a brief break prior to continuing the meeting as several in attendance were leaving.

TAX MATTERS

A. Monthly Collections Report

Tax Administrator, Mr. Larry Warren, presented the Tax Collections Report for the month of June 2022. The report was presented for information only and, therefore, no action was required.

B. Refunds and Releases

Mr. Warren presented the Refunds and Releases Report for June 2022 for Board approval:

TO BE TYPED IN MINUTE BOOK

Vice-Chairman Kennedy, seconded by Commissioner Peralion, moved to approve the Refunds and Releases Report for June 2022 as presented.

VOTE: Aye-5
Nay-0

SCALE HOUSE IMPROVEMENTS PROJECT BID AWARD REQUEST

Mr. Rex Buck, Operations Services Director, presented the following bids for Scale House Improvements as received on May 19, 2022:

- Greene Construction, Inc. - \$1,697,398.94 (including bid alternate)
- Muter Construction, Inc. - \$2,138,019.06 (including bid alternate)

Out of the two bids received, Mr. Mark Cathey, PE, with McGill Associates, recommended accepting the lowest responsive bidder, Greene Construction, Inc. in the amount of \$1,572,228.38 which included a deduction of \$125,170.56 for customer canopies.

County Manager Geouque stated that due to the lowest responsive bid exceeding amounts included in the Engineer's Cost Opinion and the Sanitation Department's FY 2023 Capital Improvement Plan (CIP), staff recommended rejecting the enclosed bids, modifying the current design to include three phases, and re-bidding the project at a later date. Mr. Geouque stated that nothing could be guaranteed; however, if the scales were ordered as Phase I of the project, then the eight-month lead time for the order would allow time to modify the project into phases. Vice-Chairman Kennedy questioned whether the Scale House building could be broken out and bid separately in hopes of it being less than the current bid of \$1,000 per square foot.

Commissioner Turnbow, seconded by Vice-Chairman Kennedy, moved to reject all bids, approve funds to order the scales, and direct the County Manager and Operations Services Director to work with McGill to find a less expensive solution for construction of the project.

VOTE: Aye-5
Nay-0

EMERGENCY SERVICES MATTERS

A. Proposed Radio Cache Replacement

Mr. Will Holt, Emergency Services Director, requested approval of \$33,549.50 for the replacement of five (5) portable radios with Motorola Solutions. Mr. Holt stated that this would complete the three-year upgrade of the radio cache. Funds were budgeted in the FY 2022-2023 budget to cover the expense.

Vice-Chairman Kennedy, seconded by Commissioner Pertalion, moved to accept the quote from Motorola Solutions in the amount of \$33,549.50 for five (5) portable radios.

VOTE: Aye-5
Nay-0

B. Proposed Radio Maintenance Contract Renewal

Mr. Holt requested the renewal of three radio maintenance contracts with Mobile Communications America (MCA) in the total amount of \$64,122. The contracts covered the consoles and radio equipment at the Primary Communications Center, the back-up equipment at Boone Police Department, as well as the mobile and portable radio maintenance for Emergency Services and the Sheriff's Office. The increase in costs over last year was due primarily to the addition of the back-up equipment with the consolidation of the Town of Boone Police Department's Communications with the County's Center. Adequate funds were budgeted to cover the renewal.

Commissioner Turnbow, seconded by Commissioner Pertalion, moved to approve the renewal of the three radio maintenance contracts with Mobile Communications America in the amount of \$64,122.

VOTE: Aye-5
Nay-0

C. Priority One Grant Award Request

Mr. Holt requested acceptance of the FY 2022 Priority One Grant from the North Carolina 911 Board in the amount of \$2,797,012.69 for the purposes of construction of a new 911 Communications Center and the acquisition of equipment for that facility as well as the back-up facility. A County match was not required.

Commissioner Pertalion, seconded by Commissioner Turnbow, moved to accept the Priority One Grant from the North Carolina 911 Board in the amount of \$2,797,012.69.

VOTE: Aye-5
Nay-0

D. Proposed Utility Easement for Sampson Property

Mr. Holt, requested approval of an easement for utilities with Blue Ridge Electric Membership Corporation for the Sampson Tower site. The State will utilize the site for VIPER communications and be responsible for the maintenance and upkeep of the equipment and tower. The site equipment, facilities, and tower are owned by the State of North Carolina. The land was owned by Watauga County; therefore, requiring approval for the easement.

Vice-Chairman Kennedy, seconded by Commissioner Wallin, moved to execute the easement with Blue Ridge Electric Membership Corporation for the Sampson Tower site for VIPER communications.

VOTE: Aye-5
Nay-0

E. MOA with NCDOT for Debris Management

Mr. Holt requested approval of a Memorandum of Understanding (MOA) with the North Carolina Department of Transportation (NCDOT) for debris management. The MOA would expedite debris removal during times of disaster. Approval would be part of the County's overall debris management plan with the MOA being the initial agreement. Execution of the NCDOT Form SSR-1 (Appendix A) would be required for each individual disaster to allow for flexibility based on size and scope.

Commissioner Pertalion, seconded by Vice-Chairman Kennedy, moved to accept the MOA with the NCDOT for debris management.

VOTE: Aye-5
Nay-0

F. Remediation of VHF Radio Components

Mr. Holt requested approval of an \$82,517.50 expenditure with Motorola for VHF remediation of radio equipment at tower sites. Adequate funds were available in the FY 2022-2023 budget to cover the expense of the radio infrastructure project as certain VHF frequencies must be retained for dispatching purposes.

Commissioner Pertalion, seconded by Commissioner Turnbow, moved to accept Motorola Solutions quote in the amount of \$82,517.50 for VHF remediation.

VOTE: Aye-5
Nay-0

REQUESTED ACCEPTANCE OF NORTH CAROLINA DEPARTMENT OF AGRICULTURAL AND CONSUMER SERVICES – DIVISION OF SOIL & WATER CONSERVATION FUNDING FOR THE PROJECT STREAMFLOW REHABILITATION PROGRAM (StRAP)

Ms. Michelle Kasey and Ms. Mikey Woodie with Soil and Water were present to request the acceptance of grant funding from the North Carolina Department of Agriculture and Consumer Services - Division of Soil & Water Conservation. Ms. Woodie presented the request and stated that the grant, in the amount of \$159,750.00 was for the StreamFlow Rehabilitation Program (StRAP) project and would be used to protect and restore drainage to local streams including Elk Creek and the South Fork of the New River.

Vice-Chairman Kennedy, seconded by Commissioner Pertalion, moved to accept the \$159,750.00 from the North Carolina Department of Agriculture and Consumer Services - Division of Soil & Water Conservation, for the StreamFlow Rehabilitation Program (StRAP) project.

VOTE: Aye-5
Nay-0

MISCELLANEOUS ADMINISTRATIVE MATTERS

A. Sheriff's Office Out-of-State Travel Request

County Manager Geouque stated that Captain Preston Russell, with the Watauga County Sheriff's Office, recently traveled to Gallatin, TN to attend a four day Less Lethal ICP Instructor Course. The course was scheduled from July 11, 2022 through July 15, 2022. As the first meeting in July was cancelled, staff approved the request as funds were allocated in the FY 2022-2023 budget.

Vice-Chairman Kennedy, seconded by Commissioner Turnbow, moved to authorize the out-of-state travel retroactive to the date of travel.

VOTE: Aye-5
Nay-0

B. North Carolina Association of County Commissioners (NCACC) Voting Delegate

County Manager Geouque stated that the 115th North Carolina Association of County Commissioners (NCACC) Annual Conference will be held August 11-13, 2022, in Cabarrus County at the Concord Convention Center. The County Manager shared the following link for more information: <https://www.ncacc.org/events-training/annual-conference/>.

The NCACC's Legislative Goals Conference will be held November 16-17, 2022, in Wake County. Delegates will vote on the slate of goal proposals that have been thoroughly vetted with the final slate of proposals to be brought before the Association's membership in November.

Voting Delegate designations for both the upcoming Annual Conference and Legislative Goals Conference were needed.

By consensus, Commissioner Wallin was appointed as Watauga County's voting delegate.

C. Announcements

County Manager Geouque announced the following:

- Stephen Poulos' Retirement Party will be held at the Community Recreation Center (CRC) on Friday, July 22, 2022. Please drop by between 12:00 and 3:00 P.M. to help celebrate Stephen's Retirement.
- The 115th NCACC Annual Conference will be held August 11-13, 2022, in Cabarrus County at the Concord Convention Center. Additional information was available at the following link: <https://www.ncacc.org/events-training/annual-conference/> for more information.
- The NCACC's Legislative Goals Conference will be held over two days, November 16-17, 2022, in Wake County. Delegates will vote on the slate of goal proposals that have been thoroughly vetted with the final slate of proposals to be brought before the Association's membership in November.

Commissioner Wallin announced that a NCACC District 14 Meeting would be held on July 28, 2022, from 5:30 P.M. to 7:00 P.M. in the Wilkes County Agricultural Center.

Chairman Welch announced that a FUNraiser for Safe Harbor will be held in the Human Services Parking Lot on Saturday, July 30, 2022, from 10:00 A.M. to 6:00 P.M.

PUBLIC COMMENT

Mr. Bill Greene, Chair of the Watauga County Republican Executive Board, shared comments in regards to Chairman Welch's position on the Board of Commissioners.

ADJOURN

Vice-Chairman Kennedy, seconded by Commissioner Wallin, moved to adjourn the meeting at 7:04 P.M.

VOTE: Aye-5
Nay-0

John Welch, Chairman

ATTEST:
Anita J. Fogle, Clerk to the Board

Blank Page

AGENDA ITEM 3:

APPROVAL OF THE AUGUST 2, 2022, AGENDA

Blank Page

AGENDA ITEM 4:

BLUE RIDGE RELAY

MANAGER'S COMMENTS:

Ken Sevensky, Blue Ridge Relay, will provide information regarding the Blue Ridge Relay and request permission to utilize the County owned Greenway at Brookshire Park and a portion of one of the parking lots at the Soccer Complex as a comfort station.

Staff seeks direction from the Board.

Anita.Fogle

To: Deron.Geouque
Subject: Blue Ridge Relay 2022

From: Deron.Geouque <Deron.Geouque@watgov.org>
Sent: Thursday, July 28, 2022 10:32 AM
To: Anita.Fogle <Anita.Fogle@watgov.org>
Subject: FW: Blue Ridge Relay 2022

Deron Geouque
 Watauga County Manager
 814 West King Street
 Boone, NC 28607
 (P) 828-265-8000
 (F) 828-264-3230
 Email Deron.Geouque@watgov.org

From: info blueridgerelay.com <info@blueridgerelay.com>
Sent: Tuesday, July 26, 2022 6:26 PM
To: Deron.Geouque <Deron.Geouque@watgov.org>
Subject: Blue Ridge Relay 2022

Mr. Geouque,

Thank you very much for your time, insights and consideration this evening. It is much appreciated.

Request

I'm following up from our conversation and am requesting approval to be added to the agenda of the August 2 Watauga County Commissioners Meeting:

1. to inform County Commissioners and Administration of the Blue Ridge Relay.
2. to request permission to run the Greenway along the Ted Mackorell Soccer Complex, Brookshire Park and New River Hills Rd for the purpose of the Blue Ridge Relay
3. to request permission to use a parking lot of the Ted Mackorell Soccer Complex as a support station for the Blue Ridge Relay.
4. to address any other concerns of the County Commissioners and Administration.

Blue Ridge Relay: Introduction

The Blue Ridge Relay is a 200 mile relay-style running race that starts in Grayson Highlands State Park, VA and finishes in Asheville. The race first ran in 2005, so this will be our 18th year.

Race Day/Date: Friday/September 9, 2022

Time of Day: 12:30pm – 8:30pm (projected time through the Boone area)

Runners: 150-200 active on the road at a given time (1 runner per team), average 30 runners per hour

Runners: 1500+ total runners (in-active runners are transported in team vans)

Race Course

Historically, the Blue Ridge Relay course followed the Blue Ridge Parkway to bypass Boone.

- Hardin Rd to Old 421 in Deep Gap
- Blue Ridge Parkway from Parkway Elementary School to Blowing Rock
- 221 South from Blowing Rock to Linville

However, because of road maintenance on the Blue Ridge Parkway in Deep Gap, the Blue Ridge Parkway is not issuing special use permits for that section of the Parkway. Therefore, we've been working on a re-route from Todd to Blowing Rock. The best alternative route from Todd is:

- Roby Green Rd to Old 421
- Old 421 to 421 to Brookshire Rd
- Greenway at Brookshire Park to Greenway Rd to Winklers Creek Rd
- Winklers Creek Rd to Blowing Rock

Additional Communication

1. Special use permit application submitted to the Town of Boone to run the Boone Greenway.
2. Presented my request at the July 13 Boone Town Council Meeting.
3. In communication with Patrol Captain Daniel Duckworth of the Boone Police Department.
4. In communication with Major Kelly Redmon, Watauga County Sheriff's Office.

Support Stations

Permission has been received from:

1. Green Valley Community Park
2. Bethelview United Methodist Church (Ridge Rd)
3. High Country Soccer Association to use one of the parking lots of the Ted Mackorell Soccer Complex.
4. Greenway Baptist Church, Greenway Rd.
5. Blowing Rock Pool

Thank you again for your time and consideration. Please let me know if additional information is needed.

Kind regards,

Ken Sevensky

Blue Ridge Relay

336-877-8888 desk

336-977-4819 cell

www.BlueRidgeRelay.com

Blank Page

AGENDA ITEM 5:

KILL/CHILL FACILITY UPDATE

MANAGER’S COMMENTS:

Mr. Jim Hamilton will provide an update on the “Kill-Chill” facility and possible action needed by the County going forward.

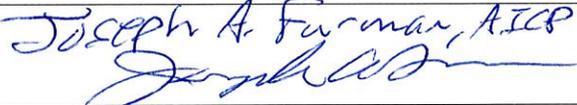
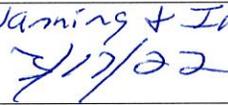
U.S. DEPARTMENT OF AGRICULTURE RURAL DEVELOPMENT		
		7/29/20
ENVIRONMENTAL INFORMATION		
<p>The purpose of this document is to assist RD staff in collecting adequate information to determine what level of environmental review is necessary. Depending on the information provided, the Agency may request additional information. All answers need to be supported by appropriate documentation, check marks are not sufficient support. Potentially helpful links are provided in blue, these are not an exhaustive or comprehensive list of resources.</p>	Yes	No
1. APPLICANT NAME:		
Watauga County		
2. ADDRESS: Physical location of the property (include legal description if farmland):		
336 Landfill Road - property owned by Watauga County adjacent to LCID landfill and solid waste/recycling public convenience center		
3. MAP. Please provide an aerial map showing the building /lot/exact location for all project types, please indicate on map any potential trenching or other ground disturbance, electrical connections, or other relevant information. Is map attached?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
4. DETAILED PROJECT DESCRIPTION (Describe how proposed funds will be used. If project involves construction, whether interior or exterior or renovations, please describe in detail. For renewable energy systems such as solar panels be specific on type of system (fixed tilt, tracking, mounting & structure, i.e. ballasted, 3" pile driven, concrete, screws, etc.):		
<p>The main physical goal/deliverable of this project is to construct a 12,500 square foot commercial slaughter facility to support commercial and custom livestock & cut and pack operations with a projected maximum capacity of around 40 head per day. Watauga County has committed to provide the site for the facility, assist with engineering & permitting, serve as the fiscal agent for the project and fund additional aspects of the facility.</p> <p>Final schematics are still being designed but the facility would be similar to the attached ' Hilltop ' plant design. Food and Livestock Planning, Inc. have been contracted for the design of the facility. Additionally, McGill and Associates Engineering completed a preliminary site assessment.</p>		
5. SIZE OF THE PROJECT & SITE: Please indicate the size (acres) of your project and how the project will impact the site including roads, right of ways, utilities, or other impacts. Example: Renewable energy solar project should include sq. ft, linear ft, number of installed units/panels/buildings, and details regarding any trenching or ground disturbance to be completed.		
<p>The total acreage allocated for the proposed project includes approximately 2.5 acres of space adjacent to the Watauga County Solid Waste Facility which includes an existing county waste transfer station, capped landfill and woody debris collection and mulching site at the county landfill property. There are existing roads and rights of way that will be improved by additional gravel and/or paving to provide better access to the site.</p> <p>The existing waste transfer station is served by electrical utilities and a 6-inch water line which is sufficient to supply water to the proposed facility. To provide water to the facility, additional 6-inch water line would be required to provide water for the facility and water for fire protection. See attached facility water and wastewater assessment produced by McGill Engineering.</p>		
6. Will the project involve construction without any ground disturbance? (i.e. roof mounted solar)	<input type="checkbox"/>	<input checked="" type="checkbox"/>
6a. If no ground disturbance, please provide land use, land ownership, & description (i.e. industrial, residential, wooded, grasslands, etc.).		
6b. If ground disturbance is expected, provide descriptive info, including if the project site was previously disturbed (i.e. previous structure, excavation, cultivation).		

Watauga County owns the property, tax parcel # 2920-39-7780-000, Deed Book 252 page 739. The building site is vacant grassland; a portion of the tract is LCID landfill.

7. What is the zoning for the project location?		
There are no enacted zoning regulations that affect the site		
8. Will the project be located in/on a building that is more than 50 years old?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
9. Will the project be located within the viewshed of a building that is a least 50+ years old?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
10. Is the building or project site listed on the State/National Register of Historic Places?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
National Register: https://www.nps.gov/nr/research/		
11. If yes to # 8, 9 or 10, has approval or concurrence been obtained from State Historic Preservation Office?	<input type="checkbox"/>	<input type="checkbox"/>
12. Have any Tribes or Tribal Historic Preservation Officers' been contacted?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
12a. If so, when?		
12b. Were any responses received and if yes, provide details of responses.		
Tribal contact TDAT: https://egis.hud.gov/tdat Tribal Lands: https://nationalmap.gov/small_scale/mld/indlanp.html		
13. Will the project be located within a Historic District? If yes, please provide review/comments/approval from the local town historic district.	<input type="checkbox"/>	<input checked="" type="checkbox"/>
14. Are there threatened or endangered species or critical habitats within the project area? If present describe impact (IPAC report should be included):	<input type="checkbox"/>	<input checked="" type="checkbox"/>
14a. Is IPAC report attached?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
IPAC Official Species List: https://ecos.fws.gov/ipac/		
15. Will the project involve cutting trees or trimming trees? If yes explain in detail below: how many, how large, tree type, etc.	<input type="checkbox"/>	<input checked="" type="checkbox"/>
15a. If yes to 15, can the applicant / project refrain from cutting, clearing, or trimming trees during habitat critical time frames? (Ex. 6/1 - 7/31 for long-eared bat)	<input type="checkbox"/>	<input type="checkbox"/>

16. Is the project located in or could the project effect a wetland?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
16a. Is Wetland map attached?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
NWI:- https://www.fws.gov/wetlands/data/Mapper.html WSS: https://websoilsurvey.sc.egov.usda.gov/App/HomePage.htm NEPA Assist: https://www.epa.gov/nepa/nepassist		
16b. If yes to 16, has an Army Corps or other permit been issued for the project site?	<input type="checkbox"/>	<input type="checkbox"/>
17. Is the project located in or could project effect a Floodplain(100 or 500 year floodplains)? If yes provide a FEMA map.	<input type="checkbox"/>	<input checked="" type="checkbox"/>
17a. Is FEMA map attached?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
FEMA: http://msc.fema.gov/portal WSS: https://websoilsurvey.sc.egov.usda.gov/App/HomePage.htm		
18. Is the project site on or in the vicinity of classified land, such as State/Federal Parks, Monuments, Natural Landmarks, Wilderness Areas, Wild and Scenic Rivers, State Lands, National Forest, etc.?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
USGS: https://nationalmap.gov/small_scale/mld/fedlanp.html USGS: https://nationalmap.gov/small_scale/printable/fedlands.html NEPA Assist: https://www.epa.gov/nepa/nepassist		
18a. If yes explain and indicate if the land managing agency has been contacted.		
19. Does project affect Coastal Resources (including Great Lake area) including impact to a coral reef (Coastal Barrier Resources System or Coastal Zone Management Areas)? If your project is not located on the coast, you will likely check no.	<input type="checkbox"/>	<input checked="" type="checkbox"/>
CBRS - https://www.fws.gov/ecological-services/habitat-conservation/cbra/Maps/Mapper.html CZMA - https://coast.noaa.gov/czm/mystate/		
20. Is the proposal located on prime, important, unique or of local Importance Farmland?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
20a. Has NRCS completed a LESA?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
WSS: https://websoilsurvey.sc.egov.usda.gov/App/HomePage.htm FPPA guidance available from NRCS: https://www.nrcs.usda.gov/wps/portal/nrcs/main/national/landuse/fppa/		
20b. If yes to 20, is the project expected to benefit by saving or offsetting energy for a farm or agricultural producer?	<input type="checkbox"/>	<input type="checkbox"/>
21. Is the project expected to house, store, reclaim, recycle or involve the handling of hazardous materials, e.g. waste storage, disposal recovery, incineration or waste treatment actions? If yes explain.	<input type="checkbox"/>	<input checked="" type="checkbox"/>

22. Has a Phase 1 ESA been prepared for this site? Generally needed for all projects over \$100,000 in which the agency takes a security interest in the property.	<input type="checkbox"/>	<input checked="" type="checkbox"/>
22a. If prepared, is Phase I ESA attached?	<input type="checkbox"/>	<input type="checkbox"/>
23. Does the property contain any areas where regulated hazardous substances or petroleum products appear to have been released? If yes explain.	<input type="checkbox"/>	<input checked="" type="checkbox"/>
24. Does the property contain an underground storage tank (UST)? If yes explain and include: type, size, age, date of last state certification.	<input type="checkbox"/>	<input checked="" type="checkbox"/>
25. Does the property contain any aboveground storage tanks (AST)? If yes, are the ASTs in secondary containment?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
26. Will or could the project have any emissions or cause uncontrolled or unpermitted releases of hazardous substances, pollutants, contaminants, petroleum or natural gas products? If yes explain.	<input type="checkbox"/>	<input checked="" type="checkbox"/>
27. Will the project affect any Water Resources (Sole Source Aquifers, Well-head protection areas, Watershed Protection Areas, etc.)? If yes, explain.	<input type="checkbox"/>	<input checked="" type="checkbox"/>
NEPA Assist: https://www.epa.gov/nepa/nepassist EPA Sole Source Aquifers: https://epa.maps.arcgis.com/apps/webappviewer/index.html?id=9ebb047ba3ec41ada1877155fe31356b		
28. Is there any controversy that you are aware of or about the project for environmental reason? If yes, explain.	<input type="checkbox"/>	<input checked="" type="checkbox"/>

29. Does the proposal have any concerns or disproportionately high and or adverse human health or environmental effects on minority populations or low-income populations? If yes, explain.	<input type="checkbox"/>	<input checked="" type="checkbox"/>
USDA policy: https://www.rd.usda.gov/files/1970e.pdf EJ Screen: https://www.epa.gov/ejscreen		
30. Is the subject business facility connected to a municipal wastewater system? If no, describe the existing on-site system, including capacity.	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Anticipate connection to Town of Boone systems		
31. Is the subject business facility connected to a municipal water system? If no, describe the existing on-site system, including capacity.	<input checked="" type="checkbox"/>	<input type="checkbox"/>
32. Is the project located in a county that has been designated by EPA as a Non-Attainment or Maintenance for any of the National Ambient Air Quality Standards?	<input type="checkbox"/>	<input type="checkbox"/>
NEPA Assist: https://www.epa.gov/nepa/nepassist EPA Greenbook: https://www3.epa.gov/airquality/greenbook/anayo_ak.html		
33. SIGNATURE, DATE, & TITLE OF PREPARER		
<i>Joseph A. Furman, AICP Planning & Inspections Director</i>  		



United States Department of the Interior



FISH AND WILDLIFE SERVICE
 Asheville Ecological Services Field Office
 160 Zillicoa Street
 Asheville, NC 28801-1082
 Phone: (828) 258-3939 Fax: (828) 258-5330
<http://www.fws.gov/nc-es/es/countyfr.html>

In Reply Refer To:
 Project Code: 2022-0019762
 Project Name: "Kill/chill" Facility

March 15, 2022

Subject: List of threatened and endangered species that may occur in your proposed project location or may be affected by your proposed project

To Whom It May Concern:

The enclosed species list identifies threatened, endangered, proposed and candidate species, as well as proposed and final designated critical habitat, that may occur within the boundary of your proposed project and/or may be affected by your proposed project. The species list fulfills the requirements of the U.S. Fish and Wildlife Service (Service) under section 7(c) of the Endangered Species Act (Act) of 1973, as amended (16 U.S.C. 1531 *et seq.*).

New information based on updated surveys, changes in the abundance and distribution of species, changed habitat conditions, or other factors could change this list. Please feel free to contact us if you need more current information or assistance regarding the potential impacts to federally proposed, listed, and candidate species and federally designated and proposed critical habitat. Please note that under 50 CFR 402.12(e) of the regulations implementing section 7 of the Act, the accuracy of this species list should be verified after 90 days. This verification can be completed formally or informally as desired. The Service recommends that verification be completed by visiting the ECOS-IPaC website at regular intervals during project planning and implementation for updates to species lists and information. An updated list may be requested through the ECOS-IPaC system by completing the same process used to receive the enclosed list.

The purpose of the Act is to provide a means whereby threatened and endangered species and the ecosystems upon which they depend may be conserved. Under sections 7(a)(1) and 7(a)(2) of the Act and its implementing regulations (50 CFR 402 *et seq.*), Federal agencies are required to utilize their authorities to carry out programs for the conservation of threatened and endangered species and to determine whether projects may affect threatened and endangered species and/or designated critical habitat.

A Biological Assessment is required for construction projects (or other undertakings having similar physical impacts) that are major Federal actions significantly affecting the quality of the human environment as defined in the National Environmental Policy Act (42 U.S.C. 4332(2))

(c)). For projects other than major construction activities, the Service suggests that a biological evaluation similar to a Biological Assessment be prepared to determine whether the project may affect listed or proposed species and/or designated or proposed critical habitat. Recommended contents of a Biological Assessment are described at 50 CFR 402.12.

If a Federal agency determines, based on the Biological Assessment or biological evaluation, that listed species and/or designated critical habitat may be affected by the proposed project, the agency is required to consult with the Service pursuant to 50 CFR 402. In addition, the Service recommends that candidate species, proposed species and proposed critical habitat be addressed within the consultation. More information on the regulations and procedures for section 7 consultation, including the role of permit or license applicants, can be found in the "Endangered Species Consultation Handbook" at:

<http://www.fws.gov/endangered/esa-library/pdf/TOC-GLOS.PDF>

Migratory Birds: In addition to responsibilities to protect threatened and endangered species under the Endangered Species Act (ESA), there are additional responsibilities under the Migratory Bird Treaty Act (MBTA) and the Bald and Golden Eagle Protection Act (BGEPA) to protect native birds from project-related impacts. Any activity, intentional or unintentional, resulting in take of migratory birds, including eagles, is prohibited unless otherwise permitted by the U.S. Fish and Wildlife Service (50 C.F.R. Sec. 10.12 and 16 U.S.C. Sec. 668(a)). For more information regarding these Acts see <https://www.fws.gov/birds/policies-and-regulations.php>.

The MBTA has no provision for allowing take of migratory birds that may be unintentionally killed or injured by otherwise lawful activities. It is the responsibility of the project proponent to comply with these Acts by identifying potential impacts to migratory birds and eagles within applicable NEPA documents (when there is a federal nexus) or a Bird/Eagle Conservation Plan (when there is no federal nexus). Proponents should implement conservation measures to avoid or minimize the production of project-related stressors or minimize the exposure of birds and their resources to the project-related stressors. For more information on avian stressors and recommended conservation measures see <https://www.fws.gov/birds/bird-enthusiasts/threats-to-birds.php>.

In addition to MBTA and BGEPA, Executive Order 13186: *Responsibilities of Federal Agencies to Protect Migratory Birds*, obligates all Federal agencies that engage in or authorize activities that might affect migratory birds, to minimize those effects and encourage conservation measures that will improve bird populations. Executive Order 13186 provides for the protection of both migratory birds and migratory bird habitat. For information regarding the implementation of Executive Order 13186, please visit <https://www.fws.gov/birds/policies-and-regulations/executive-orders/e0-13186.php>.

We appreciate your concern for threatened and endangered species. The Service encourages Federal agencies to include conservation of threatened and endangered species into their project planning to further the purposes of the Act. Please include the Consultation Code in the header of this letter with any request for consultation or correspondence about your project that you submit to our office.

Attachment(s):

- Official Species List
- Migratory Birds
- Wetlands

Official Species List

This list is provided pursuant to Section 7 of the Endangered Species Act, and fulfills the requirement for Federal agencies to "request of the Secretary of the Interior information whether any species which is listed or proposed to be listed may be present in the area of a proposed action".

This species list is provided by:

Asheville Ecological Services Field Office

160 Zillicoa Street

Asheville, NC 28801-1082

(828) 258-3939

Project Summary

Project Code: 2022-0019762
Event Code: None
Project Name: "Kill/chill" Facility
Project Type: New Constr - Above Ground
Project Description: Construct 15,000 square foot facility to kill and process by USDA standards beef and pork during 2022-23. Location is Watauga County-owned tract adjacent to LCID landfill and solid waste recycling/convenience center.

Project Location:

Approximate location of the project can be viewed in Google Maps: <https://www.google.com/maps/@36.222153399999996,-81.63208725,14z>



Counties: Watauga County, North Carolina

Endangered Species Act Species

There is a total of 5 threatened, endangered, or candidate species on this species list.

Species on this list should be considered in an effects analysis for your project and could include species that exist in another geographic area. For example, certain fish may appear on the species list because a project could affect downstream species.

IPaC does not display listed species or critical habitats under the sole jurisdiction of NOAA Fisheries¹, as USFWS does not have the authority to speak on behalf of NOAA and the Department of Commerce.

See the "Critical habitats" section below for those critical habitats that lie wholly or partially within your project area under this office's jurisdiction. Please contact the designated FWS office if you have questions.

1. [NOAA Fisheries](#), also known as the National Marine Fisheries Service (NMFS), is an office of the National Oceanic and Atmospheric Administration within the Department of Commerce.

Mammals

NAME	STATUS
Gray Bat <i>Myotis grisescens</i> No critical habitat has been designated for this species. Species profile: https://ecos.fws.gov/ecp/species/6329	Endangered
Northern Long-eared Bat <i>Myotis septentrionalis</i> No critical habitat has been designated for this species. Species profile: https://ecos.fws.gov/ecp/species/9045	Threatened
Virginia Big-eared Bat <i>Corynorhinus (=Plecotus) townsendii virginianus</i> There is final critical habitat for this species. The location of the critical habitat is not available. Species profile: https://ecos.fws.gov/ecp/species/8369	Endangered

Reptiles

NAME	STATUS
Bog Turtle <i>Glyptemys muhlenbergii</i> Population: U.S.A. (GA, NC, SC, TN, VA) No critical habitat has been designated for this species. Species profile: https://ecos.fws.gov/ecp/species/6962	Similarity of Appearance (Threatened)

Insects

NAME	STATUS
Monarch Butterfly <i>Danaus plexippus</i> No critical habitat has been designated for this species. Species profile: https://ecos.fws.gov/ecp/species/9743	Candidate

Critical habitats

THERE ARE NO CRITICAL HABITATS WITHIN YOUR PROJECT AREA UNDER THIS OFFICE'S JURISDICTION.

Migratory Birds

Certain birds are protected under the Migratory Bird Treaty Act¹ and the Bald and Golden Eagle Protection Act².

Any person or organization who plans or conducts activities that may result in impacts to migratory birds, eagles, and their habitats should follow appropriate regulations and consider implementing appropriate conservation measures, as described [below](#).

-
1. The [Migratory Birds Treaty Act](#) of 1918.
 2. The [Bald and Golden Eagle Protection Act](#) of 1940.
 3. 50 C.F.R. Sec. 10.12 and 16 U.S.C. Sec. 668(a)

The birds listed below are birds of particular concern either because they occur on the [USFWS Birds of Conservation Concern](#) (BCC) list or warrant special attention in your project location. To learn more about the levels of concern for birds on your list and how this list is generated, see the FAQ [below](#). This is not a list of every bird you may find in this location, nor a guarantee that every bird on this list will be found in your project area. To see exact locations of where birders and the general public have sighted birds in and around your project area, visit the [E-bird data mapping tool](#) (Tip: enter your location, desired date range and a species on your list). For projects that occur off the Atlantic Coast, additional maps and models detailing the relative occurrence and abundance of bird species on your list are available. Links to additional information about Atlantic Coast birds, and other important information about your migratory bird list, including how to properly interpret and use your migratory bird report, can be found [below](#).

For guidance on when to schedule activities or implement avoidance and minimization measures to reduce impacts to migratory birds on your list, click on the PROBABILITY OF PRESENCE SUMMARY at the top of your list to see when these birds are most likely to be present and breeding in your project area.

NAME	BREEDING SEASON
Black-billed Cuckoo <i>Coccyzus erythrophthalmus</i> This is a Bird of Conservation Concern (BCC) throughout its range in the continental USA and Alaska. https://ecos.fws.gov/ecp/species/9399	Breeds May 15 to Oct 10
Bobolink <i>Dolichonyx oryzivorus</i> This is a Bird of Conservation Concern (BCC) throughout its range in the continental USA and Alaska.	Breeds May 20 to Jul 31
Canada Warbler <i>Cardellina canadensis</i> This is a Bird of Conservation Concern (BCC) throughout its range in the continental USA and Alaska.	Breeds May 20 to Aug 10

NAME	BREEDING SEASON
Prairie Warbler <i>Dendroica discolor</i> This is a Bird of Conservation Concern (BCC) throughout its range in the continental USA and Alaska.	Breeds May 1 to Jul 31
Red-headed Woodpecker <i>Melanerpes erythrocephalus</i> This is a Bird of Conservation Concern (BCC) throughout its range in the continental USA and Alaska.	Breeds May 10 to Sep 10
Wood Thrush <i>Hylocichla mustelina</i> This is a Bird of Conservation Concern (BCC) throughout its range in the continental USA and Alaska.	Breeds May 10 to Aug 31

Probability Of Presence Summary

The graphs below provide our best understanding of when birds of concern are most likely to be present in your project area. This information can be used to tailor and schedule your project activities to avoid or minimize impacts to birds. Please make sure you read and understand the FAQ "Proper Interpretation and Use of Your Migratory Bird Report" before using or attempting to interpret this report.

Probability of Presence (■)

Each green bar represents the bird's relative probability of presence in the 10km grid cell(s) your project overlaps during a particular week of the year. (A year is represented as 12 4-week months.) A taller bar indicates a higher probability of species presence. The survey effort (see below) can be used to establish a level of confidence in the presence score. One can have higher confidence in the presence score if the corresponding survey effort is also high.

How is the probability of presence score calculated? The calculation is done in three steps:

1. The probability of presence for each week is calculated as the number of survey events in the week where the species was detected divided by the total number of survey events for that week. For example, if in week 12 there were 20 survey events and the Spotted Towhee was found in 5 of them, the probability of presence of the Spotted Towhee in week 12 is 0.25.
2. To properly present the pattern of presence across the year, the relative probability of presence is calculated. This is the probability of presence divided by the maximum probability of presence across all weeks. For example, imagine the probability of presence in week 20 for the Spotted Towhee is 0.05, and that the probability of presence at week 12 (0.25) is the maximum of any week of the year. The relative probability of presence on week 12 is $0.25/0.25 = 1$; at week 20 it is $0.05/0.25 = 0.2$.
3. The relative probability of presence calculated in the previous step undergoes a statistical conversion so that all possible values fall between 0 and 10, inclusive. This is the probability of presence score.

Breeding Season (■)

Yellow bars denote a very liberal estimate of the time-frame inside which the bird breeds across its entire range. If there are no yellow bars shown for a bird, it does not breed in your project area.

Survey Effort (|)

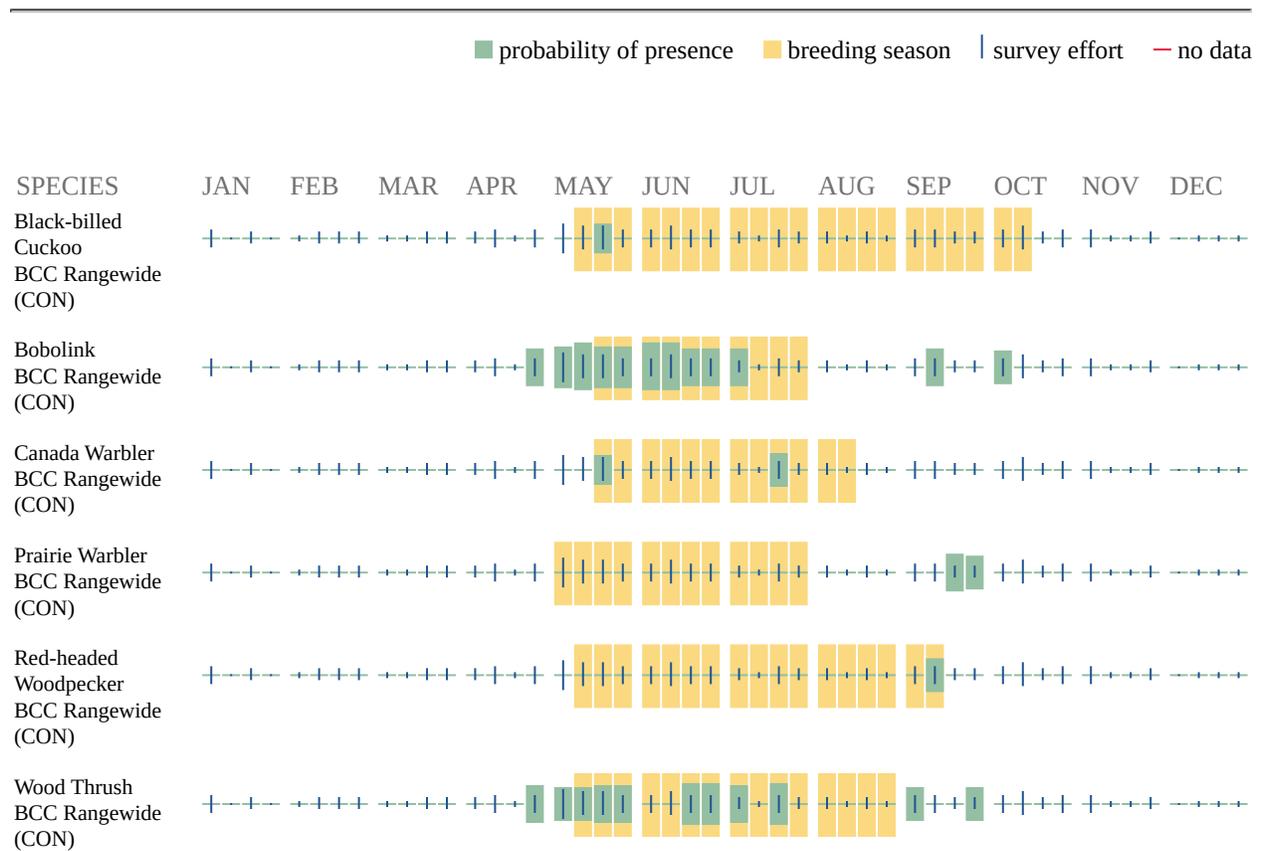
Vertical black lines superimposed on probability of presence bars indicate the number of surveys performed for that species in the 10km grid cell(s) your project area overlaps. The number of surveys is expressed as a range, for example, 33 to 64 surveys.

No Data (-)

A week is marked as having no data if there were no survey events for that week.

Survey Timeframe

Surveys from only the last 10 years are used in order to ensure delivery of currently relevant information. The exception to this is areas off the Atlantic coast, where bird returns are based on all years of available data, since data in these areas is currently much more sparse.



Additional information can be found using the following links:

- Birds of Conservation Concern <http://www.fws.gov/birds/management/managed-species/birds-of-conservation-concern.php>

- Measures for avoiding and minimizing impacts to birds <http://www.fws.gov/birds/management/project-assessment-tools-and-guidance/conservation-measures.php>
- Nationwide conservation measures for birds <http://www.fws.gov/migratorybirds/pdf/management/nationwidestandardconservationmeasures.pdf>

Migratory Birds FAQ

Tell me more about conservation measures I can implement to avoid or minimize impacts to migratory birds.

[Nationwide Conservation Measures](#) describes measures that can help avoid and minimize impacts to all birds at any location year round. Implementation of these measures is particularly important when birds are most likely to occur in the project area. When birds may be breeding in the area, identifying the locations of any active nests and avoiding their destruction is a very helpful impact minimization measure. To see when birds are most likely to occur and be breeding in your project area, view the Probability of Presence Summary. [Additional measures](#) or [permits](#) may be advisable depending on the type of activity you are conducting and the type of infrastructure or bird species present on your project site.

What does IPaC use to generate the migratory birds potentially occurring in my specified location?

The Migratory Bird Resource List is comprised of USFWS [Birds of Conservation Concern \(BCC\)](#) and other species that may warrant special attention in your project location.

The migratory bird list generated for your project is derived from data provided by the [Avian Knowledge Network \(AKN\)](#). The AKN data is based on a growing collection of [survey, banding, and citizen science datasets](#) and is queried and filtered to return a list of those birds reported as occurring in the 10km grid cell(s) which your project intersects, and that have been identified as warranting special attention because they are a BCC species in that area, an eagle ([Eagle Act](#) requirements may apply), or a species that has a particular vulnerability to offshore activities or development.

Again, the Migratory Bird Resource list includes only a subset of birds that may occur in your project area. It is not representative of all birds that may occur in your project area. To get a list of all birds potentially present in your project area, please visit the [AKN Phenology Tool](#).

What does IPaC use to generate the probability of presence graphs for the migratory birds potentially occurring in my specified location?

The probability of presence graphs associated with your migratory bird list are based on data provided by the [Avian Knowledge Network \(AKN\)](#). This data is derived from a growing collection of [survey, banding, and citizen science datasets](#).

Probability of presence data is continuously being updated as new and better information becomes available. To learn more about how the probability of presence graphs are produced and how to interpret them, go the Probability of Presence Summary and then click on the "Tell me about these graphs" link.

How do I know if a bird is breeding, wintering, migrating or present year-round in my project area?

To see what part of a particular bird's range your project area falls within (i.e. breeding, wintering, migrating or year-round), you may refer to the following resources: [The Cornell Lab of Ornithology All About Birds Bird Guide](#), or (if you are unsuccessful in locating the bird of interest there), the [Cornell Lab of Ornithology Neotropical Birds guide](#). If a bird on your migratory bird species list has a breeding season associated with it, if that bird does occur in your project area, there may be nests present at some point within the timeframe specified. If "Breeds elsewhere" is indicated, then the bird likely does not breed in your project area.

What are the levels of concern for migratory birds?

Migratory birds delivered through IPaC fall into the following distinct categories of concern:

1. "BCC Rangewide" birds are [Birds of Conservation Concern](#) (BCC) that are of concern throughout their range anywhere within the USA (including Hawaii, the Pacific Islands, Puerto Rico, and the Virgin Islands);
2. "BCC - BCR" birds are BCCs that are of concern only in particular Bird Conservation Regions (BCRs) in the continental USA; and
3. "Non-BCC - Vulnerable" birds are not BCC species in your project area, but appear on your list either because of the [Eagle Act](#) requirements (for eagles) or (for non-eagles) potential susceptibilities in offshore areas from certain types of development or activities (e.g. offshore energy development or longline fishing).

Although it is important to try to avoid and minimize impacts to all birds, efforts should be made, in particular, to avoid and minimize impacts to the birds on this list, especially eagles and BCC species of rangewide concern. For more information on conservation measures you can implement to help avoid and minimize migratory bird impacts and requirements for eagles, please see the FAQs for these topics.

Details about birds that are potentially affected by offshore projects

For additional details about the relative occurrence and abundance of both individual bird species and groups of bird species within your project area off the Atlantic Coast, please visit the [Northeast Ocean Data Portal](#). The Portal also offers data and information about other taxa besides birds that may be helpful to you in your project review. Alternately, you may download the bird model results files underlying the portal maps through the [NOAA NCCOS Integrative Statistical Modeling and Predictive Mapping of Marine Bird Distributions and Abundance on the Atlantic Outer Continental Shelf](#) project webpage.

Bird tracking data can also provide additional details about occurrence and habitat use throughout the year, including migration. Models relying on survey data may not include this information. For additional information on marine bird tracking data, see the [Diving Bird Study](#) and the [nanotag studies](#) or contact [Caleb Spiegel](#) or [Pam Loring](#).

What if I have eagles on my list?

If your project has the potential to disturb or kill eagles, you may need to [obtain a permit](#) to avoid violating the Eagle Act should such impacts occur.

Proper Interpretation and Use of Your Migratory Bird Report

The migratory bird list generated is not a list of all birds in your project area, only a subset of birds of priority concern. To learn more about how your list is generated, and see options for identifying what other birds may be in your project area, please see the FAQ "What does IPaC use to generate the migratory birds potentially occurring in my specified location". Please be aware this report provides the "probability of presence" of birds within the 10 km grid cell(s) that overlap your project; not your exact project footprint. On the graphs provided, please also look carefully at the survey effort (indicated by the black vertical bar) and for the existence of the "no data" indicator (a red horizontal bar). A high survey effort is the key component. If the survey effort is high, then the probability of presence score can be viewed as more dependable. In contrast, a low survey effort bar or no data bar means a lack of data and, therefore, a lack of certainty about presence of the species. This list is not perfect; it is simply a starting point for identifying what birds of concern have the potential to be in your project area, when they might be there, and if they might be breeding (which means nests might be present). The list helps you know what to look for to confirm presence, and helps guide you in knowing when to implement conservation measures to avoid or minimize potential impacts from your project activities, should presence be confirmed. To learn more about conservation measures, visit the FAQ "Tell me about conservation measures I can implement to avoid or minimize impacts to migratory birds" at the bottom of your migratory bird trust resources page.

Wetlands

Impacts to [NWI wetlands](#) and other aquatic habitats may be subject to regulation under Section 404 of the Clean Water Act, or other State/Federal statutes.

For more information please contact the Regulatory Program of the local [U.S. Army Corps of Engineers District](#).

Please note that the NWI data being shown may be out of date. We are currently working to update our NWI data set. We recommend you verify these results with a site visit to determine the actual extent of wetlands on site.

THERE ARE NO WETLANDS WITHIN YOUR PROJECT AREA.

IPaC User Contact Information

Agency: Watauga County

Name: Joe Furman

Address: 126 Poplar Grove Connector, Suite 201

City: Boone

State: NC

Zip: 28607

Email joe.furman@watgov.org

Phone: 8282658043



SEE SITE PLAN

SITE LAYOUT PLAN

DATE: JANUARY 2022 PROJECT #: 19.00708 FUNDING: N/A

GRAPHIC SCALE: DIVISION VALUE = 20 FEET
 DTP: G. WAMMER
 DESIGNER: A. WALLGROUP
 PROJECT MANAGER: S. BURWELL
 REVIEWER: S. BURWELL

WATAUGA COUNTY LANDFILL
 KILL CHILL FACILITY
WATAUGA COUNTY
 NORTH CAROLINA

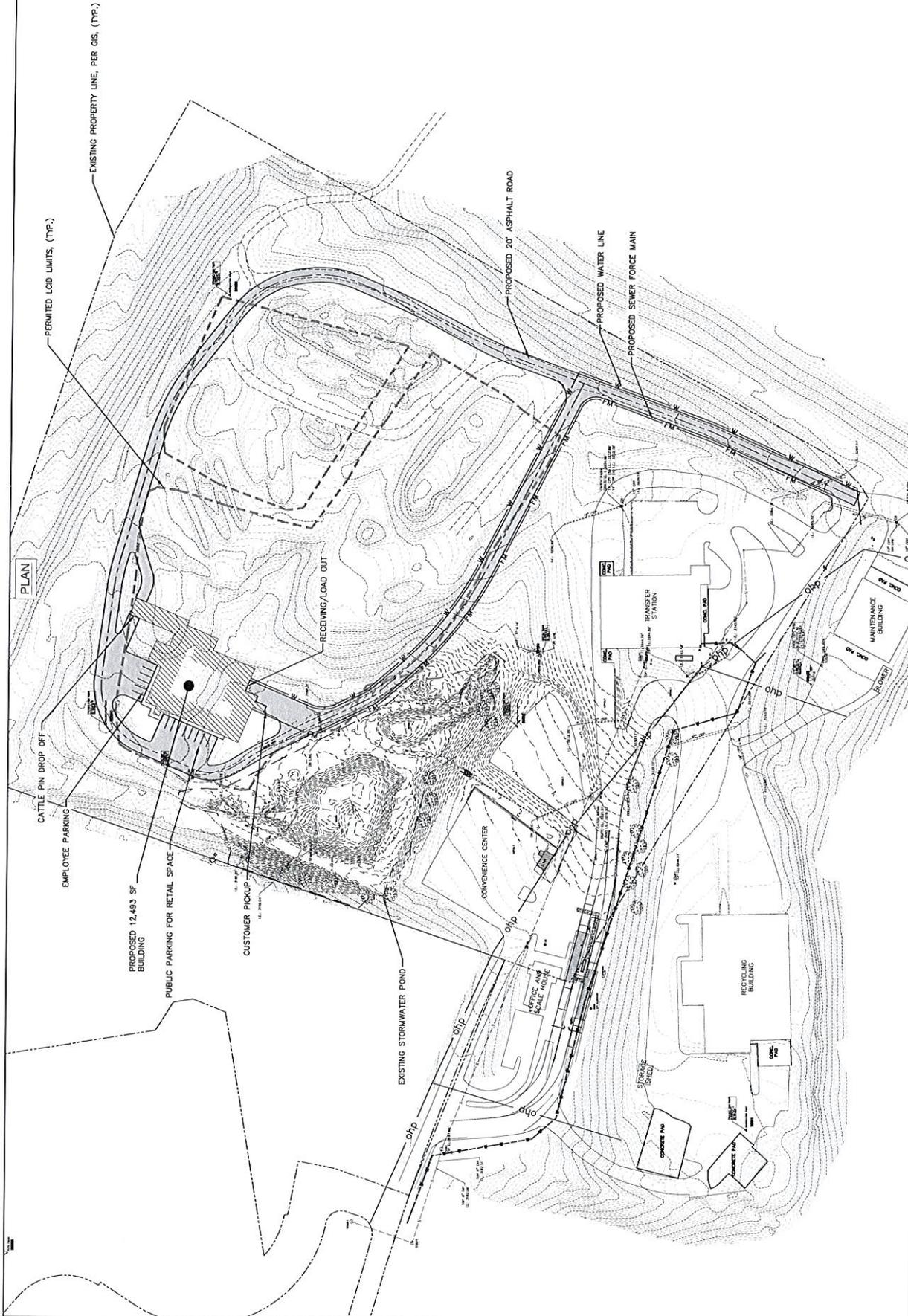


PRELIMINARY

55 Broad Street
 Asheville, NC 28801
 828.252.0575
 NC Firm License # C-0559
 mcgillassociates.com



NO.	DATE	BY	DESCRIPTION





Legend

- | | | | |
|--|-------------------|---|---|
|  | Panels |  | AE |
|  | Political Areas |  | Floodway (AE) |
|  | Stream Centerline |  | 0.2 % Chance Annual Flood Hazard |
|  | Cross Sections |  | Future Conditions 1% Annual Chance Flood Hazard |
|  | Levee | | |

North Carolina Floodplain Mapping Program



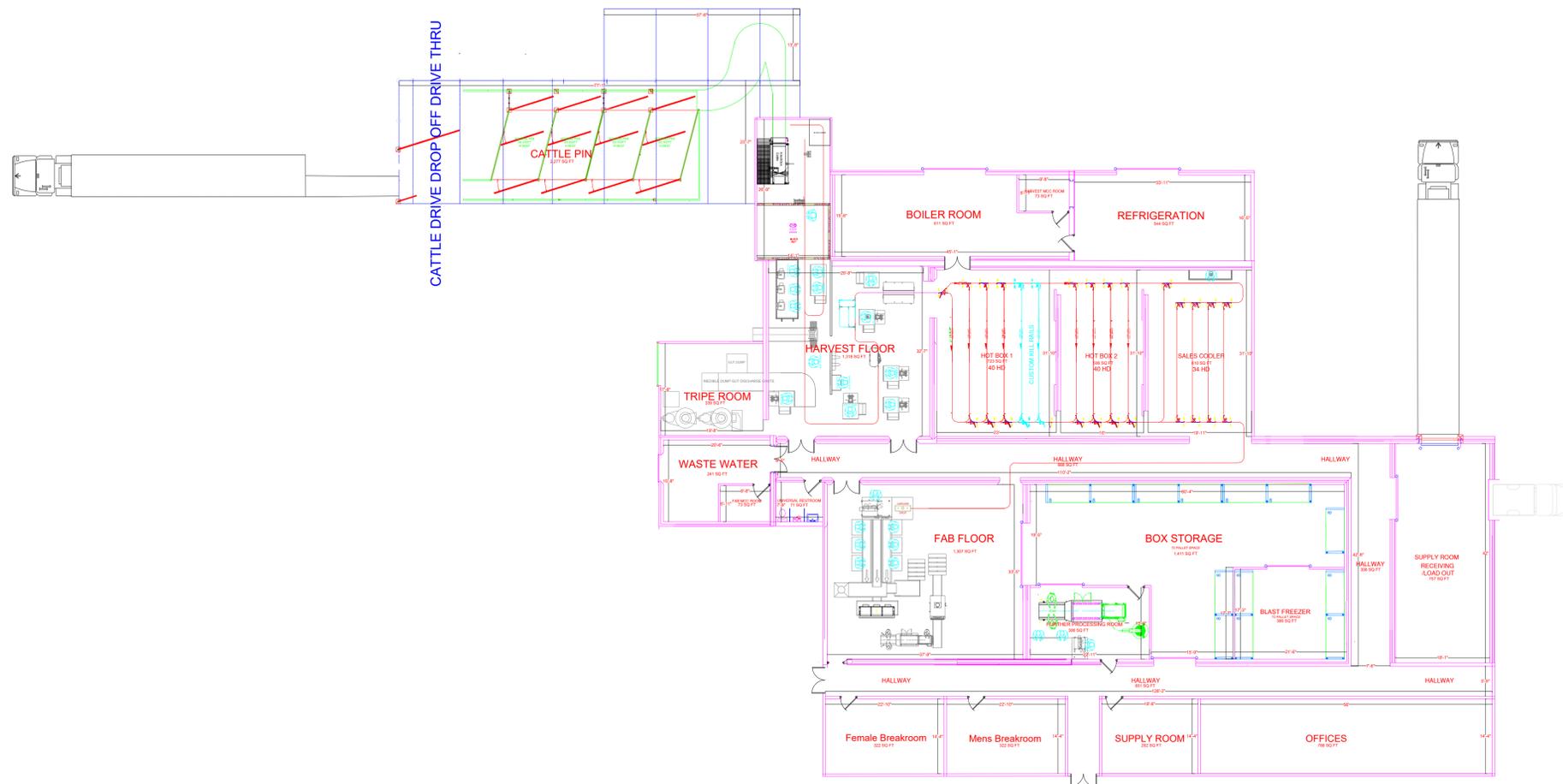


March 16, 2022

Wetlands

- | | | | | | |
|---|--------------------------------|---|-----------------------------------|---|----------|
|  | Estuarine and Marine Deepwater |  | Freshwater Emergent Wetland |  | Lake |
|  | Estuarine and Marine Wetland |  | Freshwater Forested/Shrub Wetland |  | Other |
| | |  | Freshwater Pond |  | Riverine |

This map is for general reference only. The US Fish and Wildlife Service is not responsible for the accuracy or currentness of the base data shown on this map. All wetlands related data should be used in accordance with the layer metadata found on the Wetlands Mapper web site.



BUILDING SQ FT

- OFFICES ----- 788 SQ FT
- SUPPLY ROOM ----- 262 SQ FT
- MENS BREAKROOM ----- 322 SQ FT
- WOMENS BREAKROOM ----- 322 SQ FT
- SHIPPING/RECEIVING ----- 757 SQ FT
- BLAST FREEZER----- 366 SQ FT
- FURTHER PROCESSING ----- 306 SQ FT
- BOX STORAGE ----- 1,411 SQ FT
- FAB FLOOR ----- 1,307 SQ FT
- HALLWAYS ----- 1,627 SQ FT
- UNIVERSAL RESTROOM ----- 71 SQ FT
- FAB MCC ----- 73 SQ FT
- WASTE WATER ----- 241 SQ FT
- SALES COOLER ---- 610 SQ FT
- HOT BOX 2 ----- 506 SQ FT
- HOT BOX 1 ----- 723 SQ FT
- TRIPE ROOM ----- 339 SQ FT
- REFRIGERATION ----- 544 SQ FT
- HARVEST MCC ----- 73 SQ FT
- BOILER ROOM ----- 611 SQ FT
- CATTLE PINS ----- 2,277 SQ FT

BUILDING TOTALS 13,536 SQ FT .31 ACRES



**CATAWBA VALLEY
ENGINEERING & TESTING**

PO Box 747
Hickory, NC 28603

161 Lenoir Rhyne
Blvd. SE
Hickory, NC 28602

828 578 9972 O
www.cvet.net

NC Firm No. C-3833
SC Firm No. 5201

March 17, 2022

Mr. Mark Cathey
McGill Associates, PA
55 Broad Street
Asheville, NC 28801
Mark.cathey@mcgillassociates.com

Re: Proposal for Subsurface Exploration and
Geotechnical Engineering Evaluation
Watauga County Meat Processing Facility
Landfill Road
Boone, Watauga County, North Carolina
CVET Proposal No.: 22-124P

Dear Mr. Cathey,

Per your request, Catawba Valley Engineering and Testing, P.C. (CVET) is pleased to provide this proposal to perform a subsurface exploration and geotechnical engineering evaluation for the proposed meat processing facility located along Landfill Road in Boone, North Carolina. Included in our proposal is our understanding of the project, anticipated scope of services, not to exceed fee, unit rate fee schedule, proposal acceptance form, and our terms and conditions.

GENERAL PROJECT INFORMATION

We understand that this project will consist of the construction of a 15,000 square feet meat processing facility at the existing Watauga County Landfill facility in Boone, North Carolina. The property is mainly cleared with elevations ranging from approximately 3,180 to 3,220 feet above the referenced datum. At the time of this report, finished grades of the proposed construction were not provided.

Site information was developed based upon review of the provided Preliminary Site Layout Plan, dated January, 2022, by McGill Associates.

SCOPE OF SERVICES

CVET will drill a total of eleven (11) soil test borings. Six (6) test borings will be extended to approximately 20 feet below existing site grades in the building areas. Five (5) test borings will be extended to approximately 10 feet below existing site grades in the driveway and parking areas. The estimated total footage is approximately 170 linear feet.

Geotechnical Engineering

Environmental Services

CMT/Special Inspections

All borings will penetrate any existing fill soils, if applicable, and will extend to competent residual soil. We will contact North Carolina One Call to mark the location of existing utilities on the subject property. Any utilities not marked are the responsibility of the owner. CVET can provide a private utility locator if requested. The proposed borings will be marked in the field by CVET personnel utilizing existing site features.

The borings will be drilled using hollow stem auger drilling methods by a track mounted drill rig. Standard Penetration Test (SPT) sampling will be performed in general accordance with ASTM D1586. Split-spoon samples will be obtained at approximately 2.5 foot intervals within the upper 10 feet of the test boring, and at approximately 5.0 foot intervals thereafter. The boreholes will be checked for groundwater upon completion of drilling and possibly 24 hours after completion of the drilling (if we are still on site), and all holes will be backfilled with soil cuttings prior to demobilization from the site.

The conditions encountered by the borings and the results of the laboratory testing will be evaluated by a geotechnical engineer and recommendations for design and construction of the project will be developed. Our geotechnical recommendations will be presented in an engineering report that will address the following items:

1. Site conditions, including geologic information, and site features.
2. Description of the field exploration and the laboratory tests performed.
3. Final logs of the soil borings and records of field explorations in accordance with standard practice of soil mechanics and foundation engineers.
4. Boring location plan and subsurface profile.
5. Results of laboratory testing performed.
6. Evaluation of the on-site soil characteristics encountered in the test borings with respect to design and construction of the project. We propose to address the following items:
 - a. Encountered site soils
 - b. Groundwater conditions
 - c. Site preparation recommendations
 - d. Earthwork recommendations
 - e. Foundation recommendations
 - f. Slab recommendations
 - g. Pavement recommendations
 - h. Retaining wall and lateral earth pressure recommendations, if applicable
 - i. Permanent site slope recommendations, if applicable

Electronic copies of the engineering report will be submitted, unless otherwise requested.

COST FOR SERVICES

We propose to perform the Geotechnical Engineering Evaluation for a lump sum fee of **\$4,000.00**. The indicated fees includes mobilization, field exploration, laboratory testing, and preparation of the Geotechnical Engineering Report. .

If additional work is required due to unexpected conditions encountered during our field study, or because of a request for additional services, they will be invoiced on a unit rate basis. Prior to modifying or expanding the agreed scope of work, your authorization for changes in the scope of services, cost, and schedule will be required. CVET can provide private utility location services at boring locations, if requested, at an additional charge of **\$1,500.00**.

BILLING CONDITIONS

Invoices will be issued upon completion of our services. We request that payment be rendered upon receipt of the invoice. CVET reserves the right to assess a finance charge of 1.0% per month on the outstanding balance over 30 days. CVET also reserves the right to withhold final reports until outstanding balances have been paid in full.

SCHEDULE

If authorized to proceed and based on our current schedule, we expect that field work will be performed (weather permitting) within 30 to 40 business days. Our final written Geotechnical Engineering Evaluation will be submitted within two (2) to three (3) weeks after completion of the field work.

ACCEPTANCE

Our insurance carrier requires that we receive written authorization prior to initiation of work, and a signed contract prior to the release of any work product. This letter and the appended Terms and Conditions is the agreement for our services. Your acceptance of this proposal may be indicated by signing and returning the proposal acceptance form attached. We are pleased to have this opportunity to offer our services and look forward to working with you on the project.

Watauga County Meat Processing Facility
Boone, Watauga County, North Carolina
CVET Proposal No.:22-161P
Page 4

Sincerely,

CATAWBA VALLEY ENGINEERING & TESTING, P.C.

A handwritten signature in cursive script that reads "Cody Dobbins".

Cody Dobbins, E.I.
Project Manager

Attachments: Proposal Acceptance Form
 Terms and Conditions

PROPOSAL ACCEPTANCE FORM

CLIENT and Catawba Valley Engineering and Testing (CVET) agree to the above proposal and attached terms and conditions.

CVET:

Client:

Cody Dobbins 04/18/2022

Cody Dobbins
Project Manager

Name:
Title:

PROJECT INFORMATION

Project Name: _____

Project Contact: _____

Distribution List for Reports _____

INVOICING INFORMATION

Contact Name: _____

Company Name: _____

Billing Address: _____

Telephone Number: _____

Fax Number: _____

E-mail Address: _____

Purchase Order/Subcontract No: _____

Special Conditions: _____

CATAWBA VALLEY ENGINEERING & TESTING UNIT RATES

MOBILIZATION SERVICES	
Mobilization of 1 Drill Rig and 2-3 Man Crew (Within 50 mile radius of CVET office)	\$550.00/each
Mobilization of Drill Rig and Crew (Greater than 50 mile radius)	\$550.00 + \$5.00/mile over 50
Per Diem (Drill Crew per day)	\$500.00/day
Hourly Rate (boring layout, manual clearing access, specialty cleanup, decontamination, difficult moving, hauling water, concrete/asphalt coring)	\$150.00/hour
CPT Setup Mobilization	\$550.00/each
Rock Core Setup Mobilization	\$900.00/each
Grout Plant Mobilization	\$500.00/each
AUGER ONLY DRILLING	
Auger Only Boring (2.25-inch HSA)	\$9.00/ft.
Auger Only Boring (4.25-inch HSA)	\$12.00/ft.
DIRECT PUSH SAMPLING	
MC-5 Macro Continuous Sampling	\$10.00/ft.
DT-22 Continuous Sampling	\$10.00/ft.
Liners for MC-5/DT-22 Sampling (Liners are 5 ft. in length)	\$5.00/each
STANDARD PENETRATION TEST (SPT) DRILLING	
Less than 50 feet and less than 50 blows per foot	\$12.00/ft.
Surcharge for more than 50 blows per foot drilling	\$3.00/ft.
Surcharge for depths greater than 50 foot	\$5.00/ft.
Additional Split Spoon Samples	\$25.00/each
CONE PENETRATION TEST (CPT) SOUNDING	
Less than 50 feet	\$15.00/ft.
Surcharge for depths greater than 50 foot	\$5.00/ft.
Seismic Shear Wave Velocity	\$10.00/each
Pore Pressure Dissipation Test	\$150.00/each
PIEZOMETERS AND WELLS	
Piezometer (1-inch PVC in pre-drilled borehole)	\$12.00/ft.
Type I Monitoring Well in pre-drilled borehole (2-inch PVC)	\$30.00/ft.
Type II Monitoring Well in pre-drilled borehole (2-inch PVC)	\$40.00/ft.
Monitoring Well 2ft. x 2ft. Concrete Pad	\$200.00/each
Monitoring Well Metal Protective Casing	\$250.00/each
Grouting of Monitoring Well, Piezometer, or Borehole abandonment with bentonite/cementitious grout	\$10.00/ft.
ROCK CORING	
NQ Coring (includes setting casing) to 100 foot	\$70.00/ft.
Surcharge for depths between 100 foot and 150 foot	\$10.00/ft.
Surcharge for depths between 150 foot and 200 foot	\$10.00/ft.
Rock Core Boxes	\$6.00/each
MISCELLANEOUS	
3-inch x 36-inch Shelby Tube	\$100.00/each
5-gallon Bulk Soil Sample	\$40.00/each

Watauga County Meat Processing Facility
Boone, Watauga County, North Carolina
CVET Proposal No.:22-161P
Page 7

Core Equipment with Generator	\$300.00/day
Asphalt/Concrete Repair	\$50.00/each
Rental Equipment, Sub-Contract Services and Non-Standard Supplies	Cost x1.15

Terms and Conditions for Engineering, Testing and Consulting Services Provided by Catawba Valley Engineering & Testing, P.C. ("CVET")

These Terms and Conditions, together with proposal number 22-107P, dated March 17, 2022 including, but not limited to, the Proposal Acceptance Form, the Unit Rate Fee Schedule contained therein, make up the Agreement between Lat Purser & Associates (the "Client") and CVET for services to be provided by CVET to Client on Preston Ridge Phase II (the "Project").

- 1. Standard of Care.** CVET will perform the services with the skill and care ordinarily used by qualified professionals performing the same type of services at the same time under similar conditions in the same or similar locality. No other standards or warranties, expressed or implied, including warranties of marketability or fitness for a particular purpose apply. The Client understands that CVET's services may entail risk of personal injury and property damage (including cross contamination) that cannot be avoided, even with the exercise of due care.
- 2. Client's Responsibilities.** Client will provide permits, licenses, approvals and consents necessary for performance of the services, except those maintained by CVET for its ordinary conduct of business. Client will provide CVET with all reasonably available documents that are related to the services, including information related to hazardous materials or other environmental and geotechnical conditions at the Project site. Before CVET performs any subsurface activities, the Client will provide all available information concerning underground services, conduits, pipes, tanks, other facilities and obstructions at the Project site. CVET will rely on the documents and information provided by the Client. The Client grants CVET and its subconsultant(s) permission to enter the Project site to perform the services. If the Project site is owned by others, the Client represents and warrants that the owner has granted permission for CVET to enter the Project site and perform the services. Client will provide CVET with written verification of Project site access permission upon request.
- 3. Payment.** Client shall pay for the services performed by CVET at the rates set forth in the Unit Rate Fee Schedule section of proposal number 22-107P, dated March 17, 2022. Fees do not include sales tax. Client will pay applicable sales tax as required by law. CVET will submit periodic invoices that are due upon receipt. The Client will notify CVET in writing within 10 days of any disputed item on the invoice and pay all undisputed items within 30 days from invoice date. Overdue payments will accrue interest at the lower of 1½ percent per month or the maximum lawful rate. CVET may terminate its services upon 10 days written notice any time payment is overdue on any account with the Client. Client agrees to pay for all services through termination, plus termination and collection costs, including reasonable attorneys' fees and expenses.
- 4. Underground Utilities, Subsurface Exploration and Site Restoration.** Client shall provide the location and/or arrange for the marking of utilities and subterranean structures at the Project site. CVET shall take reasonable precautions to avoid damage or injury to subterranean structures or utilities. CVET shall not be responsible for damage to subterranean structures or utilities that are not called to

CVET's attention, are not correctly marked, including by any utility locate service, or are incorrectly shown on the Project plans and/or specifications furnished to CVET. Client acknowledges that invasive services such as drilling or sampling may damage or alter the Project site. CVET will conduct its on-site activities to limit damage to existing conditions to the extent possible. Client acknowledges that damage may occur to facilities such as paving, landscaping, utilities, structures, other improvements and existing conditions even with due care. CVET is not responsible for site restoration.

5. **Testing and Observations.** Client understands that testing and observation are discrete sampling procedures, and that such procedures indicate conditions only at the depths, locations and times the procedures were performed. CVET will provide test results and opinions based on tests and field observations only for the samples actually tested. Client understands that testing and observation are not continuous or exhaustive and are conducted to reduce, not eliminate, Project risk. Client is responsible for requesting services and notifying and scheduling CVET so CVET can perform its services.
6. **Hazardous Materials.** Client shall furnish or cause to be furnished to CVET all documents and information known or available to Client that relate to the identity, location, quantity, nature, or characteristic of any hazardous waste, toxic, radioactive, or contaminated materials ("Affected Materials") at or near the Project site, and shall immediately transmit new, updated, or revised information as it becomes available. Client agrees that CVET is not responsible for the disposition of Affected Material and that Client is responsible for directing such disposition. CVET will not undertake, arrange for, or control the handling, treatment, storage, removal, shipment, transportation or disposal of any Affected Materials at or removed from the Project site. In the event that (i) test samples obtained during the performance of services contain Affected Materials, or (ii) equipment used during the performance of services cannot reasonably be decontaminated, Client shall sign documentation required to ensure the equipment and/or samples are transported and disposed of properly and agrees to pay the value of the equipment and reasonable disposal costs. In no event shall CVET be required to sign a hazardous waste manifest or take title to any Affected Materials. Client shall have the obligation to make all spill or release notifications to appropriate governmental agencies. The Client agrees that CVET neither created nor contributed to the creation or existence of any Affected Materials conditions at the Project site.
7. **Project Control and Construction Procedures.** CVET will not supervise, direct or have control over any contractor's work. CVET will not have authority over or responsibility for the means, methods, techniques, sequences, or procedures of construction, for Project site health or safety precautions or programs, or for any failure of contractors to comply with contracts, plans, specifications or laws. CVET will not be responsible for the acts or omissions of any others, except for its employees. Client acknowledges that CVET does not warrant or guarantee the approval or receipt of any governmental permits or approvals, or the time to obtain such permits or approvals.

8. **Documents and Information.** All documents, data, calculations and work papers prepared or furnished by CVET are instruments of service and will remain CVET's property. Designs, reports, data and other work product delivered to or on behalf of the Client are for Client's use only for the limited purposes disclosed to CVET and subject to Client paying for the services to provide said work product. Any delayed use, use at another site, use on another project, or use by a third party will be at the user's sole risk. Any technology, methodology, or technical information learned or developed by CVET will remain its property.
9. **Confidentiality and Subpoenas.** Information about this Agreement and CVET's services and information provided by the Client about the services will be maintained in confidence and will not be disclosed to others without the Client's consent, except as CVET believes is necessary to perform its services, comply with professional standards to protect public safety, health and the environment, and to comply with laws and court orders. CVET will make reasonable efforts to notify the Client prior to any disclosure except as necessary to perform its services. Information available to the public and unprotected information acquired from third parties will not be considered confidential. The Client will reimburse CVET to respond to any subpoena or governmental inquiry or audit related to the services at CVET's standard rates then in effect.
10. **Insurance.** CVET will maintain, at its expense, workers' compensation insurance as required by statute, commercial general liability insurance, automobile liability insurance, and professional liability insurance for claims arising out of the performance of its services under this Agreement caused by negligent acts, errors or omissions for which CVET is legally liable. Upon request, CVET will furnish certificates of insurance to client. CVET will purchase Project-specific insurance at Client's request if it is commercially available and Client pays the premium and CVET's costs to obtain the additional coverage.
11. **Limitation of Liability.** To the fullest extent permitted by law and notwithstanding anything else in this Agreement to the contrary, the aggregate liability of CVET and its affiliates and subconsultants and their employees, officers, directors and agents for all claims arising out of this Agreement or the services is limited to the greater of \$10,000 or the compensation received by CVET under this Agreement. This limitation applies to all injuries, damages, claims, losses, expenses and defense costs, whether based in contract, negligence, strict liability, statute, trespass, indemnity, misrepresentation or any other theory of liability. No claim will be valid if presented to CVET more than three years after substantial completion of the services or, if shorter, the applicable statute of limitations period. CVET will not be liable for lost profits, loss of use of property, diminution of value of property or goods, delays, cost to obtain replacement samples, or other special, indirect, incidental, consequential, punitive, and exemplary or multiple damages.
12. **Dispute Resolution.** All disputes between the Client and CVET shall be subject to non-binding mediation. Either party may demand mediation by serving written notice stating the essential nature of the dispute, the amount of time or money claimed, and requiring the matter be mediated within forty-five days of service of notice. The mediation shall be administered by such person or organization as Client and CVET

may agree on. No action or suit may be commenced unless mediation has occurred but did not resolve the dispute, or unless a statute of limitation period would expire if suit were not filed prior to such forty-five days after service of notice. This Agreement shall be governed by and construed according to North Carolina law.

13. **Other.** The above terms and conditions regarding Limitation of Liability and Indemnification shall survive the completion of the services under this Agreement and the termination of the contract for any cause. Any amendment to this Agreement must be in writing signed by both Client and CVET. This Agreement supersedes any contract terms, purchase orders or other documents issued by the Client. These Terms and Conditions shall govern over any inconsistent terms in proposal number 22-107P, dated March 17, 2022. The provisions of this Agreement are severable; if any provision is unenforceable, it shall be appropriately limited and given effect to the extent that it is enforceable. Headings in these Terms and Conditions are for convenience only and do not form a part of the agreement. Nothing in this Agreement shall be construed to give any rights or benefits to third parties.
14. **Termination.** Either party may terminate this Agreement any time, with or without cause, upon ten (10) days prior written notice to the other party. Client shall compensate CVET for all Services performed hereunder through the date of termination and all-reasonable costs and expenses incurred by CVET in effecting the termination, including non-cancelable commitments and demobilization costs.

M E M O R A N D U M

TO: Mr. Deron Geouque, Watauga County Manager

FROM: Nelson Heringer, PE, Project Engineer

DATE: January 18, 2022

RE: **Proposed Meat Processing Facility Water and Wastewater Connections**

Introduction

Watauga County entered into an agreement with McGill Associates to perform a preliminary investigation for managing wastewater pretreatment, water connection, and wastewater connection for proposed meat processing facility to be located at the Watauga County Solid Waste Facility.

It is the understanding of McGill Associates that the proposed meat processing facility will be capable of processing up to 40 cows per day with the intent to operate at a maximum weekly capacity of 80 cows per week. As such, the investigation was based on this production volume.

The assumptions utilized for this evaluation are described within this memorandum. Any changes to the proposed design, production volumes, wastewater characteristics, pretreatment regulations, or any other relevant detail should be re-evaluated to assess the potential impacts to the water and wastewater connections.

Wastewater

Production

An agricultural engineering consulting firm provided an estimated wastewater production of 300 gallons per cow slaughtered and estimated concentrations. With a maximum daily capacity of 40 cows, the maximum daily flow rate is 12,000 gallons per day. The estimated volumes, concentrations, and loadings are presented in Table 1. These values should be confirmed prior to schematic design of the proposed facility.

Table 1: Estimated Wastewater Production

Flow	300 gallons per cow	12,000 gallons per day
BOD	2000 mg/L	200 lbs/day
TSS	1600 mg/L	160 lbs/day
Ammonia (NH ₃)	70 mg/L	7 lbs/day
Fats, Oils, and Grease (FOG)	400 mg/L	40 lbs/day

In addition, to the wastewater production by the meat processing operation, the facility will also have a series of restrooms and showers for the employees to utilize. Per NCDEQ's 02T rules, food production facilities with showers should anticipate 35 gallons per employee per shift. The

Mr. Deron Geouque
 January 18, 2022
 Page 2 of 3

consulting firm provided an estimated workforce of 25 employees. For planning and design purposes, this would generate approximately 875 gallons of additional wastewater per day.

Wastewater Pretreatment

The proposed meat processing facility would discharge wastewater to the Town of Boone's existing collection system for transport to the Town's wastewater treatment plant (WWTP). The Town has an established industrial pretreatment program that requires industrial discharges to meet pretreatment effluent limits if the discharger contributes a certain percentage of the maximum allowable headworks limit (MAHL) which is typically 5%. The pretreatment limit and MAHL values are presented in Table 2.

Table 2: Town of Boone Pretreatment Limits

Parameter	MAHL (5%)	Pretreatment Limit
Flow	241,000 gallons per day	N/A
BOD	754 lbs/day	250 mg/L
TSS	754 lbs/day	250 mg/L
Ammonia (NH ₃)	56 lbs/day	25 mg/L
FOG ¹	N/A	N/A

¹The Town of Boone does not maintain a numerical limit for FOG, only the requirement for a grease removal system.

Based on the current proposed wastewater flow and loading rates, the proposed meat processing facility will not need to provide substantial pretreatment of the waste stream. The Town of Boone would only require a grease trap prior to discharge into the sanitary sewer system. Based on the preliminary flow rates, a 1000-gallon grease trap would be sufficient to meet the Town of Boone's requirements. Should the projected wastewater production of the meat processing facility change, and the new waste stream exceeds the MAHL values, then additional analysis will be required to determine the exact requirement.

Connection

The proposed facility would be located at a lower elevation than the existing sanitary sewer that serves the Watauga County Transfer Station. Therefore, a pump station would be required to convey wastewater to the collection system. Due to the nature of the waste stream, grinder pumps are recommended to protect the pumps, force mains, and collection system from clogging due to large solids. The proposed pump station would discharge into an existing manhole near the waste transfer station via a 4-inch HDPE force main. The figure presented on C-101 shows the preliminary layout of the sanitary sewer force main and the connection point with existing infrastructure. The exact location of the grease trap and pump station would be determined during a schematic design phase.

Water

Demand

The majority of the water usage for the proposed facility will come from the meat processing operation, with the remainder coming from restrooms and showers for the employees. Therefore, the maximum daily demand is projected to be equivalent to the wastewater flow rate of 12,875

Mr. Deron Geouque
January 18, 2022
Page 3 of 3

gallons. For preliminary sizing of the water connection, a peak demand was calculated by performing an analysis of the number of water fixtures such as sinks, showers, toilets, etc. Based on industry standard sizing charts, the peak water demand is estimated to be 40 gallons per minute which could be served by a 1.5-inch water connection and 1-inch water meter. No fire flow analysis was conducted for this investigation. A separate analysis of the fire flow requirements and water infrastructure should be performed during the schematic design phase.

Connection

The existing waste transfer station is served by a 6-inch water line which would be sufficient to supply water to the proposed facility. To provide water to the facility, additional 6-inch water line would be required to provide water for the facility and water for fire protection. The figure presented on C-101 shows the preliminary layout of the 6-inch water line that would serve the processing facility.

Cost Estimate

A preliminary construction cost estimate was prepared for the proposed meat processing facility. This estimate includes the water and sewer infrastructure as well as projected building and site work costs. Due to the uncertainty surrounding the processing facility itself, a 30% contingency was included to account for unforeseen costs. Further analysis and a schematic design are required to increase the level of certainty in the construction cost estimate.

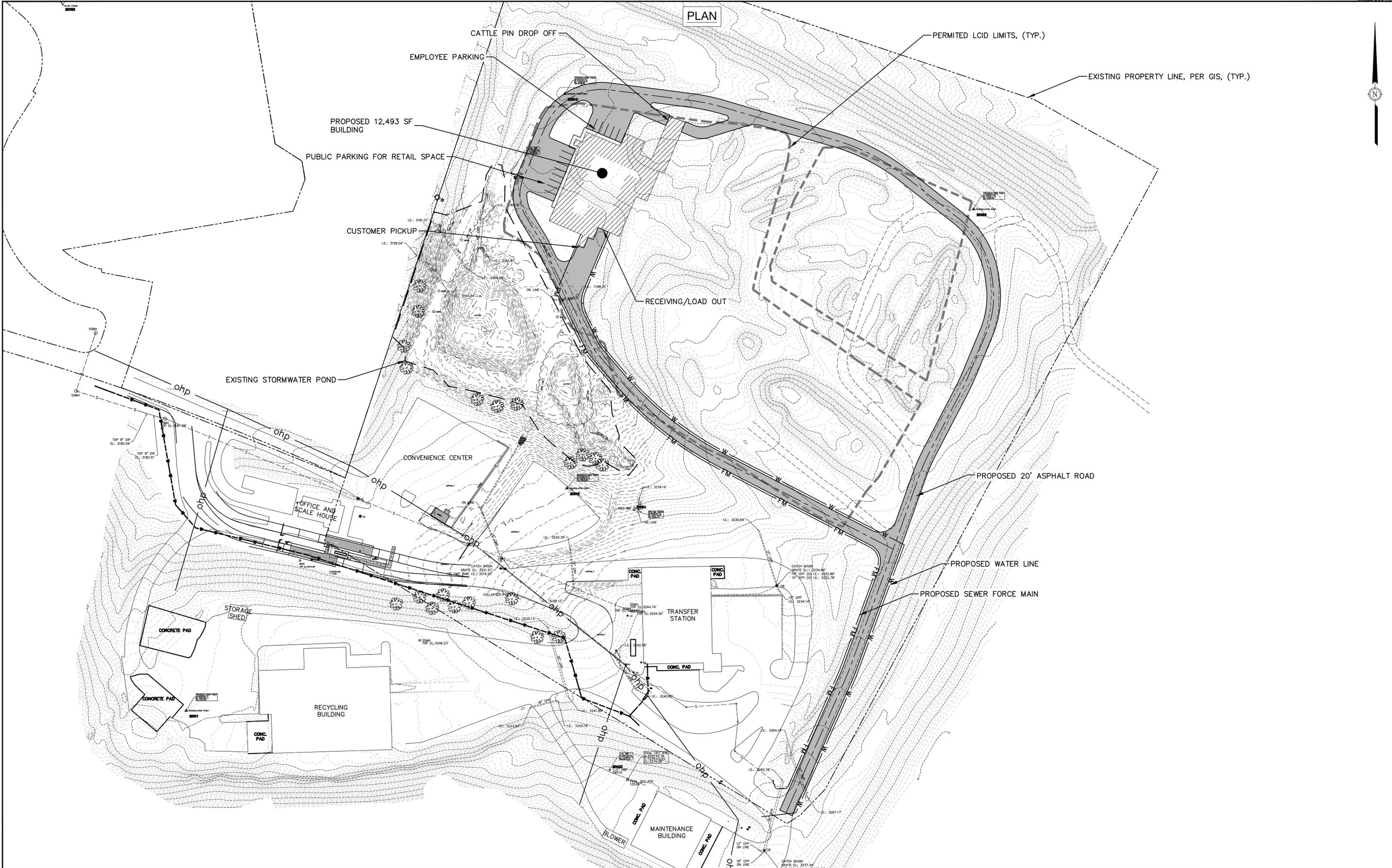
WATAUGA COUNTY
MEAT PROCESSING FACILITY
WATER AND SEWER INFRASTRUCTURE
Opinion of Probable Cost - January 2022

ITEM NO.	DESCRIPTION	QUANTITY	UNIT	UNIT PRICE	EXTENSION
1	Mobilization (3%)	1	LS	\$242,000	\$242,000
2	Building	12,495	SF	\$250	\$3,123,750
3	Asphalt Paving	7,000	SY	\$55	\$385,000
4	Earthwork	25,000	CY	\$20	\$500,000
5	Stormwater Infrastructure (includes treatment pond)	1	LS	\$80,000	\$80,000
6	Wastewater Infrastructure (includes pump station, force main, grease trap, connections, valves, surface restoration, etc.)	1	LS	\$300,000	\$300,000
7	Water Infrastructure (includes water line extension, service line, backflow preventer, meter, connections, valves, surface restoration, etc.)	1	LS	\$196,500	\$196,500
8	Erosion Control	1	LS	\$20,000	\$20,000
9	Seeding, Fertilizing, and Mulching	1	LS	\$10,000	\$10,000
TOTAL CONSTRUCTION COSTS					\$4,857,250
Construction Contingencies (30%)					\$1,458,000
Sewer Development Fee (\$7.99 per gallon, 12,875 gpd)					\$102,871
Water Development Fee (\$7.89 per gallon, 12,875 gpd)					\$101,584
TOTAL PROJECT COSTS					\$6,519,705



Notes:

1. All costs shown are in 2022 dollars.
2. The Engineer maintains no control of labor costs, materials, equipment or services furnished by others, the Contractor(s)' methods for determining prices, or competitive or market conditions. The opinions herein for project and construction costs represent the Engineer's best judgment, and are based on experience and qualifications as a Professional Engineer who possesses familiarity with the construction industry. The Engineer does not guarantee the accuracy of the cost opinions which may vary from bids or actual project and construction costs.
3. More information is required to determine the requirements of stormwater treatment for this facility.
- 4.. Earthwork values are approximate. New survey data will be required to obtain more accurate earthwork values.



\\MCGILL-ASHCOC\USER\BOLDERS\WORK\FILES\WATAUGA KILL CHILL MAP\KILL CHILL SITE PLAN 1.17.22.DWG PLOT DATE 1/19/2022 11:21 AM ADAM WALDRUP

55 Broad Street
 Asheville, NC 28801
 828.252.0575
 NC Firm License # C-0459
 mcgillassociates.com

PRELIMINARY



NO.	DATE	BY	DESCRIPTION

WATAUGA COUNTY LANDFILL
 KILL CHILL FACILITY
WATAUGA COUNTY
 NORTH CAROLINA

OFFICE MANAGER	DESIGNER
M. CATHEY	A. WALDRUP
PROJECT MANAGER	REVIEWER
S. BURWELL	S. BURWELL

SITE LAYOUT PLAN	
DATE	PROJECT #
JANUARY, 2022	19.00708
FUNDING #	N/A

SHEET
C-101



Feasibility Review of the Proposed High Country Kill/Chill Slaughter & Processing Center

Prepared by: Kelly Coffey, Senior Planner, High Country Council of Governments with assistance from Dr. Jim Hamilton, County Extension Director, Watauga County

Executive Summary

The proposal is for the construction of a new facility to increase capacity for livestock (red meat) slaughter & processing for the High Country region of western North Carolina. The project is a public-private partnership between Watauga County & Watauga Butchery to improve food security for the northwest North Carolina region and expand regional processing capacity for local and regional livestock producers. Watauga Butchery opened the first USDA certified processing facility in Watauga County in July 2020 in response to capacity restrictions brought on by the pandemic to provide processing capacity for their commercial meat business and for 20 other commercial livestock producers in the surrounding area. However, slaughter and processing capacity and bottlenecks remain a challenge for ALL local/regional producers in northwest North Carolina. While the processing facility that opened in 2020 at Watauga Butchery (formerly Coles Processing) has been open and processing custom (private, farm family) and USDA certified carcasses and will have the capacity to process & hang/cool more carcasses, there is still a strong demand to increase slaughter & processing capacity for local and regional producers. The nearest accessible USDA slaughter/processing facilities with any capacity to handle demand from regional producers are over one hour away round-trip from many livestock producers in the region...and their capacity is extremely limited.

The proposed expansion and new facility construction of a roughly 12,500 square foot slaughter and processing center is a public-private partnership between Watauga County and Watauga Butchery to be sited on a 2.5 acre county-owned parcel of land adjacent to the existing county solid waste transfer station and capped landfill property. County Commissioners approved use of this acreage and existing infrastructure for this purpose in 2020 due to critical capacity limitations at other slaughter/processing facilities in the state and to address the local and

regional food security limitations and impacts to the area’s agricultural economy that were exacerbated by the pandemic. Estimated total capital costs for the project are over \$7 million.

The following feasibility information is developed to provide information to support the siting of a local “kill-chill” facility for pursuing leveraged funding for the construction of a USDA certified facility to meet the demand of local producers and capitalize on the need for this service from farmers & regional producers as well. The project will provide additional employment & educational/training opportunities and alleviate the bottleneck & travel/delays for local & regional meat production.

Economic & Market Feasibility

Several feasibility considerations were made before the first application for Golden LEAF funds in late 2020 (Golden LEAF committed \$1 million to the project in June, 2021). While somewhat dated, “Developing Processing Capacity for Red Meat Producers in Western North Carolina”, produced in 2014 by Smithson Mills, Inc. for the SW NC Planning and Economic Development Commission, was referenced (included as an attachment). While this report focused more on the SW part of western NC, it highlighted many, if not all, of the key capacity, supply, and demand issues that the proposed project addresses. Additionally, project partners utilized “Lessons Learned from Public Investment in Local and Regional Meat and Poultry Processing Activities”, produced by the USDA Agricultural Marketing Service’s Niche Meat Processor Association Network (NMPAN) as a guiding document in the initial & ongoing efforts for the proposed project. This document provides a checklist of key components to consider when undertaking a project similar to the proposed project. Project partners have been following all recommendations throughout the process. Sarah Blacklin and Lee Menius from NC Choices <https://cefs.ncsu.edu/food-system-initiatives/nc-choices/> have also been heavily involved in aspects of project planning and development and have been working with the intended lessee, Watauga Butchery, on aspects of their business development planning.

Initial analysis included engaging Food & Livestock Planning, Inc. of Kansas City <https://foodandlivestock.biz/services-1> to conduct an initial feasibility assessment of the project, including assessing the local market, demand potential, and selected site. Their assessment concluded that demand in the area is sufficient to sustain at least 30-40 head of cattle per day, and that adequate supply is unlikely to be a limiting factor for the scope of this project.

In addition to the consultant's analysis, Watauga County’s Livestock Extension Agent, Eddy Labus, conducted an analysis of cattle and meat production in this area and in a radius of proximity stretching into Eastern Tennessee and Southern Virginia, in areas within a reasonable driving distance of the plant. His conclusion further validated not only the adequate supply of livestock and demand for processing services, but also the need for producers in the region who do not have a viable inspected processing option in close proximity to their operations. He projects up to 12,000 head per year in the region in need of better access to processing.

Data from the USDA Farm Service Agency & agricultural statistics from 2020 reveals that over 49,000 acres are currently utilized for beef cattle production, with over 24,000 head across Watauga, Ashe, Alleghany, Caldwell, Avery, and Mitchell counties. The map, below, indicates USDA slaughter/processing accessed by current producers in the proposed project region in relation to the proposed facility site. While many producers in the region use Apple Brandy & Mays Meats currently, capacity restrictions and logistical considerations for moving animals to and from these facilities pose challenges & additional cost.

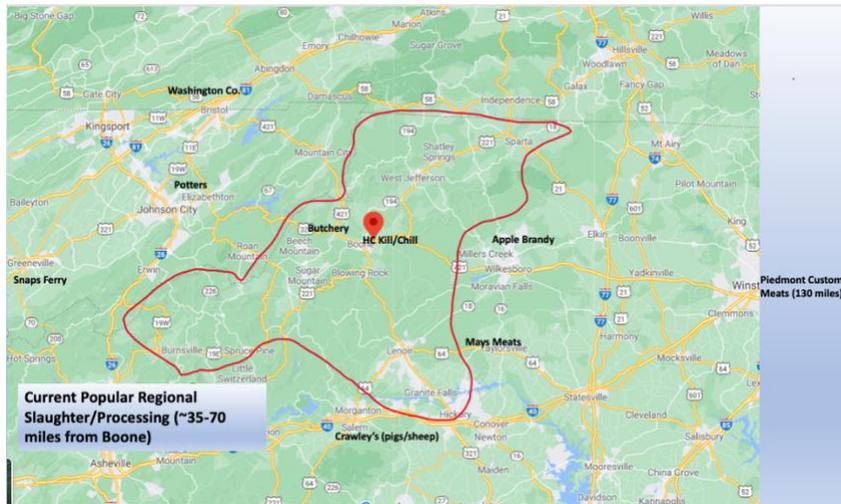


Figure 1. Red 'pin' indicating location of proposed High Country Kill/Chill facility to support & increase capacity for the Butchery immediately to the west. Other existing USDA slaughter/processing facilities shown outside of service area. 45 miles – 130 miles.

Geographic Area & Population to be Served

Watauga County is leading a group of six participating western North Carolina counties (including/supported by Ashe, Alleghany, Avery, Caldwell, and Mitchell counties) to create a USDA inspected “Kill & Chill” livestock slaughter & packing center. Within the 6-county region, there are over 500 livestock producers, 66 of whom are certified meat handlers who produce meat for commercial sale. In Watauga County alone, there are over 100 cattlemen and small-scale producers who rely on slaughter/processing capacity to feed their families, produce income for their farms, and to provide local meat to restaurants and for direct-sale to consumers. 85-90% of farms in the High Country by value of sales make less than \$25,000/year; 70% of those sales are livestock and livestock products; each steer retained for local meat sales can net \$500-\$1000 per head over market prices for feeders (cattle that are auction-sold). 90% of the farms in the region are less than 180 acres.

The burgeoning local food movement has expanded over the last decade, and many livestock producers have benefited from direct sales to restaurants, retailers, and consumers via farmers markets and the High Country Food Hub. Meat sales via the High Country Food Hub surpassed \$215,000 in 2020, and meat sales from the Watauga Farmers Market alone were close to half a million. Due to the capacity limitations exacerbated by the pandemic, many of these meat

producers are missing out on revenue, relying on limited existing inventory or the trickle of slaughter/process that plants are able to accept their animals.

The current situation and demand for a local/regional “Kill/Chill” facility:

- In Sept 2020, Watauga Butchery was approved via the IMPEC program for funding to expand capacity at their existing site with increased cooler and processing capacity along with significant equipment investments to improve throughput and labor efficiency. While this project is adding needed processing capacity and value-added services to local & regional producers for PROCESSING, kill-chill capacity is maxed out at other plants across the state/region.
- Since March 2020, bottlenecks at meat processing plants (state and regionwide) have reduced capacity and caused delays for area cattle producers. Many processors where local producers take their animals for processing had lag time/backlogs of over 1 year. Processors are reserving space for slaughter/processing for animals that aren’t born yet
- Watauga Butchery is the High Country’s only USDA-certified facility which opened and received its first carcasses for processing in July 2020. While the facility has a current processing capacity of over 100 animals per month, there is extremely limited USDA-certified *slaughter* capacity and therefore the current facility is limited to processing only 24 animals per month.
- Animals from regional producers have to be transported to existing plants in either Wilkesboro or Taylorsville (or other plants in TN and VA) for USDA inspected slaughter. However, limited kill-capacity at these plants limits the number of animals that can be serviced across the region. Additionally, there is expense (and risk) when transporting animals and carcasses this distance
- In Watauga County alone, there are between 100-150+ cattlemen and small-scale producers who rely on slaughter/processing capacity to feed their families, produce income for their farms, and to provide local meat to restaurants and for direct-sale to consumers
- There are 66 licensed meat handlers in the core 6 counties and 166 licensed meat handlers in the other counties in NC that the butchery would serve.
- The majority of the region’s livestock herd is sold at auction/shipped to finishing locations out of state. However, due to more livestock producers adopting direct-to-consumer retail, restaurant, and local sales, more animals are being produced for and require local slaughter and processing & USDA certification
- Currently there are 40 producers with their Meat Handlers License (for commercial sale; requires USDA) in Watauga and adjacent counties including Avery & Ashe. There are 134-Meat Handlers in other area counties (Alleghany, Surry, Wilkes, Burke, McDowell, Buncombe, Iredell, Caldwell) who require USDA slaughter & processing capacity. There are 25 farmers selling retail meats in Johnson & Washington County, TN and in Grayson County VA.
- 85-90% of farms in the High Country by value of sales make less than \$25,000/year; 70% of those sales are livestock, poultry and livestock products; Each steer retained for local

meat sales can net \$500-\$1000/hd over market prices for feeders (cattle that are auction-sold); 90% of farms are less than 180 acres.

- There is strong potential for High Country producers to create a regional “High Country Branded Beef” to group raise and sell beef under one logo with parameters to ensure quality and meet consumer demands. Per info from NCDA and contacts from Shipley Beef/Watauga Butchery, opportunities exist for supplying regional grocery store chains with local beef.
- Job creation: anticipate 8-10 full time full time jobs created within the first 3 years of operation. There is potential for job-training at local community colleges (butchery/processing certificate program) and on-site quality/handling training at the facility for Cooperative Extension to provide to regional producers
- 20% guaranteed capacity for custom/exempt slaughter & processing for “custom exempt” producers. (small producers growing meat for home & family consumption— not for sale). It is essential for food security and support of local & regional farm families to create capacity for custom/exempt slaughter in addition to USDA certified slaughter for commercial producers. Capacity restraints exacerbated by the pandemic affected custom producers as well as commercial producers.
- The High Country Kill & Chill facility will be set up as a service provider—HCHC kills, chills (and Watauga Butchery processes custom & certified products) and can serve as the ‘marketing entity’ for community brand for producers who may not have their own brand but have the quality/genetics to include animals in a regional brand.

“Carbon Footprint” considerations: area producers, historically, have expended considerable fuel & time getting animals to markets sometimes over 2 hours away (one way) for slaughter/processing. A High Country Location would significantly reduce fuel costs, travel, and carbon emissions. Additionally, with the proposed facility located at the Watauga County Landfill, which has a composting facility on site, waste materials can be utilized for compost production on site.

*Regional Supply & Demand Data for Watauga Butchery Kill and Chill**

66 licensed meat handlers in the core 6 counties and 166 licensed meat handlers in the other counties in NC that the butchery would serve.

1. 58,020 All Cattle and Calves for 6 supporting counties
2. 74,422 All Cattle and Calves for 6 adjacent NC counties (Burke, Madison, McDowell, Surry, Wilkes, and Yancey)
3. 84,704 All Cattle and Calves for 5 TN Counties (Carter, Johnson, Sullivan, Washington, and Unicoi)
4. 264,218 All Cattle and Calves for 5 VA Counties (Grayson, Russell, Scott, Smyth, Washington and Wythe Counties)
5. 2,631 All Goats for core 6
6. 4,359 Goats for next 6
7. 3,597 All Goats TN
8. 5,424 All Goats VA
9. 312 Hogs and Pigs core 6

10. 791 Hogs and Pigs next 6
11. 1,147 Hogs and Pigs TN
12. 786 Hogs and Pigs VA
13. 1,613 Sheep and Lambs core 6
14. 2,953 Sheep and Lambs next 6
15. 4,844 Sheep and Lambs TN
16. 19,177 Sheep and Lambs VA
17. 50 Farmers selling direct core 6
18. 55 Farmers selling direct next 6
19. 42 Farmers selling direct TN
20. 29 Farmers selling direct VA

Total: All Cattle and Calves-481,364

Total: All Goats-16,011

Total: All Hogs and Pigs-3,036

Total: All Sheep and Lambs-28,587

*data compiled from the 2017 Census of Agriculture & NCDA meat handlers licensing website

Additional marketing/economic details

Demand – there are 19 local livestock producers who are considered founding members of Watauga Butchery. Each committed to processing animals at the existing facility. Additionally, there are a total of 134 registered meat handlers in the 9 NC counties surrounding Watauga (along with 25 more in adjacent counties in VA and TN) who would benefit from access to expanded local/regional processing. Most of these producers have no other processing options. As of Jan. 2022, there are 22 commercial livestock ‘member producers’ with other producers being provided some custom processing at the existing facility.

Collaboration – This project is a collaborative effort, combining ownership and guidance by Watauga Butchery with commitments from independent producers, partnerships with other USDA inspected processors, and support and input from Cooperative Extension, NC Choices, NC State College of Agriculture and Life Sciences, NC Cattlemen’s Association, the Watauga County Commissioners, and other experts in the field, to see processing capacity expanded to meet the need in our region. This initiative to increase processing capacity for regional meat producers and increase local employment is a part of a broader regional effort underway to establish the Appalachian High Country as home for the production and distribution of premium dry aged meat products in the Eastern US.

Additional Context – Watauga Butchery is a recently launched USDA inspected beef processor in northwestern North Carolina. It was created in 2020, as the COVID-19 shutdowns and meat processing supply chain issues drove independent slaughterhouse booking lead times in a matter of days to expand from 3-4 weeks to 12-18 months. Faced with the critical shortage for local processing, Bob and Gray Shipley set out to create their own retail meat cutting capacity, and formed Watauga Meats and Butchery, LLC .

As the COVID-19 economic shutdown took full effect, though nearly all monthly restaurant business was lost for a period, retail and online demand took off, offsetting much of the volume lost. However, supply chain issues left most value-added farms vulnerable with a pasture full of cattle and no way to get the

meat processed for resale. The COVID-19 pandemic created the need and opportunity to work with additional meat handlers and help develop solutions that could serve a broad number of producers with proper resources.

Technical Feasibility

Regional Benefit of the Project

This proposed project addresses the deficiency of USDA inspected slaughter in the High Country region and the inefficiencies related to transporting livestock to other facilities out of the region and bringing back carcasses for processing. Slaughter and processing of animals raised by commercial meat producers must be carried out at a USDA inspected facility. The coronavirus pandemic has exposed and exacerbated capacity vulnerabilities and shortfalls in our state’s (and nation’s) slaughter and processing system. For many producers in the 6-county proposed project region, animals must be transported sometimes 70 miles or more, one way, to be processed. Since March 2020, bottlenecks at meat processing plants have reduced capacity and caused substantial delays for area livestock producers. Many slaughter/processing plants are backlogged well into late 2022 & 2023 to accept animals. In many cases, livestock producers are reserving space for slaughter & processing for animals that aren’t born yet due to limited capacity. Even when the pressures of the pandemic subside, there still exists a need for additional slaughter & processing capacity, as only a *“little more than 50 plants are responsible for as much as 98 percent of slaughtering and processing in the United States. Shutting down one plant, even for a few weeks, is like closing an airport hub. It backs up hog and beef production across the country, crushes prices paid to farmers and eventually leads to months of meat shortages. Slaughterhouses are a critical bottleneck in the system.”* (New York Times).

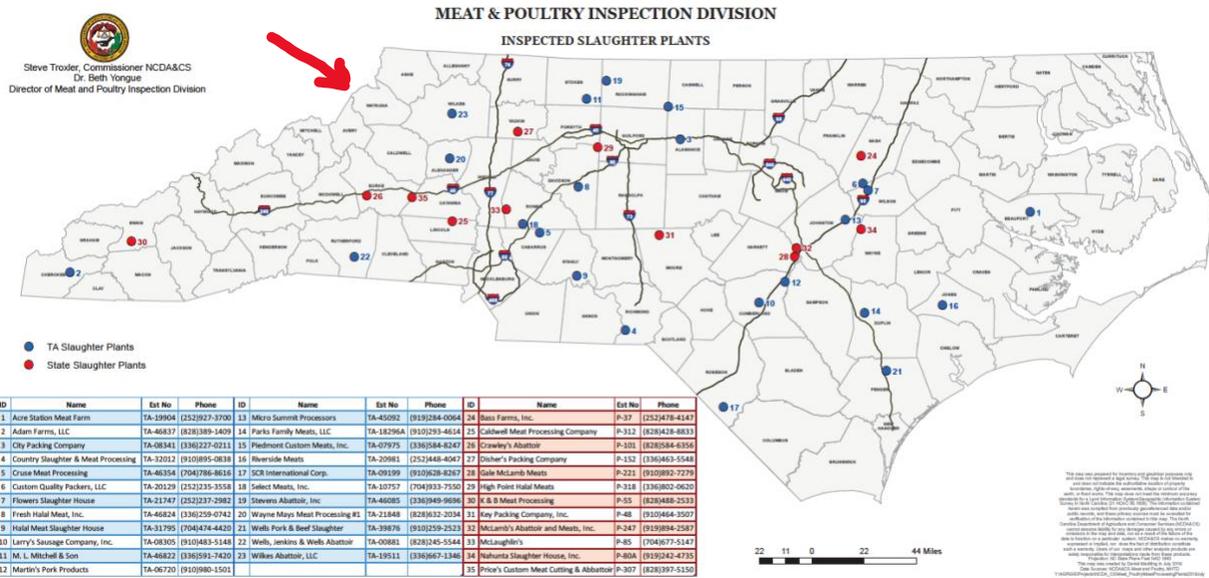


Figure 2. Shows locations of USDA and state inspected slaughter plants. Red arrow pointing to proposed facility county location.

While demand for local USDA slaughter/processing from local producers is sufficient for a portion of the operational supply needed for a facility of the proposed size, additional supply will be needed to keep the plant running consistently at capacity to ensure profitability and to maintain operations. Negotiations are underway to secure 'anchor customers' from outside the region to ensure operational capacity.

The proposed facility will be capable of slaughter & process of up to a maximum of 40 animals per day. As such, an initial investigation conducted by McGill Engineering was based on this production volume.

An agricultural engineering consulting firm (Food and Livestock Planning, Inc) provided an estimated wastewater production of 300 gallons per beef equivalent slaughtered and estimated concentrations. With a maximum daily capacity of 40 beef equivalents, the maximum daily flow rate is 12,000 gallons per day. The estimated volumes, concentrations, and loadings are presented in Table 1. These values should be confirmed prior to schematic design of the proposed facility.

Table 1: Estimated Wastewater Production

Flow 300 gallons per cow 12,000 gallons per day
 BOD 2000 mg/L 200 lbs/day
 TSS 1600 mg/L 160 lbs/day
 Ammonia (NH₃) 70 mg/L 7 lbs/day
 Fats, Oils, and Grease (FOG) 400 mg/L 40 lbs/day

In addition, to the wastewater production by the meat processing operation, the facility will also have a series of restrooms and showers for the employees to utilize. Per NCDEQ's 02T rules, food production facilities with showers should anticipate 35 gallons per employee per shift. The consulting firm provided an estimated workforce of 25 employees. For planning and design purposes, this would generate approximately 875 gallons of additional wastewater per day.

Wastewater Pretreatment

The proposed meat processing facility would discharge wastewater to the Town of Boone's existing collection system for transport to the Town's wastewater treatment plant (WWTP). The Town has an established industrial pretreatment program that requires industrial discharges to meet pretreatment effluent limits if the discharger contributes a certain percentage of the maximum allowable headworks limit (MAHL) which is typically 5%. The pretreatment limit and MAHL values are presented in Table 2.

Table 2: Town of Boone Pretreatment Limits

Parameter MAHL (5%) Pretreatment Limit

Flow 241,000 gallons per day N/A
 BOD 754 lbs/day 250 mg/L
 TSS 754 lbs/day 250 mg/L
 Ammonia (NH₃) 56 lbs/day 25 mg/L
 FOG1 N/A N/A

¹The Town of Boone does not maintain a numerical limit for FOG, only the requirement for a grease removal system.

Based on the current proposed wastewater flow and loading rates, the proposed facility will not need to provide substantial pretreatment of the waste stream. The Town of Boone would only require a grease trap prior to discharge into the sanitary sewer system. Based on the preliminary flow rates, a 1000-gallon grease trap would be sufficient to meet the Town of Boone's requirements. Should the projected wastewater production of the meat processing facility change, and the new waste stream exceeds the MAHL values, then additional analysis will be required to determine the exact requirement.

Connection

The proposed facility would be located at a lower elevation than the existing sanitary sewer that serves the Watauga County Transfer Station. Therefore, a pump station would be required to convey wastewater to the collection system. Due to the nature of the waste stream, grinder pumps are recommended to protect the pumps, force mains, and collection system from clogging due to large solids. The proposed pump station would discharge into an existing manhole near the waste transfer station via a 4-inch HDPE force main. The figure presented on C-101 shows the preliminary layout of the sanitary sewer force main and the connection point with existing infrastructure. The exact location of the grease trap and pump station would be determined during a schematic design phase. The existing waste transfer station is served by a 6-inch water line which would be sufficient to supply water to the proposed facility. To provide water to the facility, additional 6-inch water line would be required to provide water for the facility and water for fire protection. The figure presented on C-101 (within McGill & Associate's engineering assessment of the location) shows the preliminary layout of the 6-inch water line that would serve the processing facility.

Water Demand

The majority of the water usage for the proposed facility will come from the meat processing operation, with the remainder coming from restrooms and showers for the employees. Therefore, the maximum daily demand is projected to be equivalent to the wastewater flow rate of 12,875 gallons. For preliminary sizing of the water connection, a peak demand was calculated by performing an analysis of the number of water fixtures such as sinks, showers, toilets, etc. Based on industry standard sizing charts, the peak water demand is estimated to be 40 gallons per minute which could be served by a 1.5-inch water connection and 1-inch water meter. No fire flow analysis was conducted for this investigation. A separate analysis of the fire flow requirements and water infrastructure should be performed during the schematic design phase.

Financial Feasibility

The proposed project is being developed as a public private partnership between Watauga County (county government) and Watauga Butchery (private USDA inspected processor). Since the conception of the proposed project, over \$4 million has been invested or committed to this proposed expansion of slaughter and processing capacity including \$580k from North Carolina's IMPEC funding, \$1 million in committed funds from Golden LEAF, \$220k from the Tobacco Trust Fund, \$100k from the Appalachian Regional Commission and \$480k (pending) from the North Carolina Agricultural Development Trust Fund. Additionally, Watauga County has committed \$500k from American Rescue Plan funding to the project in addition to committing the acreage for the site (est. \$1.2 million real estate value).

The County manages an overall budget of \$53,806,000 with just over 20 departments that serve an estimated population of around 56,000. The County prepares a Capital Improvement Plan based on proposals submitted by each County department, outside agencies and input received from the Commissioners. The projects requested for the fiscal year ending June 30, 2020 totaled \$16,952,055 and \$49,764,594 for the five subsequent fiscal years for a total of \$66,716,649 during this five-year period. These figures do not include a \$32 million school project to be initiated within the next 5 years. The projects included for the fiscal year ending June 30, 2020 include, among other projects, \$4,200,000 for long-term school capital needs, \$500,000 for immediate school capital needs, \$907,000 for replacement of existing roofs on County facilities and \$1,000,000 for relocation of outdoor activity spaces including tennis, pickleball and basketball courts and a baseball field. The County has no pending litigation and no other contingent liabilities the outcome of which, in the opinion of the County Attorney, would materially and adversely affect the County's ability to meet its financial obligations.

Watauga County will create an MOU and other legal agreements between the County and the private entity once the project is in the pre-construction phase. Watauga County has similar leasing & management arrangements with a number of organizations. The County will base a determination of lease rate based on average commercial square footage & rental rates within the county once the project is completed. A stipulation of Golden LEAF's commitment of funding is that the lease of any structure paid for with public funds must be based current market rate. Watauga Butchery was 'chosen' as the preferred tenant for the facility based on their current operations & expertise with the current USDA processing facility that they opened and have been managing since July 2020. Watauga Butchery is a vested stakeholder in the program and committed to the region-wide marketing & capacity priorities to ensure that local beef producers' needs are met with the creation of the proposed facility.

Financial Forecast, Income & Expenses and Contingency Plans for Continued Operations: Industry experts from Food and Livestock Planning Inc. advised Watauga Butchery that a new startup plant should expect 3 full years to reach financial profitability. Having an existing operation and customer base mitigates the earliest part of the ramp up curve, and it is

expected to get to profitability in 2 to 2 ½ years. The financial pro forma in the budget submitted anticipates a ramp up over 2 years, reaching an anticipated run rate at the end of the second year. In service-based businesses, revenue is somewhat constricted in November and December because of the holidays, so even though that time of year tends to see the highest demand and the plant may likely see strong months with some overtime hours, the pro forma was built without projecting an overloaded schedule. So, using October for the run rate should be viewed not as a favorable scenario, but rather, the point at which the forecast reaches the run rate projected. To be realistic, a run rate was set at about 75% of anticipated maximum capacity. Anticipate revenues could be higher, but room was allowed for less than optimal revenues in our planning and budgeting.

Projected income and expenses call for reaching profitability in Year 2, based on input assumptions as submitted (see summary financial projections attached). Key assumptions include \$14,400 in annual lease payments to the county, available capacity of 15-20 head of beef per day initially (4,400 per year...then scaling up to 40 per day), average revenue of \$250 per head at 50.4% gross margin, and a loaded labor rate of \$17.11 per hour. At projected run rate of 9 full time equivalent employees (using October as run rate, as November and December factor in lower monthly production due to holiday closings), a projected a capacity utilization of 175 per month/2,050 per year (47% of max capacity), for an annual projected revenue of \$512,000, with expenses of \$484,000, for a net operating income of \$28,000.

Two contingencies are planned. For sufficient operating capital, there is pending investment capital from strategic partners. There is a substantial amount of investment capital seeking projects to invest in, and local and sustainable food and local meat is a category attractive to private investment because of consistent growth outpacing the overall food category. There are no plans to engage any institutional or private equity funds, because that investment comes with limited time horizons and pressures to build and sell. There are also SBA and USDA loan programs that can be utilized for possibly all of the needed operating capital, and that could be taken advantage of, however, the strategic partner is an important piece to further strengthen the butchery's team, putting them in better position to deal with labor, equipment, and operational or other unexpected challenges that are sure to arise.

The second contingency is the opportunity to generate additional revenue and manage plant capacity by cultivating a market of buyers for beef and pork that would enable Watauga Butchery to buy livestock to process to fill capacity gaps in the plant. This approach provides for added revenue and avoids losses from gaps in the processing schedule during slow periods.

Management Feasibility

Watauga County Government

Watauga County was formed in 1849 and has a Commissioner-Manager form of government. The Board of Commissioners (the "Board") consists of five members, three of whom are elected

every two years. The County Manager, responsible for the general and technical direction of all departments of County government, is appointed by and serves at the pleasure of the Board. The County Manager serves as Budget Officer and ensures that the orders, ordinances, resolutions, and regulations of the Board are faithfully executed within the County. Watauga County is a member of the regional High Country Council of Governments. The County has a land area of approximately 320 square miles and is located in the Blue Ridge Mountains of Western North Carolina near the Eastern Continental Divide. U.S. Highways 321, 421, and 221 all come through the County to provide easy highway travel in all directions. Watauga County is home to Appalachian State University, the incorporated towns of Boone and Blowing Rock and is a destination for skiing in the winter, adventure sports in the summer, and fall leaf-season. While tourism, the university, and healthcare are the primary industries in the county, the county still maintains a strong small-scale agricultural base with livestock, Christmas trees, and many small acreage diversified farms.

Watauga Butchery

Existing Processing Capacity - Watauga Butchery has converted a 1,600 square foot processing facility to operate under USDA inspection (facility number M-47294). The facility was formerly home to Cole Meat Processing, which was a wild game processing center. Kenny Cole serves as Director of Operations for Watauga Butchery. Mr. Cole is HACCP certified and has 30 years of experience combining custom processing and butchering for farmers with knowledge of the highest food safety and regulatory standards from commercial food service meat handling. Kenny leads the cutting operation and is also focused on teaching and training the next generation of butchers to do the job the right way.

The existing operation was originally created to meet the current needs of a few local beef producers in Watauga County, with an annual demand to process 80-120 steers per year, including products marketed under Shipley Farms, a separate pasture raised beef production and distribution business operated from their family farm that buys from a network of Western NC independent livestock farmers (Shipley Farms, LLC is a separate and distinct business from Watauga Butchery). Their approved USDA hours of operation are Monday to Friday, 7:00 AM to 3:30 PM, and they are permitted under HACCP plans to process beef, pork, lamb, and goat, although they currently handle only beef. They deliver high quality cut and pack services, and no value add other than grinding beef. Additional processing for more retail producers ~~are~~ **is** being developed as their capacity and cooler space allows.

This facility does not have a slaughter floor, so they are transporting animals to Mays Meats in Taylorsville, Wilkes Abattoir in Wilkesboro, and as needed to Mitchell's Meat Processing in Walnut Cove, NC to utilize their USDA inspected slaughter, and then transporting the carcasses back to the existing facility for packing. This creates an inefficiency that will be addressed with this project.

Watauga Butchery currently operates their processing business under a “member producer” model. With Watauga Butchery and other producers in the county/area that would be using the services of both this processing as well as a new kill/chill facility, there ARE other small scale processing facilities in the region that producers might/do use. There's one in Alleghany County and another in Avery (within the 6-county region) and additional processors in 'beyond' the region in TN and VA. However, some of those processing facilities are not USDA inspected. For producers wanting to sell meats commercially, animals must be slaughtered *and* processed at USDA facilities. That is/has been the bottleneck and logistics issue for many producers even before the pandemic. For producers who *don't* sell their meat commercially (custom exempt producers who slaughter & process for home consumption), they do not need USDA inspected slaughter. However, due to regional capacity limitations, it is anticipated that those producers will utilize the kill/chill facility for slaughter (due to demand/convenience/capacity) but may or may not choose to process at Watauga Butchery. This has been goal of the project from day one—to create a 'hub & spokes' dynamic where the kill/chill facility would serve the needs of other processing/packing facilities, butcher shops, restaurants, specialty meats businesses in the region.

For any animals going from the kill/chill to Watauga Butchery for added value/additional processing, transportation will be included between facilities for customers using Watauga Butchery for processing. As part of the current processing expansion for Watauga Butchery, they are purchasing an additional refrigerated truck for that kind of transport. If farmers choose to process at other locations, arrangements could be made for transport to another location.

Job and Wage Forecast

The following reference wages for butchers and meat cutters in Watauga County, North Carolina are drawn from a 2018 report from the Bureau of Labor Statistics:

Butchers and Meat Cutters, Watauga County	Median	Mean
Hourly Wage	\$13.71	\$14.05
Annual Wages	\$28,520	\$29,210

Employees of the proposed High Country Kill & Chill facility will be employed under the umbrella of Watauga Butchery & Shipley Farms Beef, who currently employ 3 full time and 4 part time employees in production positions including meat cutting, packing and wrapping, management and customer support.

In 2020, Watauga Butchery planned to target an average wage of \$14.25 and average full-time annual wage of \$30,000+, with starting wages of \$11 to \$15 per hour for starting production wages. Wages have been increased since this initial assessment. However, Watauga Butchery anticipates 5-6 new Full-Time Equivalent (FTE) direct production jobs created in year 1, plus an additional 2.5 new FTE in management and support, for a total of 8 or 9 jobs created in year 1. Going forward we expect the potential for a total of 18-20 or more jobs created over the first 3-

5 years, should we move forward with Phase 2 and additional expansion into rendering of byproducts and other value add.

We would initially offer 6 paid holiday and 5 paid vacation days per year along with training and career development, and add benefits including health coverage and profit sharing by the end of year two, when the venture achieves monthly profitability, which is in line with overall compensation and benefits for existing staff.

Expected Outcomes

Specific metrics planned for the two Expected Project Outcomes, agriculture and economic development, will be measured in cooperation with Cooperative Extension (in participating counties), the High Country Food Hub, NC Choices, and Watauga Butchery (lessee):

Planned Outcomes of the High-Country Kill & Chill Project

1. Enable livestock farmers who currently sell USDA inspected packaged meats to have access to processing and services thus giving them an opportunity to stay in business and increase both their production and sales
2. Enable new livestock producers to enter the supply chain of selling packaged meats by having access to USDA inspected processing that is a reasonable distance for them.
3. Enable citizens in the region who grow a meat animal to feed their own family to have access to processing
4. Increase resilience of Local food supply, distribution, and consumption to be better equipped for future pandemics, supply chain disruptions, and other crises

Activity

Offer harvest services for beef - target date August 1, 2024

Offer harvest services for pork – target date October 1, 2024

Offer harvest services for sheep and goat – target date Jan 1, 2025

In first 12 months of operation serve 30 farmers who had a NC Meat Handlers License on or before July 1, 2021

In first 12 months of operation serve 10 additional farmers who obtained a NC Meat Handlers license since July 1, 2021

In first 12 months of operation serve 30-60 individuals who grew meat animals for family consumption.

Employment & Economic Impact

The economic impact of the project will be assessed and reported annually for three years based on these six metrics & assessments:

1. Number of animals slaughtered and value added of processed commercial meat over market value of live animals annually
2. Number of animals slaughtered and value of meat processed for personal consumption over prior year

3. Value of direct FTE employment: projected 3 FTE after 12 months operation, 5 FTE after 24 months operation; 10 FTE after 36 months of operation
4. Value from indirect employment enabled by the project
5. Value of annual meat sales at specified local Food Hub(s) – include all meat regardless of where it was processed
6. Value of other quantifiable, measurable economic outcomes that are a direct result of the project (ie. value of meat to other retail outlets: restaurants, butcher shops, etc.)

Collaborating organizations & contributions

The success of this project relies on the expertise and experience of several collaborators in a public-private partnership and alliance:

- Watauga County personnel include the County Manager and Board of Commissioners, who will provide oversight of the entire project as well as the Operations Services Director of the Watauga County Solid Waste and Recycling program who will oversee site development aspects of the project and coordinate efforts with the consultants & engineers with the new composting facility. In-kind contributions from the county include permitting, engineering, and some site development commitment in the construction aspects of the proposed facility. Cash support from the county for any cost overages will be negotiated with the Board of Commissioners and County Manager
- Watauga Butchery & Shipley Beef, as the lessees and operators of the proposed facility currently manage and operate the project region's only USDA certified processing facility. They are coordinating the physical and operational components of the proposed plant with the assistance of Food and Livestock Planning, Inc., a consultant company with over 20 years' experience in the development of slaughter and processing facilities across the US. Watauga Butchery will manage operational aspects and costs of the proposed facility, which will complement the ongoing \$580,000 expansion of the Butchery. Additionally, they are working with NC Choices on planning & operational guidance for the proposed facility. NC Choices is an initiative of the Center for Environmental Farming Systems in collaboration with NC Cooperative Extension, which promotes sustainable food systems through the advancement of the local, niche, and pasture-based meat supply chain in North Carolina. NC Choices provides information, technical assistance, educational programming, and networking opportunities for farmers, extension agents, meat processors, buyers, distributors, and consumers

Cooperative Extension will serve in a technical and educational role in facilitating the implementation of the project, marketing and educating current and prospective livestock producers in the access and use of the proposed facility and assisting with any livestock & meat training activities that result from the opening of this facility.

Recommendation

Based on available data, budget, funding commitments, management structures, current operating structure, county government support, and supply and demand for additional red meat processing in this region of northwest North Carolina, we feel that this project merits consideration for funding from USDA and MPPEP.

References

Kelly Coffey has been a planner at High Country Council of Governments for 23 years. In this position, he has developed plans for a wide variety of purposes including land use, recreation, solid waste, and event centers. He is currently working on funding for a livestock sales facility. In addition to his work at HCCOG, he is a farmer whose products include beef cattle.

AGENDA ITEM 6:**PROPOSED RECOMMENDATIONS TO THE HIGH IMPACT LAND USE (HILU) REGULATIONS SPACING REQUIREMENTS****MANAGER'S COMMENTS:**

Mr. Joe Furman, Planning and Inspections/Economic Development Director, will present proposed new spacing requirements for Category 1 and 2 High Impact Land Uses from the regulations (Chapter 13 of the Planning & Development Ordinance). The Watauga County Planning Board reviewed the proposal at their July 18, 2022 meeting and voted to recommend the amendment to the Board of Commissioners.

(F) Spacing Requirements.

(1) Category 1 & Category 2 High Impact Land Uses may not be established within 1,500 feet of a public or private Educational Facility, NC licensed Child Care Facility, NC licensed Assisted Living Facility, NC licensed Nursing Home, Public Outdoor Recreation Area, or Religious Facility. In order to establish required spacing, measurement shall be made in a straight line, without regard to intervening structures or objects, from the nearest portion of the building, structure, or outdoor storage area utilized by Category 1 or 2 Land Uses, to the nearest property line of the above-listed facilities.

(2) Category 1 High Impact Land Uses may not be established within 750 feet of a dwelling. In order to establish required spacing, measurement shall be made in a straight line, without regard to intervening structures or objects, from the nearest portion of the building, structure, or outdoor storage area utilized by a Category 1 Land Use, to the nearest property line of a dwelling.

(3) Category 1 High Impact Land Uses may not be established within 1,500 feet of the right-of-way line of a roadway designated by NCDOT as a NC Scenic Byway or within 1,500 feet of the Blue Ridge Parkway. Presence of a city, county or other political subdivision boundary shall be irrelevant for purposes of calculating and applying the spacing requirements of this Section.

Should the Board agree to the change, a public hearing would be required prior to Board adoption. Staff seeks direction from the Board.



WATAUGA COUNTY

126 Poplar Grove Connector, Suite 201 Boone, NC 28607

Department of
Planning & Inspections

Phone (828) 265-8043
TTY 1-800-735-2962
Voice 1-800-735-8262
or 711
FAX (828) 265-8080

Memorandum

Date: July 27, 2022

To: County Manager, Board of Commissioners

From: Joe Furman

RE: High Impact Land Use regulations spacing requirements

Please see below the spacing requirements for Category 1 and 2 High Impact Land Uses from the regulations (Chapter 13 of the Planning & Development Ordinance). A citizen submitted a request to the Board of Commissioners, which was then referred to the Planning Board for consideration, to add to #3: **“or a roadway designated by Watauga County as a Gateway”** following “designated as a NC Scenic Byway”. The Citizens’ Plan For Watauga designates four gateways; plans for three of them are found here: http://www.wataugacounty.org/App_Pages/Dept/Planning/gatewayplan.aspx.

The reasoning behind the request is that the County has no control over the Scenic Byway designation, and NCDOT could remove it at any time. That is probably unlikely, but not impossible. The Watauga County Planning Board reviewed the proposal at their July 18, 2022 meeting and voted to recommend the amendment to the Board of Commissioners.

(F) Spacing Requirements.

(1) Category 1 & Category 2 High Impact Land Uses may not be established within 1,500 feet of a public or private Educational Facility, NC licensed Child Care Facility, NC licensed Assisted Living Facility, NC licensed Nursing Home, Public Outdoor Recreation Area, or Religious Facility. In order to establish required spacing, measurement shall be made in a straight line, without regard to intervening structures or objects, from the nearest portion of the building, structure, or outdoor storage area utilized by Category 1 or 2 Land Uses, to the nearest property line of the above-listed facilities.

(2) Category 1 High Impact Land Uses may not be established within 750 feet of a dwelling. In order to establish required spacing, measurement shall be made in a straight line, without regard to intervening structures or objects, from the nearest portion of the building, structure, or outdoor storage area utilized by a Category 1 Land Use, to the nearest property line of a dwelling.

(3) Category 1 High Impact Land Uses may not be established within 1,500 feet of the right-of-way line of a roadway designated by NCDOT as a NC Scenic Byway or within 1,500 feet of the Blue Ridge Parkway. Presence of a city, county or other political subdivision boundary shall be irrelevant for purposes of calculating and applying the spacing requirements of this Section.

A public hearing will need to be scheduled prior to adoption of this proposed amendment.

AGENDA ITEM 7:

FINANCE MATTERS

A. Budget Amendments

MANAGER'S COMMENTS:

Ms. Misty Watson, Finance Director, will review budget amendments as included in your packet.

Board approval is requested.



WATAUGA COUNTY
FINANCE OFFICE
814 West King St., Suite 216, Boone, NC 28607 Phone (828) 265-8007

MEMORANDUM

TO: Deron T. Geouque, County Manager
FROM: Misty Watson, Finance Director
SUBJECT: Budget Amendments
DATE: July 21, 2022

The following budget amendment requires the approval of the Watauga County Board of Commissioners. Board approval is requested.

<u>Account #</u>	<u>Description</u>	<u>Debit</u>	<u>Credit</u>
105890	463150		1,607
105890	463149		5,355
105890	463151	2,798	
105890	463152	840	
105890	463144	1,481	
105890	463145	444	
105890	463146	1,076	
105890	463147	323	
105890	463144	24,500	
103300	333000		24,500

Per Board action 5/24/22; to recognize the reallocation of unused Crossnore School funds.

104277	435100	1,202,000	
104275	435100		1,187
219800	498010	1,367,895	
104261	435101	167,082	
213991	399101		1,367,895
103980	398121		1,367,895

Per Board action 5/24/22; to recognize funds from Capital Reserve for roof replacements at the Law Enforcement Center and the Human Services Building and drainage issues at the Courthouse.

519800	498010	3,161,724	
517000	517010		3,161,724

To recognize the standard allowance utilized for ARP Funds under Uniform Guidance.

104199	517001	100,000	
104320	517002	270,493	
104310	517300	28,922	

104210	517003	ARP Katalyst server	77,309	
		Transfer to capital projects fund - ARP		
109800	498021	Kill/Chill	500,000	
		Transfer to capital projects fund - ARP Valle		
109800	498021	Crucis School	2,145,000	
104267	517400	ARP Health department remodel	40,000	
103991	399100	Fund Balance Appropriation		3,161,724
213980	398100	Transfer from General Fund		2,645,000
219930	459121	Valle Crucis School	2,145,000	
219930	449212	Future processing plant	500,000	

To allocate expenditures utilizing the standard allowance for ARP funds totaling \$3,161,724.

103300	343323	911 Console upgrade grant		13,352
104311	451000	Capital outlay - equipment	13,352	

Per Board action 10/5/21; to recognize funds from North Carolina 911 Board for replacing consoles in the Communications Center

104310	449930	Internet crimes against children grant	14,760	
103300	343333	Internet crimes against children grant		14,760

To recognize a grant received for the WCSO for internet crimes against children

104330	469901	Foscoe Fire Dist Sales Tax Distribution	50,000	
104330	469903	Fall Creek Fire Dist Sales Tax Distribution	1,000	
104330	469904	Beaver Dam Fire Dist Sales Tax Distribution	10,000	
104330	469905	Boone Fire Dist Sales Tax Distribution	80,000	
104330	469906	Zionville Fire Dist Sales Tax Distribution	10,000	
104330	469907	Cove Creek Fire Dist Sales Tax Distribution	23,000	
104330	469908	Stewart Simmons Fire Dist Sales Tax Distribution	30,000	
104330	469910	Meat Camp Fire Dist Sales Tax Distribution	20,000	
104330	469911	Todd Fire Dist Sales Tax Distribution	8,500	
104330	469912	Blowing Rock Fire Dist Sales Tax Distribution	50,000	
104330	469913	Shawneehaw Fire Dist Sales Tax Distribution	10,000	
104330	469919	Creston Fire Dist Sales Tax Distribution	500	
104330	469924	Deep Gap Fire Dist Sales Tax Distribution	17,000	
104330	469998	Beech Mountain Fire Dist Sales Tax Distribution	2,000	
103200	323300	Sales Tax Revenue		312,000

To recognize additional projected sales tax distribution above original budget.

103200	326600	ABC bottle tax		6,000
105890	469848	Blue Ridge Mediation - ABC funds	6,000	

To record additional bottle tax funds received.

243102	312100	Current year taxes Boone		30,000
243102	312101	Current year taxes Foscoe special district		1,000
243102	312107	Current year taxes Cove Creek special district		50
243102	312108	Current year taxes Shawneehaw special district		150
244340	469901	Pay to fire district-Foscoe	1,000	
244340	469905	Pay to fire district-Boone	30,000	
244340	469907	Pay to fire district-Cove Creek	50	
244340	469908	Pay to fire district-Shawneehaw	150	
283102	312101	Current year taxes Foscoe		7,000
283102	312103	Current year taxes Fall Creek		400
283102	312104	Current year taxes Beaver Dam		800
283102	312106	Current year taxes Zionville		5,000
283102	312107	Current year taxes Cove Creek		12,000
283102	312108	Current year taxes Shawneehaw		4,000
283102	312109	Current year taxes Meat Camp		12,000
283102	312110	Current year taxes Deep Gap		6,000
283102	312111	Current year taxes Todd		2,500
283102	312112	Current year taxes Blowing Rock		12,000
283102	312119	Current year taxes Meat Camp/Creston		500
284340	469901	Pay to fire district-Foscoe	7,000	
284340	469903	Pay to fire district- Fall Creek	400	
284340	469904	Pay to fire district-Beaver Dam	800	
284340	469906	Pay to fire district-Zionville	5,000	
284340	469907	Pay to fire district-Cove Creek	12,000	
284340	469908	Pay to fire district Shawneehaw	4,000	
284340	469909	Pay to fire district-Meat Camp	12,000	
284340	469910	Pay to fire district-Deep Gap	6,000	
284340	469911	Pay to fire district-Todd	2,500	
284340	469912	Pay to fire district-Blowing Rock	12,000	
284340	469919	Pay to fire district - Meat Camp/Creston	500	

To recognize additional projected fire tax distribution above original budget.

293270	312009	Occupancy Tax Revenues		2,200,000
294140	469900	Watauga County Dist U TDA	22,000	
294140	449900	Administrative Collection Fee	2,178,000	

To recognize additional projected occupancy tax revenues above original budget.

323341	395124	Deeds of Trust - permits and fees		8,000
324180	463210	Distributions to State of N.C.	8,000	

To record additional projected deed of trust fees above original budget.

AGENDA ITEM 7:

FINANCE MATTERS

B. American Rescue Plan Act (ARPA) Proposals

- 1. Policy for Allowable Costs and Cost Principles for Expenditure of ARPA Coronavirus State and Local Fiscal Recovery Funds by North Carolina Local Governments*
- 2. Conflict of Interest Policy Applicable to Contracts and Subawards of Watauga County Supported by Federal Financial Assistance*
- 3. Resolution for Subaward & Monitoring for Expenditure of ARPA Coronavirus State and Local Fiscal Recovery Funds*
- 4. Subaward and Monitoring Policy for Expenditures of ARPA of 2021 Coronavirus State and Local Fiscal Recovery Funds*
- 5. Nondiscrimination Policy*
- 6. Eligible Project Policy for the Expenditure of ARPA of 2021 Coronavirus State and Local Fiscal Recovery Funds by Watauga County*

MANAGER'S COMMENTS:

Due to the County utilizing ARPA funding, the Uniform Guidance requires the County to adopt the policies attached.

Board action is required to adopt the polices as attached.



WATAUGA COUNTY

FINANCE OFFICE

814 West King St., Room 216 - Boone, NC 28607 - Phone (828) 265-8007 Fax (828) 265-8006

MEMORANDUM

TO: Deron Geouque, County Manager
FROM: Misty Watson, Finance Director
SUBJECT: American Rescue Plan Policies
DATE: July 27, 2022

Under the Uniform Guidance for federal grants, the County must adopt policies and procedures related to ARP expenditures.

The attached policies and procedures are recommended for adoption as it is compliant under Uniform Guidance for federal grants.



WATAUGA COUNTY

POLICY FOR ALLOWABLE COSTS AND COST PRINCIPLES FOR EXPENDITURE OF AMERICAN RESCUE PLAN ACT CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS BY NORTH CAROLINA LOCAL GOVERNMENTS

WHEREAS the Watauga County, 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 public health expenditures, by funding COVID-19 mitigation efforts, medical expenses, behavioral healthcare, 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, 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; and

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 reasonable 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; and

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;

BE IT RESOLVED that the governing board of Watauga County hereby adopts and enacts the following US Cost Principles Policy for the expenditure of ARP/CSLFRF funds.

ALLOWABLE COSTS AND COSTS 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).

Watauga County 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 Board of Commissioners, County Manager and Finance Director, who are 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 Board of Commissioners, County Manager and Finance Director. 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.

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 Watauga County 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 Watauga County its employees, the public at large, and the federal government.
- Whether Watauga County 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 Watauga County.**
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.**

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 Finance Director is responsible for determining cost allowability must be familiar with the Selected Items of Cost. Watauga County must follow the applicable regulations when charging these specific expenditures to the ARP/CSLFRF grant. The Finance Department's personnel 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, Watauga County regulations, and

program-specific rules may deem a cost as unallowable, and Finance personnel must follow those non-federal rules as well.

Exhibit A identifies and summarizes the Selected Items of Cost.

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, the Watauga County 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.

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.

COST ALLOWABILITY REVIEW PROCESS

PREAPPROVAL COST ALLOWABILITY REVIEW

Before an ARP/CSLFRF-funded project is authorized, the Finance Department 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.

- Local government personnel must submit proposed ARP/CSLFRF projects to the County Manager and Finance Director for review. 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 governing board management directives, the County Manager and Finance 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 US Treasury.
- If a proposed project includes a request for an unallowable cost, the County Manager and Finance 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 County Manager and Finance Director, 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 County Manager and Finance 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 Finance Department will return the invoice to the project manager and/or vendor, contractor, or subrecipient for correction.
- The Finance Department 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 Finance Department must proceed through the local government's normal disbursement process.
- If any cost item is deemed unallowable, the Finance Department 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 Finance Department may in their 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. Watauga County's governing board must approve any allocation of other funds for this purpose.

- The Finance Department must retain appropriate documentation of budgeted cost items per project and actual obligations and expenditures of cost items per project.

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	2 CFR § 200.435	Allowable with restrictions

patent infringements		
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



WATAUGA COUNTY

CONFLICT OF INTEREST POLICY

APPLICABLE TO CONTRACTS AND SUBAWARDS OF WATAUGA COUNTY 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 Watauga County 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 County (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 County 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 County.
- 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 County).

- f. *“Direct Benefit”* means, with respect to a Public Officer or employee of the County, 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 County 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 County Commissioners of the County.
- 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. *“Pass-Through Entity”* means a non-Federal entity that provides a Subaward to a Subrecipient to carry out part of a Federal program.
- l. *“Public Officer”* means an individual who is elected or appointed to serve or represent the County (including, without limitation, any member of the Governing Board), other than an employee or independent contractor of the County.
- m. *“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.
- n. *“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

County) of a Covered Individual, of a partner of a Covered Individual, or of an Immediate Family Member of a Covered Individual.

- o. *“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.
- p. *“Subcontract”* means mean 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.
- q. *“Subcontractor”* means an entity that receives a Subcontract.
- r. *“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.
- s. *“”* has the meaning specified in Section I hereof.

III. **COI Point of Contact.**

- a. Appointment of COI Point of Contact. The County Manager, an employee of the County, 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 the County Manager is unable to serve in such capacity, the Finance Director 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 County involved in contracting on behalf of the County. The County 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 the County involved in Making or Administering a Contract or Subaward on behalf of the County 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 the County 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 the County.
 - iii. G.S. § 14-234.3. If a member of the Governing Board of the County 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 the County and the Covered Nonprofit Corporation, (2) attempt to influence any other person who deliberates or votes on a Contract or Subaward between the County 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 the County 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 the County'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 County.
 2. Identification Prior to Award of Contract or Subaward.
 - a. Prior to the County'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 the County.
 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

County Manager 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 County is a Recipient of Federal Financial Assistance, the Federal awarding agency with appropriate mitigation measures, or (b) if County is a Subrecipient of Federal Financial Assistance, from the Pass-Through Entity that provided a Subaward to County; 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 County may enter into the Contract or Subaward in accordance with the County'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 County has entered into a Contract or Subaward, the COI Point of Contact shall, as soon as possible, disclose such finding to the County Manager and to each member of the Governing Board. Upon discovery of such a real or apparent conflict of interest, the County 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 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 County 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 County is a Subrecipient of Federal Financial Assistance, disclose the conflict to the Pass-Through Entity providing a Subaward to County 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 County Must Adopt Conflict of Interest Policy.** Prior to the County's execution of any Subaward for which the County 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 County 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 County 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 County.
- b. Disciplinary Actions for Contractors and Subcontractors. The County 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, the County 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 the County, a Contractor, or Subcontractor who has the responsibility to investigate, discover, or address misconduct.

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**

Watauga County (“County”) has adopted a Conflict of Interest Policy (“Policy”) that governs the County’s expenditure of Federal Financial Assistance (as defined in Section II of the Policy). The Policy designates the County Manager 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 County.

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 County Manager 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 County) of a Covered Individual, of a partner of a Covered Individual, or of an Immediate Family Member of a Covered Individual.

Step			
1	Identify the proposed Contract, counterparty, and the subject of the Contract.	<u>Name of Contract:</u> <hr/> <u>Name of Counterparty</u> <hr/> <u>Subject of Contract:</u> <hr/>	
2	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.		
	<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 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.]		
Any identified interest in Step 3 is a potential “real” conflict of interest.	<u>Public Officials</u>	<u>Employees</u>	<u>Agents</u>
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 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.		
Any identified interest in Step 4 is	<u>Public Officials – Related Party</u>	<u>Employees – Related Party</u>	<u>Agents – Related Party</u>

<p>a potential “real” conflict of interest.</p>			
<p>5</p>	<p>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.</p>		
<p>Any identified interest in Step 5 is a potential “apparent” conflict of interest.</p>	<p><u>Public Officials</u></p>	<p><u>Employees</u></p>	<p><u>Agents</u></p>

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**

Watauga County (“County”) has adopted a Conflict of Interest Policy (“Policy”) that governs the County’s expenditure of Federal Financial Assistance (as defined in Section II of the Policy). The Policy designates the County Manager as the “COI Point of Contact.”

The COI Point of Contact has identified you as an official, employee, or agent of the County that may be involved in the selection, award, or administration of the following contract: _____ (the “Contract”). To safeguard the County’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 County) 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 County) 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 County) 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 County) 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 County) 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 County) 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 County) 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 County) 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**

Watauga County (“County”) has adopted a Conflict of Interest Policy (“Policy”) that governs the County’s expenditure of Federal Financial Assistance (as defined in Section II of the Policy). The Policy designates the County Manager 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 County.

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 County Manager 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 County) of a Covered Individual, of a partner of a Covered Individual, or of an Immediate Family Member of a Covered Individual.

Step			
1	Identify the proposed Subaward, Subrecipient, and the subject of the Subaward.	<u>Name of Contract:</u> <hr/> <u>Name of Counterparty</u> <hr/> <u>Subject of Subaward:</u> <hr/>	
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 \$100,000, ensure that each Covered Individual files a Conflict of Interest Disclosure Form with the COI Point of Contact.		
Any identified interest in Step 3 is a potential “real” conflict of interest.	<u>Public Officials</u>	<u>Employees</u>	<u>Agents</u>
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 \$100,000, ensure that each Covered Individual files a Conflict of Interest Disclosure Form with the COI Point of Contact.		
Any identified	<u>Public Officials – Related Party</u>	<u>Employees – Related Party</u>	<u>Agents – Related Party</u>

<p>interest in Step 4 is a potential “real” conflict of interest.</p>			
<p>5</p>	<p>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.</p>		
<p>Any identified interest in Step 5 is a potential “apparent” conflict of interest.</p>	<p><u>Public Officials</u></p>	<p><u>Employees</u></p>	<p><u>Agents</u></p>

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

Watauga County has adopted a Conflict of Interest Policy (“Policy”) that governs the County’s expenditure of Federal Financial Assistance (as defined in Section II of the Policy). The Policy designates the County Manager as the COI Point of Contact.

The COI Point of Contact has identified you as an official, employee, or agent of the County that may be involved in the selection, award, or administration of the following subaward: _____ (the “Subaward”). To safeguard County’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 County) 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 County) 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 County) 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 County) 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 County) 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 County) 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 County) 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 County) 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: _____



WATAUGA COUNTY

RESOLUTION FOR SUBAWARD & MONITORING FOR EXPENDITURE OF AMERICAN RESCUE PLAN ACT CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS

WHEREAS the Watauga County 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 public health expenditures, by funding COVID-19 mitigation efforts, medical expenses, behavioral healthcare, 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, 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; and

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 (21.027); and

WHEREAS the ARP/CSLFRF authorizes Watauga County to enter into subaward agreements with subrecipients to assist Watauga County to carry out the terms of the ARP/CSLFRF; and

WHEREAS if Watauga County enters into a subaward as a subrecipient, it acts as a pass-through entity, as described in 2 CFR 200.1; and

WHEREAS the Compliance and Reporting Guidance for the State and Local Fiscal Recovery Funds (v.3.0 February 2022) provides, in relevant part:

Subrecipient Monitoring. SLFRF recipients that are pass-through entities as described under 2 CFR 200.1 are required to manage and monitor their subrecipients to ensure compliance with requirements of the SLFRF award pursuant to 2 CFR 200.332 regarding requirements for pass-through entities.

First, your organization must clearly identify to the subrecipient: (1) that the award is a subaward of SLFRF funds; (2) any and all compliance requirements for use of SLFRF funds; and (3) any and all reporting requirements for expenditures of SLFRF funds.

Next, your organization will need to evaluate each subrecipient's risk of noncompliance based on a set of common factors. These risk assessments may include factors such as prior experience in managing Federal funds, previous audits, personnel, and policies or procedures for award execution and oversight. Ongoing monitoring of any given subrecipient should reflect its assessed risk and include monitoring, identification of deficiencies, and follow-up to ensure appropriate remediation.

Accordingly, your organization should develop written policies and procedures for subrecipient monitoring and risk assessment and maintain records of all award agreements identifying or otherwise documenting subrecipients' compliance obligations.

Recipients should also note that subrecipients do not include individuals and organizations that received SLFRF funds as end users to respond to the negative economic impacts of COVID-19 on these organizations. Such individuals and organizations are beneficiaries and not subject to audit pursuant to the Single Audit Act and 2 C.F.R. Part 200, Subpart F.

Separately or in addition, many recipients may choose to provide a subaward (e.g., via contract or grant) to other entities to provide services to other end—users. For example, a recipient may provide a grant to a nonprofit to provide homeless services to individuals experiencing homelessness. In this case, the subaward to a nonprofit is based on the services that the Recipient intends to provide, assistance to households experiencing homelessness, and the nonprofit is serving as the subrecipient, providing services on behalf of the recipient. Subrecipients are subject to audit pursuant to the Single Audit Act and 2 CFR part 200, subpart F regarding audit requirements; and

WHEREAS Subpart D of the UG dictates subrecipient and award requirements for expenditure of ARP/CSLFRF funds; and

WHEREAS 2 CFR 200.332 states that:

All pass-through entities must:

- (a) Ensure that every subaward is clearly identified to the subrecipient as a subaward and includes the required information at the time of the subaward. When some of the required information is not available, the pass-through entity must provide the best information available to describe the Federal award and subaward.
- (b) Evaluate each subrecipient's risk of noncompliance with Federal statutes, regulations, and the terms and conditions of the subaward for purposes of determining the appropriate subrecipient monitoring.
- (c) Consider imposing specific subaward conditions upon a subrecipient if appropriate as described by 2 CFR 200.208.
- (d) Monitor the activities of the subrecipient as necessary to ensure that the subaward is used for authorized purposes, in compliance with Federal statutes, regulations, and the terms and conditions of the subaward; and that subaward performance goals are achieved.

- (e) Depending upon the pass-through entity's assessment of risk posed by the subrecipient, specific monitoring tools may be useful for the pass-through entity to ensure proper accountability and compliance with program requirements and achievement of performance goals.
- (f) Verify that every subrecipient is audited as required by [2 CFR 200, Subpart F] when it is expected that the subrecipient's Federal awards expended during the respective fiscal year equaled or exceeded the threshold set forth in 2 CFR 200.501.
- (g) Consider whether the results of the subrecipient's audits, on-site reviews, or other monitoring indicate conditions that necessitate adjustments to the pass-through entity's own records.
- (h) Consider taking enforcement action against noncompliant subrecipients as described in 2 CFR 200.339 and in program regulations.



WATAUGA COUNTY

SUBAWARD AND MONITORING POLICY FOR EXPENDITURE OF 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, (2 CFR 200) Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, commonly called Uniform Guidance (UG), specifically Subpart D, defines requirements of pass-through entities initiating subaward agreements with Coronavirus State and Local Fiscal Recovery Funds of H.R. 1319 American Rescue Plan Act of 2021 (ARP/CSLFRF). Watauga County hereinafter the County shall adhere to all applicable subaward and monitoring requirements governing the use of ARP/CSLFRF. This policy establishes procedures for classifying, making an award to, and monitoring a sub-recipient consistent with ARP/CSLFRF grant award terms and all applicable federal regulations in the UG.

Responsibility for following these guidelines lies with the Board of Commissioners, County Manager and Finance Director, who are charged with the administration and financial oversight of the ARP/CSLFRF.

II. DEFINITIONS

The definitions in 2 CFR 200.1 apply to this policy, including the following:

Contract: for the purpose of Federal financial assistance, a legal instrument by which a recipient or subrecipient purchases property or services needed to carry out the project or program under a Federal award. For additional information on subrecipient and contractor determinations, see § 200.331. See also the definition of *subaward* in this section.

Contractor: an entity that receives a contract as defined in this section.

Pass-through Entity: a non-Federal entity that provides a subaward to a subrecipient to carry out part of a Federal program.

Recipient: an entity, usually but not limited to non-Federal entities that receive a Federal award directly from a Federal awarding agency. The term recipient does not include subrecipients or individuals that are beneficiaries of the award.

Subaward: an award provided by a pass-through entity to a subrecipient for the subrecipient 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 an individual that is a beneficiary of a Federal program. A subaward may be provided through any form of legal agreement, including an agreement that the pass-through entity considers a contract.

Subrecipient: an entity, usually but not limited to non-Federal entities, that receive 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.

III. SUBRECIPIENT CLASSIFICATION

The County must make a case-by-case determination whether an agreement with another government entity or private entity, that is not a beneficiary, casts the party receiving the funds in the role of a subrecipient or contractor. 2 CFR 200.331.

A subaward is for the purpose of carrying out a portion of a Federal award and creates a Federal assistance relationship with the subrecipient. Characteristics which support the classification of the non-Federal entity as a subrecipient include when the non-Federal entity:

- (1) Determines who is eligible to receive what Federal assistance;
- (2) Has its performance measured in relation to whether objectives of a Federal program were met;
- (3) Has responsibility for programmatic decision-making;
- (4) Is responsible for adherence to applicable Federal program requirements specified in the Federal award; and
- (5) In accordance with its agreement, uses the Federal funds to carry out a program for a public purpose specified in authorizing statute, as opposed to providing goods or services for the benefit of the pass-through entity.

A contract is for the purpose of obtaining goods and services for the non-Federal entity's own use and creates a procurement relationship with the contractor. Characteristics indicative of a procurement relationship between the non-Federal entity and a contractor are when the contractor:

- (1) Provides the goods and services within normal business operations;
- (2) Provides similar goods or services to many different purchasers;
- (3) Normally operates in a competitive environment;
- (4) Provides goods or services that are ancillary to the operation of the Federal program; and
- (5) Is not subject to compliance requirements of the Federal program as a result of the agreement, though similar requirements may apply for other reasons.

In determining whether an agreement between a pass-through entity and another non-Federal entity casts the latter as a subrecipient or a contractor, the substance of the relationship is more important than the form of the agreement. All of the characteristics listed above may not be present in all cases, and the pass-through entity must use judgment in classifying each agreement as a subaward or a procurement contract.

The County will use the above criteria to determine if an agreement involving the expenditure of ARP/CSLFRF is a contract or subaward. The Finance Director will document the determination in the Subrecipient or Contractor Classification Checklist in Appendix 1. (Appendix 1: Subrecipient or Contractor Classification Checklist.)

If the agreement involves a contractor relationship (including a contract for services), the County must follow its UG Procurement Policy when entering into a contract.

If the agreement involves a subrecipient relationship, the County must proceed to Sections IV through VII below.

IV. ASSESSMENT OF RISK

Before engaging in a subaward, the County must evaluate a subrecipient’s risk of noncompliance with Federal statutes, regulations, and the terms and conditions of the subaward to determine whether to award the subaward and the appropriate subrecipient monitoring.

The Finance Director will conduct the risk assessment, which will include consideration of the following factors:

- (1) The subrecipient's prior experience with the same or similar subawards;
- (2) The results of previous audits including whether or not the subrecipient receives a Single Audit in accordance with 2 CFR 200 Subpart F and the extent to which the same or similar subaward has been audited as a major program;
- (3) Whether the subrecipient has new personnel or new or substantially changed systems; and
- (4) The extent and results of Federal awarding agency monitoring (*e.g.*, if the subrecipient also receives Federal awards directly from a Federal awarding agency). 2 CFR 200.332(b).

The results of the risk assessment must be documented in the Subrecipient Assessment of Risk form in Appendix 2 and will be used to dictate the types and degree of subrecipient monitoring. (**Appendix 2: Subrecipient Assessment of Risk**) The County will assign an overall risk level to the subrecipient indicating the following:

Low Risk	Moderate Risk	High Risk
There is a low risk that the subrecipient will fail to meet project or programmatic objectives or incur significant deficiencies in financial, regulatory, reporting, or other compliance requirements.	There is moderate risk that the subrecipient will fail to meet project or programmatic objectives or incur significant deficiencies in financial, regulatory, reporting, or other compliance requirements.	There is high risk that the subrecipient will fail to meet project or programmatic objectives or incur significant deficiencies in financial, regulatory, reporting, or other compliance requirements.

If a proposed subrecipient is deemed high risk, the Finance Director must provide written justification to proceed with the subaward. The justification must be approved by the County’s attorney.

V. SUBRECIPIENT MONITORING

The County will develop and implement a subrecipient monitoring plan for the particular subaward based on the findings of the Subrecipient Assessment of Risk. According to 2 CFR 200.332(d), the monitoring plan must involve:

- (1) Reviewing financial and performance reports required by the pass-through entity.

(2) Following-up and ensuring that the subrecipient takes timely and appropriate action on all deficiencies pertaining to the Federal award provided to the subrecipient from the pass-through entity detected through audits, on-site reviews, and written confirmation from the subrecipient, highlighting the status of actions planned or taken to address Single Audit findings related to the particular subaward.

(3) Issuing a management decision for applicable audit findings pertaining only to the Federal award provided to the subrecipient from the pass-through entity as required by 2 CFR 200.521.

(4) The pass-through entity is responsible for resolving audit findings specifically related to the subaward and not responsible for resolving crosscutting findings. If a subrecipient has a current Single Audit report posted in the Federal Audit Clearinghouse and has not otherwise been excluded from receipt of Federal funding (e.g., has been debarred or suspended), the pass-through entity may rely on the subrecipient's cognizant audit agency or cognizant oversight agency to perform audit follow-up and make management decisions related to cross-cutting findings in accordance with section 2 CFR 200.513(a)(3)(vii). Such reliance does not eliminate the responsibility of the pass-through entity to issue subawards that conform to agency and award-specific requirements, to manage risk through ongoing subaward monitoring, and to monitor the status of the findings that are specifically related to the subaward.

The County's monitoring plan will vary based on the overall subrecipient risk assessment as low risk, medium risk, or high risk, detailed as follows:

Subrecipient Deemed Low Risk	Subrecipient Deemed Medium Risk	Subrecipient Deemed High Risk
<ul style="list-style-type: none"> • Payment validations (monthly) • Report reviews (quarterly) • Desk reviews (at least once per year and more frequently if requested by County or subrecipient) • Onsite reviews (upon request of County or subrecipient) • Audit review (yearly) 	<ul style="list-style-type: none"> • More detailed financial reporting • Payment validations (monthly) • Report reviews (bi-monthly) • Desk reviews (within 6 months of project start and every six months thereafter) • Onsite reviews (within 12 months of project start and annually thereafter, or more frequently as requested by County or subrecipient) • Audit review (yearly) • Procedures engagement (if subrecipient not subject to Single Audit Act; yearly) 	<ul style="list-style-type: none"> • More detailed financial reporting • Compliance training (one-time) • Prior approvals for certain expenditures • Payment validations (monthly) • Report reviews (monthly) • Desk reviews (within 3 months of project start and at least quarterly thereafter) • Onsite reviews (within 6 months of project start and bi-annually thereafter, or more frequently as requested by County or subrecipient) • Audit review (yearly) • Procedures engagement (if subrecipient not subject to Single Audit Act; yearly)

Payment validation: All subrecipient documentation for project expenditures must be reviewed by the County for compliance with subaward requirements. Any non-compliant expenditures

will be denied and the subrecipient will be provided a reasonable description of the reason for denial and an opportunity to cure the deficiency. For a subrecipient on a reimbursement-based payment structure, the validation will occur before a reimbursement payment is approved. For a subrecipient that received an up-front payment, any funds found to have been expended in violation of the subaward requirements must be repaid to the County.

Report review: A subrecipient must submit quarterly financial and performance reports, based on the schedule set forth in the subaward. The nature and scope of the reports will depend on the project and be spelled out in the subaward. The reports will be reviewed by the Finance Director. Any deficiencies or other performance concerns will be addressed with the subrecipient in a timely manner and could trigger additional monitoring requirements or other interventions, as specified in the subaward.

Desk review: The County will conduct a meeting to review the subrecipient's award administration capacity and financial management. The meeting may be held virtually or in person. Topics covered will depend on project scope and subrecipient risk assessment and may include governance, budgeting, accounting, internal controls, conflict of interest, personnel, procurement, inventory, and record keeping. The County will produce a report which summarizes the results and any corrective actions if deemed necessary. The report will be shared in a timely manner with the subrecipient.

Onsite review: The County will conduct an on-site meeting at the subrecipient's location to review the subrecipient's project performance and compliance. Topics covered will depend on project scope and subrecipient risk assessment and may include project procurement, data systems, activity and performance tracking, project reporting, inventory, and software systems. The County will produce a report which summarizes the results and any corrective actions deemed necessary. The report will be shared in a timely manner with the subrecipient.

Audit review: The County must verify that every subrecipient is audited as required by 2 CFR 200 Subpart F (Single Audit) when it is expected that the subrecipient's Federal awards expended during the respective fiscal year equaled or exceeded the threshold set forth in 2 CFR 200.501. The County must obtain a copy of the subrecipient's Single Audit from the Federal Audit Clearinghouse (FAC). Within six months of the acceptance of the audit report by the FAC, the County will issue a management decision for any audit findings related to the subaward. The decision will clearly state whether or not the audit finding is sustained, the reasons for the decision, and the expected auditee action to repay disallowed costs, make financial adjustments, or take other action. (The decision will include reference numbers the auditor assigned to each finding.) The decision will provide a timetable for responsive actions by the subrecipient. Prior to issuing the management decision, the County may request additional information or documentation from the auditee, including a request for auditor assurance related to the documentation, as a way of mitigating disallowed costs.

Procedures engagement: Applicable only to subrecipients who are not subject to the Single Audit Act. An auditor will perform specific procedures and report on findings. The scope must be limited to the following compliance requirements: activities allowed or unallowed; allowable costs/cost principles; eligibility; and reporting. The review will be arranged and paid for by the County. The County will verify completion of the procedures engagement. Within six months of the acceptance of the procedures engagement report, the County will issue a management decision for any findings related to the subaward. The decision will provide a timetable for

responsive actions by the subrecipient. Prior to issuing the management decision, the County may request additional information or documentation from the subrecipient, including a request for auditor assurance related to the documentation, as a way of mitigating disallowed costs.

The specific monitoring plan for each subrecipient, including the type and frequency of reviews, will be detailed in the subaward agreement. For all requirements beyond those listed under the Low Risk category above, the County will notify the subrecipient of the following in the subaward:

- (1) The nature of the additional requirements;
- (2) The reason why the additional requirements are being imposed;
- (3) The nature of the action needed to remove the additional requirement, if applicable;
- (4) The time allowed for completing the actions if applicable; and
- (5) The method for requesting reconsideration of the additional requirements imposed.

To implement the monitoring plan, the Finance Director must perform periodic reviews and document findings in the Subrecipient Monitoring Form (**Appendix 3: Subrecipient Monitoring Form**).

VI. SUBRECIPIENT INTERVENTIONS

The County may adjust specific subaward conditions as needed, in accordance with 2 CFR 200.208 and 2 CFR 200.339. If the County determines that the subrecipient is not in compliance with the subaward, the County may institute an intervention. The degree of the subrecipient's performance or compliance deficiency will determine the degree of intervention. All possible interventions must be indicated in the subaward agreement.

The County must provide written notice to the subrecipient of any intervention within thirty days of the completion of a report review, desk review, onsite review, audit review, or procedures engagement review or as soon as possible after the County otherwise learns of a subaward compliance or performance deficiency.

Pursuant to 2 CFR 200.208, the written notice must notify the subrecipient of the following related to the intervention:

- (1) The nature of the additional requirements;
- (2) The reason why the additional requirements are being imposed;
- (3) The nature of the action needed to remove the additional requirement, if applicable;
- (4) The time allowed for completing the actions if applicable; and
- (5) The method for requesting reconsideration of the additional requirements imposed.

The following interventions may be imposed on a subrecipient, based on the level of the compliance or performance deficiency:

Level 1 Interventions. These interventions may be required for minor compliance or performance issues.

- (1) Subrecipient addresses specific internal control, documentation, financial management, compliance, or performance issues within a specified time period
- (2) More frequent or more thorough reporting by the subrecipient
- (3) More frequent monitoring by the County
- (4) Required subrecipient technical assistance or training

Level 2 Interventions. These interventions may be required, in addition to Level 1 interventions, for more serious compliance or performance issues.

- (1) Restrictions on funding payment requests by subrecipient
- (2) Disallowing payments to subrecipient
- (3) Requiring repayment for disallowed cost items
- (4) Imposing probationary status on subrecipient

Level 3 Interventions. These interventions may be required, in addition to Level 1 and 2 interventions, for significant and/or persistent compliance or performance issues.

- (1) Temporary or indefinite funding suspension to subrecipient
- (2) Nonrenewal of funding to subrecipient in subsequent year
- (3) Terminate funding to subrecipient in the current year
- (4) Initiate legal action against subrecipient

VII. SUBAWARD AGREEMENT & EXECUTION

The subaward agreement will be drafted by the County's local attorney or the subrecipient's attorney . Contract terms and conditions may vary based on several factors, including subrecipient risk assessment findings, as documented in the Subrecipient Assessment of Risk. After review by the County Manager and County Attorney, the County manager may fully execute the subaward agreement, subject to any required budget amendments by the County's governing board and preaudit requirements.

APPENDIX 1: Subrecipient or Contractor Classification Checklist

If the Watauga County wishes to contract with another government entity or a private entity and use ARP/CSLFRF funds to pay for that contract, the County must determine if the relationship with the outside entity is a contractor or subrecipient. To make this determination the County must review the project proposal, budget classification, and other related proposal documents, as well as engage in discussions with key personnel about the nature of the proposed agreement. The determination of whether a proposed agreement involves a contractor or subrecipient relationship must be recorded on this form and maintained in the project file for the duration of the records retention period for ARP/CSLFRF records.

Instructions: Complete Sections one through three. The section with the greatest number of marked characteristics indicates the likely type of relationship. The substance of the relationship should be given greater consideration than the form of agreement between the County and outside entity. In borderline cases, the County may either provide a written justification for its determination in Section three or, if appropriate, restructure the agreement to more clearly define it as either a contractor or subrecipient relationship.

Name of Outside Entity: _____

Section 1 -- Brief Description of Nature of Proposed Agreement:

Section 1 -- Subrecipient. A subaward is for the purpose of carrying out a portion of a Federal award and creates a Federal assistance relationship between the recipient and the subrecipient. Subrecipients may have one or more of the following characteristics:

- May determine who may be eligible to receive Federal assistance under the program guidelines. *For example: A subrecipient that identifies mentors and mentees under a mentoring program.*
- Has its performance measured in relation to whether objectives of a Federal program were met? *The recipient will rely upon the subrecipient’s data to submit its own performance data to Treasury.*
- Has responsibility for programmatic decision making. *For example: If the recipient funds a subrecipient to develop (or improve) a particular program and the subrecipient will use its own judgment, discretion, and expertise to develop all or part of the program.*
- In accordance with its subaward agreement (which may be in the legal form of a contract), the subrecipient uses the Federal funds to carry out a program for a public purpose specified in authorizing statutes, as opposed to providing goods or services for the benefit of the recipient. *For example: To provide crime- or criminal-justice-related services (and, in the case of crime victims, compensation) to individual members of the public, such as victims of crime, or at-risk youth.*
- The subrecipient will not earn a profit under the agreement.
- The subrecipient is required to contribute cash or in-kind match in support of the subaward.

Section 2 -- Contractor. A contract is for the purpose of obtaining goods and services for the recipient’s own use and creates a procurement relationship between the recipient and the contractor. *Entities that include these characteristics are not subject to compliance requirements of the Federal program because of the agreement,*

though similar requirements may apply for other reasons. A contractor relationship may have one or more of the following characteristics:

- Provides goods and services within normal business operations.
- Provides similar goods or services to many different purchasers.
- Normally operates in a competitive environment.
- Provides goods or services that are ancillary to the operation of the Federal program.
Examples include but are not limited to: Office equipment, supplies, software licenses, reference books, chemical reagents, cell phones, body-worn cameras, body armor, internet services, cell phone service, website hosting, copying/printing, lodging.
- The entity may earn a profit under the contract.

FINAL DETERMINATION:

- Subrecipient**
- Contractor**

Section 3 – Justification. In determining whether an agreement between a recipient and another non-Federal entity reflects a subrecipient or a contractor relationship, the substance of the relationship is more important than the form of the agreement. Considering the characteristics checked above, provide a written justification for the final determination of either a subrecipient or contractor relationship.

Explanation of Justification Determination:

Signature: _____ **Date:** _____

Print Name and Title: _____

APPENDIX 2: Subrecipient Risk Assessment

Subrecipient Information:

Subrecipient Name	
Subrecipient Unique Entity Identifier:	
Brief Description of Subaward Project and Role of Subrecipient:	
Name and Title of Subrecipient Personnel Providing Information for this Risk Assessment	

	Is the entity prohibited from receiving Federal funds due to suspension or debarment per the Excluded Parties List located in the System for Award Management (SAM)? (https://sam.gov/content/home)
	Is the entity in good standing with Watauga County? Discuss with appropriate staff.
	Has Data Collection Form on Federal Audit Clearinghouse (FAC) been reviewed? (https://facweb.census.gov/uploadpdf.aspx)
If yes,	List Findings:

Risk Category	Rating Label	Comments
General Assessments		
1. Is the proposed subrecipient entity's (hereinafter "entity") facility, equipment, supplies, and staffing adequate for the needs of the award?		
2. Has the entity adopted and implemented all required Uniform Guidance policies and procedures?		
3. Has the entity adopted and implemented records retention, conflict of interest, and nondiscrimination policies, consistent with the ARP/CSLFRF award terms?		
4. Is the entity properly licensed or certified by a recognized source (i.e., the Internal Revenue Service non-profit determination letter, bonded and insured if performing construction-related activities, etc.)?		
5. Does the entity have a Code of Ethics policy which is provided to all associated employees?		
6. Has the entity's management demonstrated a commitment to compliance with the subaward terms and all applicable laws and regulations?		
Financial Management, Systems, & Personnel		
7. Does the entity have a financial		

management system that provides records that can identify the sources and application of funds for subaward funded activities?		
8. Does the entity's financial management system provide for the control and accountability of project funds, property, and other assets?		
9. What is the current staffing level of the entity?		
10. Has there been any change in the entity's key staffing positions in the last 2 years?		
11. What is the entity's staff's experience in performing stated activities in the proposed subaward?		
12. Does the entity have a formal, written personnel policy that addresses: (a) Pay rates & benefits (b) Time & attendance (c) Leave (d) Discrimination (e) Nepotism (f) Conflict of Interest?		
13. Does the entity have sufficient internal controls related to the subaward funds?		
14. Does the entity have sufficient cash flow to carry out the subaward terms?		
Experience with Other Federal Grants		
15. Has the entity previously done work for the federal government?		If low or moderate (yes), list the last three agencies and award periods.
(a) If low or moderate (yes), what is the entity's past performance on meeting federal program outcomes and managing federal funds in compliance with federal regulations?		
16. Is the entity experienced in managing federal funds of the scope of this proposed subaward?		
17. Identify any monitoring interventions the entity is currently subject to related to other federal grant awards.		
18. Does the entity maintain an inventory of federal government property that, at a minimum, identifies purchase date, cost, vendor, description, serial number, location, and ultimate disposition data?		
Audits		
19. Does the entity have a designated federal cognizant audit agency?		If low (yes), provide name of audit agency.
20. Has the entity completed a Single Audit in the past five years?		If low or moderate (yes), provide a copy of the most recent audit and do not complete the rest of the Audit Section.
(a) If high (no) to 20., does the entity have annual financial statements that have been		If yes, please provide a copy of the statements for the most current fiscal

reviewed of audited by an independent audit firm?		year. If no, please explain.
Indirect Rate Information		
21. Does the entity have a negotiated federal indirect/F&A rate? (<i>Note: This question does not impacted weight of risk assessment</i>)		If yes , what is the rate? If no , indicate that de minimis 10% indirect rate will apply
Overall Risk Assessment		
22. Based on the overall assessment, does the reviewer anticipate any implementation problems with the proposed subaward?		
23. What percentage of the entity's overall annual budget will this subaward comprise?		
24. Considering all factors above, assess overall level of risk		

Document any additional findings, mitigating factors, and recommendations here.

Assessment Completed By: _____ Date of Assessment: _____

APPENDIX 3: Subrecipient Monitoring Form

This report reflects the County's substantive assessment of the subrecipient's project implementation and subaward compliance. The County's county manager assigned to the subaward or finance officer must complete this report for each payment validation, report review, desk review, site review, and audit or procedures engagement review during the subaward term (and, as appropriate, after the expiration or termination of the subaward). Upon completion, and following review by the Finance Officer, the original will be filed in the subaward file. Any required subrecipient corrective actions will be detailed in writing and provided to the subrecipient within thirty days of the completion of this report.

I. Subaward Overview (complete this section for all reviews)

STAFF INFORMATION

Reviewed conducted by:		Date:
Type (programmatic, financial, or both)		Date:
Review confirmed by:		Date:

SUBRECIPIENT INFORMATION

Subrecipient Name:	
Subrecipient Program Personnel (who participated in the review):	
Subrecipient Contact Phone Number:	
Subrecipient Fiscal/Audit Personnel (who participated in the review):	
Subrecipient Fiscal Contact Phone Number:	

GRANT REVIEW INFORMATION

Grant	Project #	Award \$	POP Begin	POP End	Review Period	
					Beginning Date	Ending Date

TYPE OF MONITORING

	Type of Monitoring	Date Completed	Comments
<input type="checkbox"/>	Payment Validation (Complete this column, but not the rest of the form.)		
<input type="checkbox"/>	Report Review (Complete this column, but not the rest of the form.)		
<input type="checkbox"/>	Audit or Procedures Engagement Review (Complete this column,		

	but not the rest of the form.)		
<input type="checkbox"/>	Desk Review (If desk review, complete the rest of the form.)		
<input type="checkbox"/>	Onsite Review (If onsite review, complete the rest of the form.)		

II. **Desk and Onsite Reviews** (complete this section for desk and onsite reviews only)

PRE-MEETING NOTES

List any issues, concerns, or other specialty items for follow-up during review.

- 1.
- 2.

SUMMARY OF PROGRESS

Subrecipient must submit a written summary of the major work plan milestones during the review period at least one week prior to the review. The summary must address 1) number of clients served as compared with projections; 2) staffing; 3) activities undertaken; and 4) significant accomplishments. A copy of that summary will be appended to this written review report.

MONITORING OVERVIEW

PROGRAM IMPLEMENTATION

Indicate milestones met this quarter and identify milestones as scheduled to occur in the following quarter.

ACTIVITIES/PRODUCTS

Identify any reports or products that were submitted during the quarter, and identify those due the following quarter.

CORRECTIVE ACTIONS FROM PRIOR REVIEWS

Indicate actions taken in response to prior review issues.

ASSESSMENT OF QUALITY OF IMPLEMENTATION

Is the project being implemented on schedule? Are the activities impacting the goals and objectives as outlined in approved application?

ISSUES/PROBLEMS

Discuss significant new issues/problems with respect to projected milestones, audits, staffing, client flow, departures from approved goals, late reports, etc.

MONITORING SPECIFICS (Complete all fields that are applicable to the subaward.)

Activity Goals	<input type="checkbox"/> N/A	Yes	No	N/A
Scope of Service, Number of People to be Served, and any Special Terms stated within the Subaward Agreement.				
1. Has there been a change in the activity goals, scope of service, number of people to be served or other special terms as indicated in the Agreement between the Subrecipient and the Recipient?		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(a) If yes, was the Recipient informed of the change?		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. Did the activity conform to any additional or special terms as reflected in the Subaward Agreement?		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. Is the subrecipient providing the full scope of services as stated in the application and Subaward Agreement?		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. Are the actual accomplishments at the time of this review the same as the planned accomplishments? Is the activity achieving the expected quantifiable levels of performance (number of persons served, achieving goals set for clients, etc.) reaching the intended client group?		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. Is the overall activity performance schedule being met in a timely manner (i.e. goal for number of clients served, expenditure of funds in timely manner, reporting requirements)?		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. Did the activity operate within the approved budget as detailed in the Subaward Agreement? (i.e., budgetary line items both accurate and realistic for activity expenses; source and use of match funds accurate)		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7. Did the activity funding source change?		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8. Was there a change in make-up or responsibility of staff for the activity?		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9. Were invoices for reimbursement payments submitted with support documentation?		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10. Were reports outlined in the Subaward Agreement submitted on time?		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
General Comments				

General Compliance	Yes	No	N/A
Request a copy of all applicable policies and procedures required by the ARP/CSLFRF award terms and Uniform Guidance.			
11. Does the subrecipient have written policies and procedures to adequately administer the ARP/CSLFRF subaward?			
12. Does the subrecipient have a written conflict of interest policy for their employees?			
13. Are there sufficient internal controls in place to protect against waste, fraud and abuse of Federal funds (segregation of duties, etc.)?			
14. If program income will be generated by the subrecipient, have provisions been made to ensure that it is used in accordance with ARP/CSLFRF and Uniform Guidance requirements?			
What procedures does the subrecipient use to identify and account for federal property purchased with subaward funds?			
Does the subrecipient have adequate safeguards for preventing loss, damage, or theft of property held (inventory control, etc.)?			
Describe any technical assistance/training provided to subrecipient during the project period.			
General Comments			

--

Employee Reimbursement	<input type="checkbox"/> N/A	Yes	No	N/A
Request a copy of the employee reimbursement policy, and/or have the subrecipient describe the procedure for approving and documenting expenses that are reimbursed.				
15. Are detailed receipts (i.e., receipts that do not merely show a total, but the detail of what was purchased) provided for reimbursement?				
16. Are reimbursements reviewed and approved by a supervisor or project manager prior to being submitted to the Fiscal Officer/Accounting Staff for payment?				
17. Does the subrecipient have a Reimbursement Policy?				
Examine two or more reimbursements that were paid out of the grant being monitored.				
18. Were the detailed receipts provided to support the amounts requested?				
19. Were the expenses in compliance with grant requirements/guidelines and UG?				
20. If reimbursed for training or conference expenses, was a certificate of attendance or completion, or agenda and brochure provided to support request for reimbursement?				
General Comments				

Equipment	<input type="checkbox"/> N/A	Yes	No	N/A
What is the purchasing procedure for equipment purchased with grant funds? Attach copies of relevant policies and of any purchasing documentation during the review period.				
How is equipment inventoried, insured, and managed? Attach copies of relevant policies and current inventory information.				
What is the procedure for transferring equipment purchased with grant funds to another entity? Attach copies of relevant policies and documentation for any transfers during review period.				
Request an inventory list, physical locate selected items, and examine items to ensure compliance.				
1. Were all transactions conducted in a manner providing full and open competition, and quotations obtained from an adequate number of sources?				
2. Has all equipment indicated as purchased actually been purchased?				
3. Was equipment purchased in accordance with required procurement rules/policies?				
4. Were additions and deletions to the equipment budget made and approved prior to the purchase/procurement dates?				
5. Does a detailed expenditure list indicate any equipment purchased that is not accounted for in the subaward budget?				
6. Is equipment purchased with subaward funds in prior years still in inventory and still being used for subaward purposes?				
7. Has the inventory been updated, and did it account for all items transferred to other entities?				
8. For equipment that was transferred, aside from normal office equipment, was the transferee properly trained on the equipment, and is there a record of that training?				
9. For equipment transferred to other entities; have they added it to their inventory records and is it maintained/used for intended purposes?				

General Comments

Financial Management	<input type="checkbox"/> N/A	Yes	No	N/A
What is the Accounting System for each grant program?				
1. Is there a separate accounting for all financial transactions for the subaward?				
2. Is a process in place to prevent co-mingling of funds?				
3. Does the accounting system prevent obligation or expenditure of funds outside the subaward's period of availability?				
4. Are accounting records supported by source documentation?				
5. Were any illegal transfers or unusual activities noted during a review of the subrecipient's fund activity reports?				
6. Does the system provide for prompt and timely recording and reporting of all financial transactions?				
7. Is proper Fiscal record retention being followed (through Dec. 31, 2031)?				
What is the process for approval and payment of expenditures and posting to the General Ledger?				
8. Are subaward costs identified as eligible prior to encumbering funds and placing an order?				
9. Were the applicable State/Federal suspension and debarment listings consulted prior to doing business with a vendor and/or contractor?				
10. Are all invoices reviewed by the project director for eligibility and marked 'okay to pay' prior to being submitted to the fiscal office or accounting staff for payment?				
11. Are disbursements fully support by invoices, requisitions, purchase orders, or similar documents?				
12. Are cancelled checks or warrants available for review?				
13. Were all subaward funds that were received disabused within the allowable timeframe?				
What is the reconciliation process, and how are errors or adjustments handled?				
14. Does the subrecipient perform routine reconciliations of its records against the General Ledger? By whom and how often?				
15. Does the subrecipient have sufficient internal controls related to reconciliations?				
16. Were actions taken to promptly correct any errors and/or resolve issues?				
General Comments				

Other Direct Costs	<input type="checkbox"/> N/A	Yes	No	N/A
How are rent, utilities, and other items allocated for the program?				
1. Are rent payments documented by a copy of the lease agreement, and canceled checks or receipts?				
2. Are receipts, bills, and invoices properly maintained?				
3. Is the actual rate and method being charged to the grant consistent with the rate and method approved in the budget?				
4. Are costs shared with other programs or funding sources? If yes, how are costs allocated?				
General Comments				

--

Personnel/Direct Labor	<input type="checkbox"/> N/A	Yes	No	N/A
Describe the payroll process and who is paid by the subaward.				
1. Are personnel files maintained for each employee that include current job descriptions, performance and evaluations, and changes in pay rates?				
2. Are time sheets, activity reports, or payroll files available for review? These documents should clearly show the effort toward the subaward charged.				
3. Are individual employee time sheets and attendance records:				
• Prepared and signed by each employee for each pay period?				
• Reviewed and signed by each employee's supervisor?				
• Reconciled to the payroll master ledger?				
4. Are all authorized staff positions filled for the approved budget?				
5. Are staff salaries consistent with the approved budget?				
6. Are fringe benefits the same as what is listed in the approved budget?				
General Comments				

Reporting Requirements	<input type="checkbox"/> N/A	Yes	No	N/A
Subrecipients are required to report on progress toward implementing plans described in their application/proposal.				
1. Progress reports must be submitted based on approved work plan. Have all of the reports been submitted for this reporting period?				
2. Are there any outstanding data elements that must be tracked and reported by the subrecipient? If so, detail the plan for the subrecipient to comply with this requirement.				
Comments				

Supplies & Materials	<input type="checkbox"/> N/A	Yes	No	N/A
Explain the process of allocating supply costs to the subaward.				
1. Are purchases of supplies approved and well documented by quotes, invoices, or receipts?				
2. Are expenditures for supplies consistent with the approved budget?				
3. Is there a substantial supply inventory remaining at the project termination date?				
4. Were all transactions conducted in a manner providing full and open competition, and quotations obtained from an adequate number of sources?				
General Comments				

Travel/Vehicle Mileage	<input type="checkbox"/> N/A	Yes	No	N/A
Request a copy of the subrecipient's travel policy or have them describe the procedure for approving and documenting travel expenses.				
1. Is employee travel approved in advance by a supervisor or project manager?				

2. Are travel expenditures documented with expenses reports and/or detailed receipts (i.e., receipts do not merely show total but detail of what was purchased)?			
3. Are travel expenditures appropriately supported within subaward guidelines and in the approved budget?			
4. Are mileage reimbursements supported by a mileage log or similar documentation?			
General Comments			

Single Audit Review	<input type="checkbox"/> N/A	Yes	No	N/A
Obtain a copy of the subrecipient's most recent audit from FAC. Attach it to this review form.				
1. Was the Major Programs' Compliance Opinion in the Summary of Auditor's Results in the Schedule of Findings qualified?				
2. Were there any findings and/or questioned costs for federal awards in the Schedule of Findings? Were any other operational issues such as the handling of assets, lack of policies and procedures, contract non-compliance, etc., which would impact Federal dollars received?				
3. Were past audit findings and/or questioned costs for federal awards satisfactorily resolved?				
4. Was any control issue identified which would impact the processing of Federal grant dollars (i.e., control weaknesses)?				
General Comments <i>(If yes response to questions 1, 2, and/or 4, then comment on the issues noted from the audit and how this was addressed during the onsite review).</i>				

RECOMMENDED CHANGES AND/OR NEW MONITORING INTERVENTIONS

Please document any recommendations for financial, programmatic, or other changes. Indicate if further monitoring interventions are warranted.



WATAUGA COUNTY

Nondiscrimination Policy

WHEREAS, Watauga County 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, Watauga County 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.

RESOLVED, That the governing board of the Watauga County 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.

Nondiscrimination Policy Statement

It is the policy of the Watauga County 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 Watauga County, including programs or activities that are

funded in whole or part, with Coronavirus State and Local Fiscal Recovery Funds (“CSLFRF”), which Watauga County 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](#), Watauga County 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
- 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, Watauga County 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;

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.

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. Watauga County 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. Watauga County shall comply with information requests, on-site compliance reviews, and reporting requirements.
2. The Watauga County 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. The Watauga County 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 the Watauga County in violation of this policy should contact the following office within 180 days from the date of the alleged discriminatory occurrence:

The Personnel Director oversees any complaints received as noted in the Personnel Ordinance.



WATAUGA COUNTY

ELIGIBLE PROJECT POLICY FOR THE EXPENDITURE OF AMERICAN RESCUE PLAN ACT OF 2021 CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS BY WATAUGA COUNTY

WHEREAS Watauga County, 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 US 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; and

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 US 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.

BE IT RESOLVED that the Watauga County hereby adopts and enacts the following Eligibility Determination Policy for ARP/CSLFRF funds.

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 Watauga County will spend its ARP/CSLFRF funds.

I. PERMISSIBLE USES OF ARP/CSLFRF FUNDING

US 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 US 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; and

II. PROHIBITED USES OF ARPA FUNDING

The ARP/CSLFRF and US 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 restricting in a judicial, administrative, or regulatory proceeding (There is an exception to this prohibition if the settlement or judgment requires Watauga County 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.

Watauga County, 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 [Local Government Name] 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 in in the Appendix to the US 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 Watauga County'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 County Manager for approval. All requests will be reviewed by the County Manager for ARP/CSLFRF compliance and by the Finance Director for allowable costs and other financial review.
3. No ARP/CSLFRF may be obligated or expended before final written approval by the County Manager and approved by the Board of Commissioners.
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 County Manager and may require a budget amendment before proceeding. Any delay in the projected project completion date shall be communicated to the County Manager immediately.
6. The Finance Director must collect and document required information for each EC, for purposes of completing the required Project and Expenditure reports.
7. The County Manager and Finance Director must maintain written project requests and approvals, all supporting documentation, and financial information at least until December 31, 2031.

AGENDA ITEM 8:

MISCELLANEOUS ADMINISTRATIVE MATTERS

A. Armory Planning Committee

MANAGER'S COMMENTS:

The Town of Boone has selected Council Members Edie Tugman and Dalton George as well as former Mayor Loretta Clawson to serve on the Armory Planning Committee. The Board will need to select three members to serve on this committee as well. Staff seeks direction from the Board.

Blank Page

AGENDA ITEM 8:

MISCELLANEOUS ADMINISTRATIVE MATTERS

B. Request to Schedule Public Hearing to Allow Citizen Comment on the Proposed Financing of the New Valle Crucis Elementary School.

MANAGER'S COMMENTS:

Enclosed is a copy of the public hearing notice for the proposed financing of the new Valle Crucis Elementary School. Board action is required to authorize the advertisement of the public hearing notice and schedule a public hearing for August 16, 2022.

- **Manager's Note-** the notice was sent to the Watauga Democrat prior to the meeting due to the time constraints by the newspaper.

NOTICE OF PUBLIC HEARING

The Board of Commissioners (the “*Board*”) of the County of Watauga, North Carolina (the “*County*”) is considering authorizing the County to proceed with entering into an installment financing contract (the “*Contract*”) in a principal amount not to exceed \$32,000,000, under which the County will make certain installment payments, to (a) pay a portion of the capital costs of the construction, equipping and furnishing of a new Valle Crucis Elementary School to replace the existing school (the “*Project*”) and (b) pay the costs related to the execution and delivery of the Contract. In connection with the Contract, the County will enter into a deed of trust and security agreement (the “*Deed of Trust*”) under which the County’s interest in the real property on the Project will be located and the improvements thereon (the “*Mortgaged Property*”) will be mortgaged by the County to create a lien thereon for the benefit of the entity, or its assigns, providing the funds to the County under the Contract. The Project will be located northwest of the intersection of Broadstone Road and Maple Spring Road in Valle Crucis, North Carolina.

The Contract and the Deed of Trust will permit the County to enter into amendments to refinance the Project and finance additional projects using the Mortgaged Property as collateral and the County may or may not grant additional collateral in connection with such amendments. On payment by the County of all installment payments due under the Contract, including any future amendments to finance or refinance projects, the Deed of Trust and any lien created thereunder will terminate and the County’s title to the Mortgaged Property will be unencumbered.

NOTICE IS HEREBY GIVEN, pursuant to Section 160A-20 of the General Statutes of North Carolina, that on August 16, 2022 at or about 5:30 p.m. the County will conduct a public hearing in the Commissioners' Board Room of the Watauga County Administration Building located at 814 West King Street, Boone, North Carolina, concerning the approval of the execution and delivery of the Contract and the Deed of Trust and the County’s financing of the Project. All interested parties are invited to present comments at the public hearing regarding the execution and delivery of the Contract, the Deed of Trust and the Project to be financed thereby.

John Welch, Chairman
Board of Commissioners
County of Watauga, North Carolina

RESOLUTION OF THE BOARD OF COMMISSIONERS OF THE COUNTY OF WATAUGA, NORTH CAROLINA, AUTHORIZING THE NEGOTIATION OF AN INSTALLMENT FINANCING CONTRACT AND PROVIDING FOR CERTAIN OTHER RELATED MATTERS THERETO

WHEREAS, the County of Watauga, North Carolina (the “*County*”) is a validly existing political subdivision, existing as such under and by virtue of the Constitution, statutes and laws of the State of North Carolina (the “*State*”);

WHEREAS, the County has the power, pursuant to the General Statutes of North Carolina to (1) enter into installment contracts in order to purchase, or finance or refinance the purchase of, real or personal property and to finance or refinance the construction or repair of fixtures or improvements on real property and (2) create a security interest in some or all of the property financed or refinanced to secure repayment of the purchase price;

WHEREAS, the Board of Commissioners of the County (the “*Board*”) determines that it is in the best interest of the County to enter into (a) an installment financing contract (the “*Contract*”) with the Watauga Public Facilities Corporation, a North Carolina nonprofit corporation (the “*Corporation*”), in order (1) to pay a portion of the capital costs of the construction, equipping and furnishing of a new Valle Crucis Elementary School to replace the existing school (the “*Project*”), and (2) to pay the costs related to the execution and delivery of the Contract and (b) a deed of trust and security agreement (the “*Deed of Trust*”) related to the County’s fee simple interest in the site of Project (the “*Site*”) and the improvements thereon, to secure the County’s obligations under the Contract;

WHEREAS, the Corporation will assist the County by the issuance of Limited Obligation Bonds to finance the Project;

WHEREAS, the County hereby determines that the Project is essential to the County’s proper, efficient and economic operation and to the general health and welfare of its citizens; that the financing of the Project will permit the County to carry out public functions that it is authorized by law to perform; and that entering into the Contract and the Deed of Trust are necessary and expedient for the County by virtue of the findings presented herein;

WHEREAS, the County hereby determines that the Contract allows the County to complete the Project and take title thereto at a favorable interest rate currently available in the financial marketplace and upon terms advantageous to the County;

WHEREAS, the County hereby determines that the estimated cost of the portion of the Project to be financed is an amount not to exceed \$32,000,000 and that the portion of such cost of the Project to be financed exceeds the amount that can be prudently raised from currently available appropriations, unappropriated fund balances and non-voted bonds that could be issued by the County in the current fiscal year pursuant to Article V, Section 4 of the Constitution of the State;

WHEREAS, although the cost of financing the Project pursuant to the Contract is expected to exceed the cost of financing the Project pursuant to a bond financing for the same undertaking, the County hereby determines that the cost of financing the Project pursuant to the Contract and the Deed of Trust and the obligations of the County thereunder are preferable to a general obligation bond financing or revenue bond financing for several reasons, including but not limited to the following: (1) the cost of a special election necessary to approve a general obligation bond financing, as required by the laws of the State, would result in the expenditure of significant funds; (2) the time required for a general obligation

bond election would cause an unnecessary delay which would thereby decrease the financial benefits of the Project; and (3) no revenues produced by the Project to permit a revenue bond financing;

WHEREAS, the County has determined and hereby determines that the estimated cost of financing the Project pursuant to the Contract reasonably compares with an estimate of similar costs under a bond financing for the same undertaking as a result of the findings delineated in the above preambles;

WHEREAS, the County has previously raised property taxes for the Project and does not anticipate any future property tax increase to pay installment payments falling due under the Contract, but any further property tax increase, if necessary, will not be excessive;

WHEREAS, no deficiency judgment may be rendered against the County in any action for its breach of the Contract, and the taxing power of the County is not and may not be pledged in any way directly or indirectly or contingently to secure any moneys due under the Contract;

WHEREAS, the County is not in default under any of its debt service obligations;

WHEREAS, the County's budget process and Annual Budget Ordinance are in compliance with the Local Government Budget and Fiscal Control Act;

WHEREAS, past audit reports of the County indicate that its debt management and contract obligation payment policies have been carried out in strict compliance with the law, and the County has not been censured by the North Carolina Local Government Commission (the "LGC"), external auditors or any other regulatory agencies in connection with such debt management and contract obligation payment policies;

WHEREAS, a public hearing on entering into Contract after publication of a notice with respect to such public hearing was held by the Board on August 16, 2022 and approval of the LGC with respect to entering into the Contract must be received;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE COUNTY OF WATAUGA, NORTH CAROLINA, AS FOLLOWS:

Section 1. ***Authorization to Negotiate Contract.*** That the County Manager and the Finance Director, individually or collectively, with advice from the County Attorney and Bond Counsel, are hereby authorized and directed to proceed and negotiate on behalf of the County the Contract for a principal amount not to exceed \$32,000,000 for the financing of the Project to be entered into in accordance with the provisions of Section 160A-20 of the General Statutes of North Carolina and to provide in connection with the Contract, as security for the County's obligations thereunder, the Deed of Trust conveying a lien and interest in the Site and the improvements thereon, as may be required by the entity, or its assigns, providing the funds to the County under the Contract.

Section 2. ***Application to LGC.*** That the County Manager and the Finance Director or his or her designees, individually or collectively, are hereby directed to file with the LGC an application for its approval of the Contract and all relevant transactions contemplated thereby on a form prescribed by the LGC and to state in such application such facts and to attach thereto such exhibits regarding the County and its financial condition as may be required by the LGC.

Section 3. ***Direction to Retain Professionals.*** That the County Manager and the Finance Director have retained the assistance of Robert W. Baird & Co. Incorporated to serve as underwriter for

the 2022 Bonds and Parker Poe Adams & Bernstein LLP to serve as bond counsel, and such actions are hereby ratified. The County Manager and the Finance Director, individually or collectively, with advice from the County Attorney and Bond Counsel, are hereby authorized to retain the assistance of and engage such professionals as he or she deem necessary and desirable to carry out the intention of this Resolution.

Section 4 ***Repealer.*** That all motions, orders, resolutions and parts thereof in conflict herewith are hereby repealed.

Section 5. ***Effective Date.*** That this Resolution is effective on the date of its adoption.

Adopted this 16th day of August, 2022.

John Welch, Chairman
Watauga County Board of Commissioners

ATTEST:

Anita J. Fogle, Clerk to the Board

STATE OF NORTH CAROLINA)
)
COUNTY OF WATAUGA) SS:

I, *Anita Fogle*, Clerk to the Board of Commissioners of the County of Watauga, North Carolina, ***DO HEREBY CERTIFY*** that the foregoing is a true and exact copy of a resolution entitled “**RESOLUTION OF THE BOARD OF COMMISSIONERS OF THE COUNTY OF WATAUGA, NORTH CAROLINA, AUTHORIZING THE NEGOTIATION OF AN INSTALLMENT FINANCING CONTRACT AND PROVIDING FOR CERTAIN OTHER RELATED MATTERS THERETO**” duly adopted by the Board of Commissioners of the County of Watauga, North Carolina, at a meeting held on the 16th day of August, 2022.

WITNESS my hand and the corporate seal of the County of Watauga, North Carolina, this the ___ day of August, 2022.

[Seal]

Anita J. Fogle
Clerk to the Board of Commissioners
County of Watauga, North Carolina

AGENDA ITEM 8:**MISCELLANEOUS ADMINISTRATIVE MATTERS***C. Announcements***MANAGER'S COMMENTS:**

The 115th NCACC Annual Conference will be held August 11-13, 2022, in Cabarrus County at the Concord Convention Center. Visit <https://www.ncacc.org/events-training/annual-conference/> for more information. Please let Anita know if you plan attend.

The High Country Council of Governments' 47th Annual Banquet is scheduled for Friday, September 9, 2022, in the Grandview Ballroom at The Northwest Endzone, Appalachian State University. Please let Anita know if you plan to attend prior to the RSVP deadline of August 26, 2022.

The NCACC's Legislative Goals Conference will be held over two days, November 16-17, 2022, in Wake County. Delegates will vote on the slate of goal proposals that have been thoroughly vetted with the final slate of proposals to be brought before the Association's membership in November.



*You are cordially invited to the
47th Annual Banquet
and meeting of High Country
Council of Governments*

Event Details

Cost

\$50.00 Per Person

Date and Location

Friday, September 9, 2022
Grandview Ballroom
The Northwest Endzone
Appalachian State University

RSVP Deadline
August 26, 2022

Schedule of Events

Reception (Cash Bar)
6:00 - 7:00pm

Presentation of Awards
7:00 - 7:30pm

Buffet Dinner
7:30 - 8:30pm

Networking
8:30 - 9:00pm

Important Information

- 
- ◆ Refunds can be given if cancellations are provided prior to RSVP deadline of August 26, 2022.
 - ◆ If your quest is not being paid for by your local government entity or organization, please remit payment with RSVP.
 - ◆ We are unable to accept payments of any kind at the door.
 - ◆ Parking attendant will direct you to a handicap accessible parking area, the drop-off lane, or the parking deck.
 - ◆ Directions: From Rivers Street, turn onto Stadium Drive, then turn right onto Jack Branch Drive, go straight until you see the parking attendant.
 - ◆ Questions? Please contact Victoria at 828-265-5434 x.101 or vpotter@hccoq.org.

AGENDA ITEM 9:

PUBLIC COMMENT

AGENDA ITEM 10:

BREAK

AGENDA ITEM 11:

CLOSED SESSION

Attorney/Client Matters – G. S. 143-318.11(a)(3)