# FARRAGUT BOARD OF MAYOR AND ALDERMEN
## Farragut Town Hall
## 11408 Municipal Center Drive

**WORKSHOP**
**4:30 PM**
**Economic Development Strategic Plan**
**FY2024 Budget Workshop**
**Program Changes & Fee Schedule**

**AGENDA**
**April 27, 2023**
**6:00 PM**

**I. Roll Call**

**II. Approval of Agenda**

**III. Approval of Minutes**

**A.** April 13, 2023

**IV. Mayor's Report**

**V. Ordinances**

**A. First Reading**

1.) **Ordinance 23-06**, an ordinance to amend the Farragut Municipal Code, Chapter 105, Article 2. - International Building Code, Section 105-20 (i), to extend the expiration time frame for certain permits, and Section 105-20 (s), to correct a clerical error by referencing the appropriate section and to amend Chapter 105, Article 3. – International Residential Code, Section 105-53 (c), to extend the expiration time frame for certain permits, and Section 105—53 (h) to remove this section and renumber accordingly

**B. Public Hearing & Second Reading**

1.) **Ordinance 23-04**, Ordinance to amend the Capital Investment Program Budge and State Street Aid Fund Budget for the Fiscal Year 2022-2023 Budget, passed by ordinance 22-09

## VI. Business Items

**A.** Approval of Proposal from Pugh CPA to provide Financial and Compliance Audit Services

**B.** Approval of Bids and Award of Contract 2023-05, Resurfacing of Various Streets

**C.** Approval of Professional Services Agreement with LDA Engineering, Inc. for Engineering Services for Development of Virtue Road/Boyd Station Road Improvements

## VII. Town Administrator's Report

## VIII. Town Attorney's Report

## IX. Citizens Forum

**This meeting can be viewed live on the Farragut YouTube Channel and the Town of Farragut website www.townoffarragut.org/livestream.**
**The meeting will be held at the Farragut Town Hall, 11408 Municipal Center Drive**

The Board of Mayor and Aldermen welcomes and invites Farragut residents to participate in public meetings.

At the end of each business meeting, there will be time reserved for public comment under the Citizen Forum agenda item. If you are interested in speaking, please fill out a blue comment card and turn it in to the Town Recorder or staff member. This time is set aside specifically for comments on items that are not on the Board of Mayor and Aldermen regular agenda for the meeting. Each speaker will be given five (5) minutes to speak on his/her topic.

During the regular agenda portion of the meeting there may be an allowance for public comment for each agenda item. The Mayor may recognize individuals for public comment based on the following guidelines.

1. The Mayor shall maintain and control the meeting to provide a professional and objective environment;
2. Any Farragut resident interested in speaking should fill out a blue comment card stating which agenda item they would like to comment on and turn in to the Town Recorder or a staff member;
3. Speakers shall come to the podium and identify themselves by name and street address;
4. Public comment shall be limited to five (5) minutes per individual. Time for public comment may be amended at the discretion of the Mayor. Time is not transferable to other speakers;
5. Speakers should strive to avoid redundancy; each speaker should have their own original viewpoint;
6. Comments shall address issues, not individuals or personalities;
7. Comments may support or oppose issues or measures, but the motives of those with differing views shall not be questioned or attacked;
8. Personal attacks and malicious comments shall not be tolerated;
9. An applicant, and/or their representative(s), for an item on the regular agenda shall be afforded the time necessary to present their request and respond to questions. The five (5) minute limitation shall not apply. However, the Mayor may ask an applicant to stay on point in order to facilitate the efficiency of the meeting.

Each speaker will be asked if they can agree to abide by the Comment Protocol. If so, please be prepared to speak when your name is called.

AGENDA NUMBER _____WORKSHOP_____ MEETING DATE ___April 27, 2023_____

## BOARD OF MAYOR AND ALDERMEN WORKSHOP

**PREPARED BY:** **Trevor Hobbs, Assistant to the Town Administrator**

**SUBJECT:** **WORKSHOP: Farragut Business Alliance & Farragut West Knox Chamber of Commerce work programs for participating in the Town's Economic Development Strategic Plan**

**INTRODUCTION:** The purpose of this workshop session is to review the proposed programs of work for the Farragut Business Alliance and Farragut West Knox Chamber of Commerce as they relate to FY 24 and participation in the Town's economic development strategic plan.

**BACKGROUND**: Staff presented a draft of an economic development strategic plan to the Board of Mayor and Aldermen at their December 2022 workshop for review and discussion. Following that workshop, the Farragut Business Alliance and Farragut West Knox Chamber of Commerce both worked independently with their governing boards to develop proposed programs of work to outline specific activities and initiatives they would implement to participate in the Town's economic development strategic plan.

**DISCUSSION:** For your review are documents from both organizations that provide a summary of their activities and initiatives they plan to implement in FY 24 and as part of their organization's joint participation with the Town in the yet-to-be adopted economic development strategic plan.

Provided for you in your packets are four documents for the Farragut Business Alliance; namely their Plan of Work, their Invest in Shop Farragut document, their Shop Farragut Productions document, and their Split Budget Detail.

From the Farragut West Knox Chamber of Commerce you also have their Proposal Grid, accompanied by a summary cover letter, and a document titled *The Real Value of Joining a Chamber of Commerce.*

Following the workshop and based on direction from the Board of Mayor and Aldermen, staff will update the Town's Economic Development Strategic Plan Framework and Matrix and return them at a later date for the Board's final approval and adoption.

# TOWN OF FARRAGUT
## Economic Development Strategic Plan Framework
## **DRAFT**

**VISION**: Farragut – redefining quality of life with a beautiful, close knit, connected community where families and businesses thrive.

**MISSION**: Our mission is to attract and support businesses that enhance Farragut's quality of life and increase economic development opportunities for the Town.

**CRITICAL SUCCESS FACTORS**

### 1. *Enhancing Local Revenues & Financial Position*

Because the Town's financial model is heavily dependent on retail, tourism, and service industry revenues, as local businesses thrive, the Town's local revenues increase, enabling the Town to provide quality services to the community, making it an attractive home for families and businesses alike.

**Priority Initiatives**

- Shop Farragut program provides special events that promote local businesses.
- Visit Farragut Program attracts visitors to local retail, dining, entertainment, and lodging businesses.
- Town staff pursue grants to off-set general fund expenditures
- Visit Farragut promotes local retail, dining, entertainment, and hospitality-oriented businesses.

### *2. Building Community & Creating a Sense of Place*

Farragut is a vibrant, social community with attractive physical spaces with the capacity for community gatherings, special events, and activities. When commercial, recreational, and entertainment-oriented spaces have the capacity for gathering people, they are more attractive to residents, visitors, and prospective businesses.

**Priority Initiatives**

- Installation of pedestrian crosswalks in Town Center district.
- Shop Farragut program, the Town, and local partners collaborate to provide and promote a variety of special events that attract visitors and residents to commercial and cultural activity hubs.
- Develop a wayfinding signage and placemaking plan
- Finish renovations for the Campbell Station Inn.

### *3. Supporting & Retaining Existing Businesses*

Farragut has a reputation for providing excellent service to businesses through partnerships with local organizations that make Farragut an attractive home for retail, dining, service, and entertainment-oriented businesses.

**Priority Initiatives**

- Farragut West Knox Chamber of Commerce provides business support through referrals, ribbon cuttings, networking events, and educational programming
- Shop Farragut grand opening sign program
- Shop Farragut, the Town, and local partners collaborate to provide and promote a variety of special events that attract visitors and residents to commercial and cultural activity hubs.
- Shop Farragut "Town Sampler"
- Shop Farragut holiday program
- Business Liaison provides business support, education, and referrals to resources.

### *4. Attracting & Recruiting New Businesses*

The Town attracts unique, high-quality retail, dining, service, and entertainment-oriented businesses that provide for the needs of residents and visitors.

**Priority Initiatives**

- Develop a retail recruitment plan
- Farragut West Knox Chamber of Commerce sends referrals to Town staff of prospective business operators
- Work with developers to facilitate the selection of unique, high-quality businesses
- Establish an Entertainment District task force to identify businesses that will improve offerings in the Town's Entertainment district
- Promote Farragut/Turkey Creek as the Best Shopping and Dining in East Tennessee
- Distribute Farragut Business Development Guide
- Participate in the Tennessee Retail Alliance and ICSC conferences

### *5. Promoting our Community Assets*

The Town of Farragut collaborates with local partners to promote the community as a high-quality residential community, and the region's premier destination for shopping, dining, entertainment, and lodging.

**Priority Initiatives**

- Visit Farragut marketing initiatives to social media, website, and print to promote local businesses, events, and other cultural assets
- Visit Farragut deploys its Mobile Visitor Center to engage with visitors and community members
- The Farragut West Knox Chamber of Commerce publishes an annual directory and relocation guide
- Shop Farragut program, the Town, and local partners collaborate to provide and promote a variety of special events that attract visitors and residents to commercial and cultural activity hubs.
- Develop Visit Farragut ambassador program and provide training to increase word of mouth advertising of local retail, dining, service, and entertainment-oriented business.
- Visit Farragut, Shop Farragut program, and Farragut West Knox Chamber of Commerce collaborate to promote "Find it in Farragut" marketing campaign to encourage resident and visitor shopping, dining, and patronage of Farragut businesses.

ECONOMIC DEVELOPMENT — CRITICAL SUCCESS FACTOR

## 1. Enhancing Local Revenues & Financial Position

*Background:* The intent of this critical success factor is to bring focus to the Town's revenues and the factors that influence them over time. Because the Town's financial model is heavily dependent on retail, tourism, and service industry related revenues, the Town has an interest in identifying projects, initiatives, and programs that directly influence these key sources of revenue.

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| **KEY RESULTS** | | | | |
| Local Sales Tax Revenue has Increased. | Mixed Drink Tax Revenue has Increased. | Tourism Fund Revenue has increased. | The Town's Unassigned Fund Balance has Increased. | The Town's Grant Funding has Increased. |
| **PERFORMANCE INDICATORS** | | | | |
| ***Local Sales Tax Revenue***- The total dollar amount remitted to the Town of Farragut for Local Option Sales Tax, calculated monthly.<br><br>***Retail Occupancy Rate***- The percentage of tenant spaces in both commercial and office zones occupied by a business the majority of whose sales transactions involve sales tax, calculated quarterly.<br><br>***Commercial Occupancy Rate***- The percentage of all tenant spaces located in commercial and office districts which are occupied by a business, calculated quarterly. | ***Mixed Drink Tax Revenue***- The total dollar amount remitted to the Town of Farragut from the liquor by the drink tax, calculated monthly. | ***Tourism Fund Revenue***- The total dollar amount remitted to the Town of Farragut from the hotel occupancy tax, calculated monthly. | ***TOF Unassigned Fund Balance as a percentage of Total Revenue***- The percentage of total expenditures in a given fiscal year budget held in the unassigned fund balance, calculated per fiscal year. | ***TOF Grant Funding***- The total dollar amount received by the Town from federal, state, and other grants, calculated per fiscal year. |
| **PROJECTS & INITIATIVES** | | | | |
| • Shop Farragut Program<br>• Visit Farragut Business Spotlights<br>• Providing Quality Community Events<br>• | • Distribute Visit Farragut Dining Guide w/ Quarterly Happenings insert | • Driving traffic from Visit Farragut webpage to local hotel booking sites through "Plan Your Stay" feature<br>• Advertisement in Tennessee Vacation Guide<br>• Providing Quality Community Events to attract visitors to stay in Farragut | **All economic development activities drive revenue to facilitate a growth in the Unassigned Fund Balance** | • Town of Farragut staff apply for grants for tourism, parks & recreation, and engineering projects to off-set general fund expenditures |
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| CRITICAL SUCCESS FACTOR | | | | |
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| **2. Building Community & Creating a Sense of Place**<br><br>*Background:* The intent of this critical success factor is to bring focus to creating a vibrant social community with attractive physical spaces that allow for community gathering, public events, and activities. The Town recognizes that the positive culture and social bonds of a community are products of the physical gathering spaces where people meet, eat, share ideas, and celebrate together. When commercial, recreational, and entertainment-oriented spaces have the capacity for bringing people together, they will be more attractive to residents, visitors, and additional or prospective businesses, and will be of greater value to consumers. | | | | |
| KEY RESULTS | | | | |
| Farragut has a defined Town Center District with unique dining, shopping, and entertainment opportunities. | Farragut has a safe pedestrian network that connects neighborhoods and commercial activity hubs. | Farragut has achieved the Tree City USA designation. | Farragut has a zoning ordinance that promotes and prioritizes retail development in established commercial districts. | The Farragut community offers a wide variety of daytime, evening, weekday, and weekend social, cultural, civic, and entertainment opportunities, produced by the Town, partners, private organizations, and businesses |
| PERFORMANCE INDICATORS | | | | |
| | ***Pedestrian Connectivity***- The total number of individual links of pedestrian facility throughout the Town's Pedestrian Connectivity Plan, calculated annually. | ***Tree City USA Status***- The Town of Farragut's status as a member of the Tree City USA organization, audited annually. | ***Retail Occupancy Rate***- The percentage of tenant spaces in both commercial and office zones occupied by a business the majority of whose sales transactions involve sales tax. | ***Local Sales Tax Revenue, Tourism Fund Revenue, Mixed Drink Tax Revenue, Commercial Occupancy Rate, Retail Occupancy Rate*** |
| PROJECTS & INITIATIVES | | | | |
| • Installation of decorative pedestrian facilities along Kingston Pike/Town Center corridor<br>• Promote Architectural Design Standards requirement for 75% brick construction in Town Center district<br>• Engage with developers and property owners to recruit unique retail, restaurant, and entertainment businesses to Town Center District<br>• Construct public restroom at Town Center | • Installation of decorative pedestrian facilities along Kingston Pike/Town Center corridor<br>• Install decorative street lighting in Town Center District<br>• Pending traffic study, Install traffic signal and pedestrian facility at Jamestown Blvd./N. Campbell Station Rd.<br>• Construct additional greenway trails/pedestrian facilities throughout the Town to expand the pedestrian network | • Draft Tree Protection Ordinance<br>• Create Tree Board<br>• Apply for Tree City USA membership | • Evaluate language in zoning district to evaluate opportunities to amend permitted uses to promote and prioritize sales tax | • Provide quality community events (see CSF 4)<br>• Promote special event ordinance to educate business and non-profit organizations of their opportunities to host special events (see CSF 4) |

| CRITICAL SUCCESS FACTOR |
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## 3. Supporting & Retaining Existing Businesses

*Background:* The intent of this critical success factor is to continually improve the Town's reputation for business development and make it easier to operating a businesses in Farragut, and thereby make Farragut an attractive home for retail, dining, service, and entertainment-oriented businesses. With the Town's financial model prioritizing sales tax and other business-related revenues in the absence of a property tax, alongside a desire to maintain a high quality of life for the community, promoting local retail, tourism, and service- oriented businesses in Farragut is critical to the long-term prosperity of the community.

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| **KEY RESULTS** | | | | | | |
| The Town's Commercial Occupancy Rate has increased | The Town's Retail Occupancy Rate has Increased. | Community Development Dept. Customer Satisfaction Rating has increased. | The % of Town businesses who are members of the FWKCC has increased. | FWKCC Membership has increased. | The percentage of Town businesses who participate in the FBA's programs has increased. | |
| **PERFORMANCE INDICATORS** | | | | | | |
| **Commercial Occupancy Rate** | **Retail Occupancy Rate** | **Community Development Customer Satisfaction Rating** | ***Farragut Business Members of FWKCC***- The percentage of Farragut businesses who are members of the Farragut West Knox Chamber of Commerce. | ***FWKCC Membership***- The total number of members of the Farragut West Knox Chamber of Commerce. | **Businesses participate in Town Sampler**<br><br>**Businesses place Shop Farragut decal on window**<br><br>**Businesses share specials/content to be promoted by FBA** | |
| **PROJECTS & INITIATIVES** | | | | | | |
| | • Develop a retail recruitment plan<br>• Staff contact prospective businesses to promote locating in Farragut | - CD Dept. provide instructional videos for core processes<br>- Town Staff provide pre-project consultations<br>- FWKCC partners with Town to provide support and educational opportunities for business owners<br>- CD Dept. to evaluate permitting process and identify opportunities to improve user experience | • FBA & FWKCC Monthly meeting with town staff to share new starts<br>• Shared business directory (FBA & FWKCC) | • FWKCC and Business Liaison share business contacts to promote joining FWKCC<br>• FWKCC holds networking events, ribbon cuttings, and new member orientations | • FBA- Town Sampler<br>• FBA- Place Shop Farragut decals on shop windows | |

## CRITICAL SUCCESS FACTOR

**4.** Attracting & Recruiting New Businesses

*Background:* The purpose of this critical success factor is to highlight the importance of maintaining an attractive community where businesses want to be located. While the Town has limited influence over the types of businesses that operate in Farragut, we acknowledge the importance of knowing the types and kinds of businesses that will provide for the needs of residents while also being attractive to visitors. With the Town's financial model prioritizing sales tax and other business-related revenues in the absence of a property tax, alongside a desire to maintain a high quality of life for the residential community, promoting local retail, tourism, and service- oriented businesses in Farragut is critical to the long-term prosperity of the community.

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| **KEY RESULTS** | | | | | |
| Farragut has a mix of retail, dining, entertainment, and hospitality oriented businesses that are attractive to residents and visitors alike. | | | Commercial Occupancy Rate has increased. | Retail Occupancy Rates has increased. | New businesses have opened in the Town |
| **PERFORMANCE INDICATORS** | | | | | |
| | | | **Commercial Occupancy Rate** | **Retail Occupancy Rate** | **Commercial Certificates of Occupancy Issued**<br><br>**New Business Starts**<br><br>**Business Privilege Licenses Issued** |
| **PROJECTS & INITIATIVES** | | | | | |
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<table>
<tr><th colspan="5">CRITICAL SUCCESS FACTOR</th></tr>
<tr><td colspan="5">5. Promoting our Community Asssets<br><br>Background: The intent of this critical success factor is to bring focus to the need to tell the story of what is happening in Farragut. We first tell our story to our own community, then to our neighbors, and to those who don't know we exist. In this way, we promote our community as the region's premier location for shopping, dining, and entertainment for residents and visitors. Those who already know Farragut will enjoy being part of the story-telling process by shopping locally and sharing the Town's story, helping attract visitors who will have an excellent experience while they're here, and tell the story in their own communities. And those who don't know about Farragut will learn about us and want to visit Farragut for themselves.</td></tr>
<tr><th colspan="5">KEY RESULTS</th></tr>
<tr><td>Farragut is recognized as a premier regional destination for retail, dining, entertainment, and hospitality-oriented businesses.</td><td>The number of unique visits to the Visit Farragut website have increased.<br><br>Visit Farragut Time on Site has increased for all website visitors.</td><td>FBA, VF, and FWKCC social media engagement has increased.<br><br>VF & FBA social media content is related to Farragut businesses</td><td>Sales Tax Revenue has increased<br><br>Mixed Drink Tax Revenue has increased</td><td>The total number of visits to the Town of Farragut have increased.</td></tr>
<tr><th colspan="5">PERFORMANCE INDICATORS</th></tr>
<tr><td></td><td>Visit Farragut Total Website Visits- The total number of unique VF website users.<br><br>Visit Farragut Website Time on Site- The average length of time VF website users stay on the VF website.</td><td>Farragut Business Content Share Request- The number of social media posts that local businesses ask the FBA or VF to share or re-post.</td><td>Sales Tax Revenue<br><br>Mixed Drink Tax Revenue</td><td>Total Number of Visitors<br><br>Hotel Occupancy Rate<br><br>Hotel Average Length of Stay-<br><br>Special Event Attendance</td></tr>
<tr><th colspan="5">PROJECTS & INITIATIVES</th></tr>
<tr><td>•</td><td>• VF curates engaging website content<br>• VF stories landing page</td><td>• VF promotes Farragut Businesses through Social Media content<br>• FBA promotes local businesses through social media content</td><td>• VF promotes local business specials, events, and promotions<br>• FBA promotes local business specials, events, and promotions<br>• VF drink trail promotion<br>• Mobile Visitor Center deployments<br>• Distribution of collateral from local businesses, dining guides, etc.</td><td>• VF Ambassador program<br>• Training of hotel staff<br>• VF stories landing page promotes staying in Farragut<br>• VF stays page promotes local hotels<br>• VF state of TN destinations spotlight advertisement of Farragut</td></tr>
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Shop Farragut

## 2023-24 PLAN OF WORK
## Farragut Business Alliance, Inc.

**OUR MISSION**
"The FARRAGUT BUSINESS ALLIANCE's mission is to positively impact Farragut's business community's growth, reputation and contribution of sales tax revenue by educating and informing the public, motivating retail purchases, encouraging investments and providing opportunities for professional networking, collaboration, and cross- promotion."

**OUR VISION**
A professional community dedicated to bringing in local business and creating a supportive environment in which they can thrive, while also growing the merchant customer base and Sales tax revenue generation in the Town of Farragut.

**OUR GOALS**

1. The Farragut Business Alliance will educate the greater Farragut community regarding businesses located in Farragut and why they should patronize these businesses.
    a. Create a robust website that supplies users with up-to-date information, direction and guidance to our Farragut business community.
    b. Create and maintain a current Farragut Business Directory with enhanced digital links.
    c. Utilize the website and social media platforms for business marketing and other advertising opportunities.
        i. Cross promotions through shares, likes and retweets on social media.
        ii. Create content on social media routing followers to Farragut Business pages.
    d. Utilize the website and social media platforms as a benefit to FBA Sponsors.
    e. Assist the Town Administration in support of new business and start-ups.
        i. Manage the "GRAND OPENING" Sign program for the Town of Farragut.
    f. Support, budget and coordinate with the Town, Farragut West Knoxville Chamber of Commerce and Visit Farragut with economic development initiatives.

2. Utilizing the Shop Farragut brand; plan and successfully produce, programs and events that persuade and motivate the public to financially invest and support Farragut's local businesses.
    a. Create monthly informational email campaigns for awareness and as a call to action.
    b. Continue the successful TOWN SAMPLER CONTEST each month which places actual gift cards into the hands of potential shoppers.
    c. Use public service, and paid advertising opportunities, highlighting the SHOP FARRAGUT advertising opportunities for small businesses to get their message out by creating co-op or underwritten options for them to choose from.
    d. Create Farragut Centric Festivals, Expositions and Fairs. Examples include: Farragut B2B Events, Foot Traffic Events in Shopping Strips, Brand Awareness/Community Engagement activities, Fund-Raisers, Place-making and Pop-up Events.
        i. Monitor Farragut Business Licenses and event/solicitation permits of the participants.
    e. Continue building the annual SHOP FARRAGUT FOR THE HOLIDAYS Campaign with the temporary signage and "Santa Shops Farragut" components.
    f. Institute a "Shop Farragut Spotlight" business program to highlight and bring attention to specific businesses and their initiatives throughout the year.

3. Foster Farragut business through professional networking, collaboration, and cross-promotion in order to achieve the Farragut Business Alliance's vision.
    a. During the year and when appropriate, conduct online surveys to and for our businesses that address the business environment and other timely issues.
    b. Host Town-wide public meetings on specific business related topics and issues. Such as:
        i. Using the new and improved FBA Website and its links to their businesses.
        ii. Engaging with the Town's Temporary Sign Ordinance and its usefulness throughout the year.
        iii. An open forum on the current State shared sales tax and single article cap issue being brought forward in the State Legislature by Tennessee Local governments.

4. Ensure Farragut Business Alliance, Inc., dba SHOP FARRAGUT, observes prudent fiscal policies and acts as proper stewards of Town support continuing as an ongoing concern.
    a. Hold regular open FBA board meetings, as outlined in bylaws.
    b. Involve Board Members in creation of committees and engagement of volunteers as needed.

c. Maximize FBA board composition and involvement to reflect a variety of businesses, locations and interests within the Town of Farragut. Ensure that the board works productively while achieving objectives.
d. Keep books monthly and ensure 100% on-time filings for relevant IRS and State of Tennessee forms and reports.
e. Actively identify and secure supplemental funding to leverage Town's investment.
    i. Secure organizational sponsorship dollars.
    ii. Explore other revenue avenues for the FBA.
        1. Admissions to programs and events.
        2. Website linking fees or other digital advertising.
f. Ensure attendance/representation at BOMA meetings when possible, and subsequently reporting back to board.
g. Monitor Municipal Planning Commission (the "FMPC") agendas and provide input/updates if needed.
h. Provide quarterly reports and updates to the Town per Memorandum of Understanding and as requested.
i. Review and update bylaws.

# FARRAGUT SUPPORTS A QUALITY BUSINESS ENVIRONMENT THROUGH THE SUPPORT OF "*Shop Farragut*"

1. Invest in an organization that will professionally engage with the Town's Businesses on a one-on-one regular basis in a manner to seek out their issues, address their concerns and support their efforts to improve their well-being. Especially, those businesses engaged in sales tax producing activity.


2. Support a Non-Government Organization that can act nimbly utilizing community resources responding to changing codes, conditions, and concerns within the business community, i.e., social media.

3. Create and support a "Shop-Dine-Live" digital, and print, Farragut Business Directory that offers free basic listings to our Farragut Businesses so that every business will want to be included and engaged with it. Enhanced listings will be available as an additional income source for the Shop Farragut Program.

4. Work with ***Visit Farragut*** to actively promote and exchange opportunities with our business community encouraging them to be involved with outside groups and their special events that are coming to the Farragut community and Knoxville at large.

5. Work with ***Farragut Parks & Recreation*** to actively promote and exchange opportunities with our business community encouraging them to be involved with local, and other special events in our parks.

# FARRAGUT SUPPORTS A QUALITY BUSINESS ENVIRONMENT THROUGH THE SUPPORT OF "*Shop Farragut Productions*"

Financial and in-kind support is important to the successful production of 5 Community Events that highlight our Town's business sectors, physical locations (shopping plazas) and annual contributions to our Farragut lifestyle. (Creates opportunities for businesses to increase their Community Exposure through Sponsorship and event engagement). This support helps underwrite the infrastructure needed to create these gathering places, bring power to the locations and outfit them with quality amenities reflective of a vibrant community.

a. Farragut Health & Wellness Expo | Farragut Community Center
    i. (700-1000 attendees)
    ii. 28 businesses
b. Farragut Business Fair | Farragut Community Center
    i. (700-1000 attendees)
    ii. 28 businesses
c. DOG DAZE at Village Green Shopping Center
    i. (2022 – 10,000+ attendees)
    ii. upwards of 60 businesses

d. Harvest Fest | TBA
    i. (700-1000 or more attendees)
    ii. 20 – 60 businesses
e. Countdown To Light the Park in Founder's Park
    i. (1000-2000 attendees)
    ii. 20 businesses

**Farragut Business Alliance**
**2023 Budget Draft**

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| **FARRAGUT BUSINESS ALLIANCE** | | | | | | | |
| **2023 BUDGET WORKSHEET** | | | | | | | |
| | | | | | | | |
| **PROGRAM** | | | | **EVENTS** | | | |
| **Income:** | | | | **Income:** | | | |
| | | | | | | | |
| 44% | Sponsorships | $ | 11,000 | | Booth fees/Event Income | $ 27,000 | | |
| 16% | Website | $ | 4,000 | | Sponsorships | $ 16,000 | | |
| 28% | Town of Farragut - Support | $ | 7,000 | | Town of Farragut - Grant | $ 60,000 | | |
| 12% | Other | $ | 3,000 | | Knox Co. Grant | $ 10,000 | | |
| | | | | | | | |
| | **TOTAL:** | **$** | **25,000** | | **TOTAL:** | **$ 113,000** | **TOTAL:** | **$ 138,000** |
| | | | | | | | |
| **Expenses:** | | | | **Expenses:** | | | |
| | Accounting & Legal | $ | 5,000 | | | | |
| | Advertising | $ | 10,000 | | Advertising | $ 16,000 | |
| | Contract Labor | $ | 25,000 | | Contract Labor | $ 22,500 | |
| | Operations | $ | 5,000 | | Event Expenses | $ 40,000 | |
| | Supplies | $ | 1,500 | | Supplies | $ 1,000 | |
| | Website, app & hosting | $ | 6,000 | | Other | $ 3,000 | |
| | Other | $ | 3,000 | | | | |
| | | **$** | **55,500** | | | **$ 82,500** | **TOTAL:** | **$ 138,000** |

# FARRAGUT WEST KNOX CHAMBER of COMMERCE

***Enterprise Club:*** *Our sincere thanks to these businesses who generously contribute to the Chamber allowing us to continue to expand our services & Continuing Education Scholarship Reimbursement Program.*

## *Admiral Elite*

***Knox County***

***Town of Farragut***

## *Admiral*

*First Horizon*
*First Utility District of Knox County*
*Lenoir City Utilities Board*

## *Captain*

*DEX Imaging*
*Fairfield Inn & Suites Knoxville West*
*farragutpress*
*FirstBank*
*The Knox Fox Real Estate Group*
*Parkwest Medical Center*
*Pinnacle Financial Partners*
*Southeast Bank*
*TDS Telecom*
*Tennova Healthcare:*
*Turkey Creek Medical Center*

## *Anchor*

*AMR-Rural Metro Fire*
*Bank of America*
*Centriworks*
*The Eye Group*
*HomeTrust Bank*
*Junk Bee Gone*
*Knoxville TVA Employees Credit Union*
*Knoxville Utilities Board*
*Kruggel Lawton, CPAs*
*MBI Companies, Inc.*
*NHC Place Assisted Living*
*Regions Bank*
*RiskSource Clark-Theders*
*Senior Financial Group*
*Tennessee State Bank*
*Truist*
*United Community Bank*
*Y-12 Federal Credit Union*

## *Propeller*

*Christian Brothers Automotive*
*FASTSIGNS*
*His Security & Technology*
*Knoxville Health Plans*
*Slamdot*

**April 20, 2023**

The time has come to review the memorandum of understanding (MOU) between the Town of Farragut and the Farragut West Knox Chamber of Commerce. Last year, we requested $25,000 in support; we appreciate that that request was granted. This year, we have attached a proposal for $50,000 in support. Highlights of the full attached proposal grid include:

- **Chamber membership generally provides an overall 44% increase in consumer-viewed favorability to a business (Ref B).** Including all Farragut businesses who are a member (1/3 of our membership at any given time), and assuming a 1.125% tax return rate to the Town from each business using the North American Retailer average revenue of $31,048/mos, **this estimates an impact of $4,191.48/mos or $871,827/year.**

- **Chamber membership generally helps a business thrive longer, with membership providing a 63% increase in future consumer patronage** (Ref B). It is estimated North American Retailers avg monthly revenues of $31,048. Local tax rates of 9.25% for retail = $2,871 revenue (Ref A). Since 1.125% of the local total 9.25% tax rate comes back to Farragut, this estimates a value of $455.62/mos OR $3,444/year **per retail/service business for a total $258,300 impacted annually** (75 Farragut members currently categorized as retail/service).

- Similar to the above bullet, it is estimated U.S. restaurants average monthly revenues of $40,500 per mos (Ref C). Using the same local tax calculation, and the 63% impact to future patronage through membership, this estimates **a total $65,445 annual impact** (currently 19 Farragut restaurant members).

- Based on the minimum standard advertising/marketing rate of $0.01/impression, **the value of digital/web, social, and print impressions alone provided to the Town of Farragut in one year tops $26,462.07** (using 2022 figures).

- **Participation in our 100+ events/programs in a given year exceeds 5,100.**

- The additional impressions, marketing, visibility and promotional value delivered to the Town via just the top three Enterprise benefits of sponsorships, presence at events, and opportunities to promote (on top of the prior mentioned impressions) is **valued currently at $11,600.**

- **Some added services we propose in this MOU include (green on grid):**
  - ⇒ A separate advertising budget line item tracked independently to specifically promote the chamber and Farragut with a $1000 per mos spend that would equate to 100,000 impressions.
  - ⇒ Leads collection for Town staff to better tell the story of business' choosing or remaining in Farragut (this helps reduce Town staff time and helps create content marketing that is 3x more valuable).
  - ⇒ Providing additional educational opportunities for business owners plus tracking of attendees (Farragut vs not).
  - ⇒ Providing targeted communications or invitations to programs to FBA businesses (FWKCC member or not) and tracking open/click/attend rates.

We look forward to continuing our partnership in the new fiscal year. Should you have any questions, please do not hesitate to contact me.

Sincerely,

Julie A. Blaylock

Julie A. Blaylock, IOM
President/CEO

***Our mission is to strengthen, promote and create business opportunities through relationships and education that encourage member success.***

**11826 Kingston Pike, Suite 110, Farragut, TN 37934 Phone (865) 675-7057**
**E-mail: julie@farragutchamber.com Website: www.farragutchamber.com**

| FWKCC MOU Proposal Initiative = $50,000 | KPI? | Est. Value? | Notes |
|---|---|---|---|
| **TOF Eco. Dev. Initiative - 1. Enhancing Local Revenues & Financial Position: Local Sales Tax Revenue has Increased.** Town Businesses who are a member of FWKCC [We provide this breakdown in monthly & annual updates. FUTURE initiative growth requires TOF providing us with at least an annual list of ALL businesses in TOF, then monthly updates.] | % of ALL TOF businesses who are FWKCC members | **$1263.65 (estimated for impact per local business using) (Average % of TOF member businesses generally is 30% of a current 670 business membership = $4,191.48 impacted/mos or $871,827 impacted/year )** | It is estimated North American Retailers avg monthly revenues of $31,048. Since 1.125% of the local total 9.25% tax rate comes back to Farragut, this equals an estimated $349.29/mos per business. **Chamber membership generally helps a business thrive longer, with membership providing an <u>overall 44% increase</u> in consumer-viewed favorability** and a 63% increase in future consumer patronage **(Ref B).** *(Unable to obtain or have access to specific stats for Town on yearly value of tax $ for each business, either avg overall or by type)* |
| **TOF Eco. Dev. Initiative - 1. Enhancing Local Revenues & Financial Position: Local Sales Tax Revenue has Increased.** Breakout/Target Town RETAIL/SERVICE businesses who are a member of FWKCC | % of TOF Retail/Service who are FWKCC members | **$3,444 / yr per retail/service member (estimated for impact per local business) (Current 75 members = $258,300 impacted / year)** | It is estimated North American Retailers avg monthly revenues of $31,048. Since 1.125% of the local total 9.25% tax rate comes back to Farragut, this estimates a value of $455.62/mos OR $3,444/year per retail/service business . **Chamber membership generally helps a business thrive longer, with membership providing** an overall 44% increase in consumer-viewed favorability and a **<u>63% increase</u> in future consumer patronage** (Ref B). *(Unable to obtain or have access to specific stats for Town on yearly value of tax $ for each business, either avg overall or by type)* |
| **TOF Eco. Dev. Initiative - 1. Enhancing Local Revenues & Financial Position: Local Sales Tax Revenue has Increased.** Breakout/Target Town RESTAURANTS who are a member of FWKCC | % of TOF Restaurants who are FWKCC members | **$3,444 / yr per restaurant member (estimated for impact per local business) (Current 19 members = $65,445 impacted / year)** | It is estimated U.S. restaurants avg monthly revenues of $40,500 (Ref C). Since 1.125% of the local total 9.25% tax rate comes back to Farragut, making up 60-70% of the general fund, this estimates a value of $455.62/mos OR $3,444/year per restaurant. **Chamber membership generally helps a business thrive longer, with membership providing** an overall 44% increase in consumer-viewed favorability and a **<u>63% increase</u> in future consumer patronage (Ref B).** *(Unable to obtain or have access to specific stats for Town on yearly value of tax $ for each business, either avg overall or by type)* |
| **TOF Eco. Dev. Initiative - 1. Enhancing Local Revenues & Financial Position: Mixed Drink Tax Revenue has Increased.** No. of FWKCC events held at Farragut venues where this revenue can be impacted. | # of specific events/meetings/programs held in or at a Farragut business | **TBD** | **(Unable to obtain or access specific stats from ToF on yearly value of mixed drink tax $ for an average Town business, either overall or by type)** |
| **TOF Eco. Dev. Initiative - 1. Enhancing Local Revenues & Financial Position: Local Sales Tax Revenue has Increased.** Track # of prospect referrals to FBA & VF and followup contacts from lists provided by them to the FWKCC. Requires additional hours from FWKCC staff to record, communicate, track. | # of contacts, mtgs held, joins | **$1263.65** (estimated for impact per local business) | Per VendHQ.com, North American Retailers avg monthly revenues of $31,048. Local tax rates of 9.25% for retail = $2,871 revenue (Ref A). **Chamber membership generally helps a business thrive longer, with membership providing an overall 44% increase in consumer-viewed favorability and a 63% increase in future consumer patronage (Ref B).** *(Unable to obtain or access specific stats from ToF on yearly value of tax $ for each business, either avg overall or by type)* |
| **TOF Eco. Dev. Initiative - 2. Building Community & Creating a Sense of Place: The Farragut community offers a wide variety of daytime, evening, weekday, and weekend social, cultural, civic, and entertainment opportunities, produced by the Town, partners, private organizations, and businesses.** Assist/encourage members in hosting their own events in Farragut [We do this via ribbon cutting info and through general referrals to spaces in Farragut, including Comm. Ctr rentals, etc. **Proposed ADD**: One-Pager with info on Farragut "venues", event permits/policy. Additionally, we have invited the ToF to co-sponsor events on chamber social pages; these are not consistently accepted.] | # of referrals | TBD | Need stats from ToF on $ value to the ToF of each event |

| FWKCC MOU Proposal Initiative = $50,000 | KPI? | Est. Value? | Notes |
|---|---|---|---|
| **TOF Eco. Dev. Initiative - 3. Supporting/Retaining Existing Businesses: Community Development Dept. Customer Satisfaction Rating has increased.** Cross-share the stats on FWKCC hosted or co-hosted educational program invites, opens, clicks and registrations for FBA-provided and TOF-provided invitees. Requires additional hours from FWKCC staff to record, communicate, track. | # of stats | **TBD** | **Need stats from ToF on yearly value of tax $ for each busines (avg overall or by types). Generally, chamber membership (including taking advantage of educational opportunities) generally helps a business thrive longer AND contributes up to 57% increase in consumer opinion of a business' reputation and up to 70% increase in consumer belief that a business is demonstrating good business practices (Ref B).** |
| **TOF Eco. Dev. Initiative - 3. Supporting/Retaining Existing Businesses: Community Development Dept. Customer Satisfaction Rating has increased.** FWKCC partners with Town to provide support and educational opportunities for business owners WITH breakdowns of TOF & Non-TOF attendees. Requires additional hours from FWKCC staff to collaborate, plan/strategize, and execute. | # of events & attendees | **TBD** | **Need stats from ToF on yearly value of tax $ for each busines (avg overall or by types). Generally, chamber membership (including taking advantage of educational opportunities) generally helps a business thrive longer AND contributes up to 57% increase in consumer opinion of a business' reputation and up to 70% increase in consumer belief that a business is demonstrating good business practices (Ref B).** |
| **TOF Eco. Dev. Initiative - 3. Supporting/Retaining Existing Businesses: FWKCC Membership has increased.** FWKCC Retention goes UP | Retention % Rate Y.O.Y. | **$1263.65** (estimated for impact per local business) | Per VendHQ.com, North American Retailers avg monthly revenues of $31,048. Local tax rates of 9.25% for retail = $2,871 revenue (Ref A). **Chamber membership generally helps a business thrive longer, with membership providing an overall 44% increase in consumer-viewed favorability and a 63% increase in future consumer patronage (Ref B).** *(Unable to obtain or access specific stats from ToF on yearly value of tax $ for each business, either avg overall or by type)* |
| **TOF Eco. Dev. Initiative - 3. Supporting/Retaining Existing Businesses: FWKCC Membership has increased.** FLAG/Track category numbers within membership and within TOF such as Retail, Hospitality, Entertainment & report to TOF bi-annually. Requires additional hours from FWKCC staff | # of types per category and overall tax producing | TBD | Need stats from ToF on life cycle value of tax $ of each business (avg overall or by different business types) |
| **TOF Eco. Dev. Initiative - 3. Supporting/Retaining Existing Businesses: FWKCC Membership has increased.** FWKCC Membership has increased | # of Total FWKCC Members Y.O.Y. | **$1263.65** (estimated for impact per local business) | Per VendHQ.com, North American Retailers avg monthly revenues of $31,048. Local tax rates of 9.25% for retail = $2,871 revenue (Ref A). **Chamber membership generally helps a business thrive longer, with membership providing an overall 44% increase in consumer-viewed favorability and a 63% increase in future consumer patronage (Ref B).** *(Unable to obtain or access specific stats from ToF on yearly value of tax $ for each business, either avg overall or by type)* |
| **TOF Eco. Dev. Initiative - 3. Supporting/Retaining Existing Businesses: FWKCC Membership has increased.** Supplement Retention Tracking of Town businesses via our records (This is a TOWN responsibility as a whole) | FWKCC & TOF share business contacts monthly. | TBD | Need stats from ToF on life cycle value of tax $ of each business (avg overall or by different business types) |

| FWKCC MOU Proposal Initiative = $50,000 | KPI? | Est. Value? | Notes |
|---|---|---|---|
| **TOF Eco. Dev. Initiative - 3. Supporting/Retaining Existing Businesses: The % of Town businesses who are members of the FWKCC has increased.** Send special invitations to education programs hosted or co-hosted by FWKCC to FBA businesses (to include non-FWKCC members). Requires additional hours from FWKCC staff. | # of sends | **TBD** | **Need stats from ToF on yearly value of tax $ for each busines (avg overall or by types). Generally, chamber membership (including taking advantage of educational opportunities) generally helps a business thrive longer AND contributes up to 57% increase in consumer opinion of a business' reputation and up to 70% increase in consumer belief that a business is demonstrating good business practices (Ref B).** |
| **TOF Eco. Dev. Initiative - 3. Supporting/Retaining Existing Businesses: The % of Town businesses who prticipate in FBA programs has increased.** Invite members to engage in FBA/Visit Farragut events & reverse (We share their events now in emails when requested; could increase to more strategic social shares. We have put their events on our public calendar for them as often as staff time allows; they have the option to do this themselves through the Online Portal) | # of events posted by FBA/VF through FWKCC portal | TBD | Need stats from ToF on $ value to the ToF of each event |
| **TOF Eco. Dev. Initiative - 4. Attracting/Recruiting NEW Businesses: New Businesses have opened in the Town.** Proposed ADD: One-pager on the Farragut Business Privilege license with info supplied by Town for accuracy, and distributed in Chamber member & prospect packets, relocation materials, PR materials, etc. | Est. # future handouts | TBD | Need stats from ToF on life cycle value of tax $ of each business (avg overall or by different business types) |
| **TOF Eco. Dev. Initiative - 4. Attracting/Recruiting NEW Businesses: New Businesses have opened in the Town.** New Business Referrals (we do this now; need to log contacts more specific to Farragut) Requires additional hours from FWKCC staff. | # of referrals | TBD | Need stats from ToF on life cycle value of tax $ of each business (avg overall or by different business types) |
| **TOF Eco. Dev. Initiative - 4. Attracting/Recruiting NEW Businesses: New Businesses have opened in the Town.** Support Recruitment of Business to Town: Town must provide monthly list of their targets with any available contact info. | # of contacts, mtgs held, joins | TBD | Need stats from ToF on life cycle value of tax $ of each business (avg overall or by different business types) |
| **TOF Eco. Dev. Initiative - 5. Promoting our Community Assets: Farragut is recognized as a premier regional destination for retail, dining, entertainment, and hospitality-oriented businesses.** Every single thing done to promote the FWKCC or our 100+ annual activities across the county and in surrounding counties promotes "FARRAGUT" by our very name. Track/report digital/print media impressions and mentions. | # of approx impressions across all media | $26,462.07 | MIN. Advertising Std rate is $0.01/impression x est. minimum 100,000 impressions ea WEEK (includes digital / web, social, and print. EXCLUDES impressions by actual event attendance) (Using 2022 views/impressions total of 2,624,207) |
| **TOF Eco. Dev. Initiative - 5. Promoting our Community Assets: Farragut is recognized as a premier regional destination for retail, dining, entertainment, and hospitality-oriented businesses.** Guest Tables of 10 at large-scale events provide opportunities to build on visibility, and business / community relationships. | Total table Value if sold | $1,600 | *Auction/Gala ($550), *Breakfasts (*350, avg 3/year) |

| FWKCC MOU Proposal Initiative = $50,000 | KPI? | Est. Value? | Notes |
|---|---|---|---|
| TOF Eco. Dev. Initiative - 5. Promoting our Community **Assets: Farragut is recognized as a premier regional destination for retail, dining, entertainment, and hospitality-oriented businesses.** High Level of Sponsorships with Enterprise benefits INCLUDES and invites the opportunity for a table of info at every business-oriented event, not JUST people in seats and enables targeted recruitment opps to live businesses to consider relocating or expanding/opening in TOF. | # of Opps Used or Unused | $3,000 | ($500 min. value each opportunity. Currently, auction, 3 breakfasts, and 2 orientations = $3,000) |
| TOF Eco. Dev. Initiative - 5. Promoting our Community **Assets: Farragut is recognized as a premier regional destination for retail, dining, entertainment, and hospitality-oriented businesses.** Sponsorships for annual/multi-annual events at the following levels with all included marketing & impressions. | Total Sponsorship Value if sold | $7,000 | *Auction/Gala ($2500), *Breakfasts ($1500 ea, avg 3/year), Orientation (Trade for room fee plus option to have info presented, avg 2/year) |
| TOF Eco. Dev. Initiative - 5. Promoting our Community **Assets: Farragut is recognized as a premier regional destination for retail, dining, entertainment, and hospitality-oriented businesses.** Use portion of TOF funding to go to a separate budget line of ads/promos for the FWKCC; report use of said line item and ROI. | Budget line breakdown & ROI for items | **Upwards of $1000/mos for digital spend = 100,000 impressions** | **This promotional initiative capitalizes--to the Town of Farragut's benefit--on the chamber's longstanding 35+ year reputation as a known reputable and dynamic business organization that has maintained high levels of quality activity both locally and across the county in recent years, is well-referred, and well-respected by our members, partners, and industry peers.** |
| TOF Eco. Dev. Initiative - 5. Promoting our Community **Assets: FBA, VF, and FWKCC social media engagement has increased.** Collaborative Social Media Strategic Plan: FBA, VF & FWKCC to create a strategic plan of 6 mos, 1 yr, and possible 5 yr timelines, same hashtags, duplicate messaging & cross-sharing. Requires additional hours from FWKCC staff to collaborate, plan/strategize, and execute. | Total impressions of campaigns (Likes, views, etc.) | $0.03 / per strategically duplicated impression | Duplicated messaging makes $ invested by the Town triple-value or more (versus typical $0.01 per impression) |
| TOF Eco. Dev. Initiative - 5. Promoting our Community **Assets: FBA, VF, and FWKCC social media engagement has increased.** Collect/Refer member LEADS to Town for potential "Story" of their business journey in Farragut for use in content marketing (Ask new why they CHOSE Farragut, ask existing why they STAY in Farragut). FWKCC to share this content once produced by TOF. **Requires additional hours from FWKCC staff to record, communicate, track.** | # of Leads provided | **TBD** | **Feeding stories to ToF staff reduces their staff time by 1/3 each story. And, Per dollar, content marketing produces 3 times more leads.** |

**Source Ref A:** https://www.vendhq.com/blog/retail-stats/
**Source Ref B:** Association of Chamber of Commerce > Member Resources > 2018 San Marcos Chamber of Commerce: The Real Value of Joining a Chamber of Commerce (from Schapiro Group study)
**Source Ref C:** https://eatpallet.com/how-much-do-restaurants-make-in-a-day/

**Impressions - Digital**

| | | | |
|---|---|---|---|
| Facebook views for 2022 (reach) | 103,075 | 1 year | 103,075 |
| Instagram for 2022 (est accts reach based on recent mos) | 400 | 12 mos | 4,800 |
| Website (all visitors / avg per mos based on 2022) | 1,894 | 12 mos | 22,732 |
| Farragutpress Newsletter insert (monthly reach) | 37,500 | 12 mos | 450,000 |
| Farragutpress non-Newsletter coverage | 37,500 | 52 wks | 1,950,000 |
| E-Newsletter (Tue / weekly avg send) | 1,800 | 52 wks | 93,600 |

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SanMarcos
CHAMBER OF COMMERCE
On Every Main Street!

# The Real Value of Joining a Chamber of Commerce

## Table 1. How Effectively Business Strategies Communicate Specific Traits about a Company

The percentages in Table 1 show just how effective of a business strategy being active in a chamber really is. For example, consumers say that being active in the local chamber is 29% more effective for communicating that a company uses good practices than it is for making a general statement about the company.

| | | Specific Company Traits | | | |
|---|---|---|---|---|---|
| | | Uses good business practices | Reputable | Cares about customers | Community involvement |
| Business Strategies | Being active in the local chamber of commerce | **29% more effective** | **26% more effective** | **13% more effective** | **12% more effective** |
| | Sponsoring events around the community | Equally effective | 10% more effective | 20% more effective | 24% more effective |
| | Encouraging employees to volunteer | 19% more effective | 14% more effective | 13% more effective | 15% more effective |
| | Giving out scholarships to local students | Equally effective | Equally effective | 28% more effective | 36% more effective |
| | Encouraging employees to donate to a charity | Equally effective | Equally effective | Equally effective | Equally effective |

## Table 2. The Impacts of Chamber Membership on Small Businesses

This table indicates **that if consumers are aware that a small business is involved with its local chamber** great benefits emerge. For example, the table indicates that if consumers know that a small business is a member of the chamber of commerce, the business enjoys a 44% increase in its consumer favorability rating.

| | % Increase in Favorability | % Increase in Awareness | % Increase in Reputation | % Increase in Future Patronage |
|---|---|---|---|---|
| Consumers | 44% | 51% | 57% | 63% |
| Business Decision-Makers | 37% | 51% | 58% | 59% |

## Table 3. What a Chamber Membership Shows Customers

This table is a snapshot of just how effectively chamber membership conveys to consumers each of the specific company traits. The graph shows that seven out of ten consumers believe that being actively involved in the chamber is an effective strategy for enhancing a business' reputation and for demonstrating that it uses good business practices.

| | |
|---|---|
| Showing people about your company | 59% |
| Showing that you are involved in the community | 63% |
| Showing that you care about customers | 64% |
| Showing that you have a good reputation | 69% |
| Showing that you use good business practices | 70% |

*Source: The Real Value of Joining a Local Chamber of Commerce conducted by the Schapiro Group, Atlanta Georgia*

AGENDA NUMBER Workshop MEETING DATE APRIL 27, 2023

# BOARD OF MAYOR AND ALDERMEN WORKSHOP

**PREPARED BY:** David Smoak, Town Administrator DS

**SUBJECT:** Review of Program Changes and All Funds FY2024 proposed budgets

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This will be the final budget workshop before the Board of Mayor and Aldermen receives the FY2024 draft budget on Friday, May 5, 2023. Through the budget process this year, the Board has discussed many priorities and initiatives that have been included in the proposed draft budget. The purpose of this workshop is to discuss proposed program changes, benefit adjustments and review all funds budgets for FY24.

**PROGRAM CHANGES:** Program changes are any new way of doing business that will need additional resources from the Town or new positions that are proposed within the Town's organizational chart. This year there are two program changes for the Board of Mayor and Aldermen to consider:

1. Staff Accountant/Budget Analyst. This would be a new position within the Administration department reporting to the Town Recorder/Finance Director. Total salary and benefits = $97,426
2. New Vehicle for Community Development. Currently there are several departments that utilize a pool vehicle for daily job site tasks or to attend various educational opportunities throughout the year. Because of the demand on this vehicle, the Community Development department is requesting one additional vehicle for the code enforcement officer to utilize that would allow for better responsiveness and proactive enforcement. Total Equipment Replacement Fund budget = $35,000

There was another program change the Board of Mayor and Aldermen requested staff review as part of the strategic plan initiatives this year regarding the cost and demand for a brush/leaf collection program. This information is included in your packet, but has not been included in the budget at this time.

**BENEFIT ADJUSTMENTS:** Each year employee benefits and compensation are reviewed for market competitiveness. Due to the rapid rise of inflation over the past two years, many cities across our region and the state have increased wages substantially. There are also several cities currently undergoing classification and compensation studies to update their pay scales. After analyzing a two-year comparison of trends in compensation and to stay competitive in the market (see attached), the FY24 budget has a proposed 5% COLA and 3% Merit for employees. This would add an additional $391,357 to the General Fund budget.

The Town of Farragut also participates in the State of Tennessee health insurance program. Last year the state plan increased 7.5% and they anticipate a similar increase this year. Since the plan year doesn't start until January 1, we are projecting a 4% increase in health care costs, for a total amount of $51,306.

**GENERAL FUND:** The proposed FY24 General Fund revenues at this time are $15,502,240 with expenditures of $10,342,565. After transfers to other funds are accounted for, this would leave an available fund balance of $15,215,305.

**CIP FUND:** The only change from prior discussions in the CIP fund is the inclusion of $5.6 million to purchase future parkland planned in FY24. Total available fund balance in FY29 is projected at $3,406,853.

**STATE STREET AID FUND:** The proposal for the FY24 State Street Aid Fund (SSAF) is to transfer $500,000 from General Fund to the SSAF and be able to increase the resurfacing budget of our street infrastructure to $1.3 million. Ending fund balance of the SSAF in FY24 is proposed at $1,828,010.

**EQUIPMENT REPLACEMENT FUND:** There are proposed expenditures for three vehicles in the FY24 budget of $111,000, with an ending fund balance of $1,043,778.

**TOURISM FUND:** The Tourism Fund has proposed revenues of $555,500 and expenditures of $501,936, with a projected FY24 ending fund balance of $562,744.

All other funds remain unchanged from prior workshop discussions and summaries of all funds are included in your packet of information.

# Staff Accountant/Budget Analyst

*Department: Administration*

FLSA Status: Non-*Exempt*

## General Definition of Work

Performs intermediate professional work managing and directing Town financial affairs, and related work as apparent or assigned. Performs routine to moderately complex professional work in the preparation and analysis of operational and capital budgets. Work is completed with minimal supervision by the Finance Director.

## Qualification Requirements

*To perform this job successfully, an individual must be able to perform each essential function satisfactorily. The requirements listed below are representative of the knowledge, skill and/or ability required. Reasonable accommodations may be made to enable an individual with disabilities to perform the essential functions.*

## Essential Functions

- Performs intermediate professional accounting work in maintenance and review of fiscal records.
- Performs related work according to generally accepted accounting principles, established procedures, departmental guidelines, and regulatory requirements.
- Maintains complex fiscal records to Town's assets, liabilities, revenues, and expenditure/expenses, applying professional accounting principles and methods.
- Ensure maintenance of proper audit trails, verification, and reconciliation actions for all processed work according to department policies and procedures.
- Performs Annual Comprehensive Financial Report
- Performs Month End reconciliation of accounts.
- Monitors and maintains revenue and expenditures, including Capitol Investment Projects (CIP), preparing various financial analyses, reviewing, and analyzing budget requests and assisting with budget preparation.
- Reviews budget requests with department directors and other management staff.
- Provides technical expertise to department directors, finance staff, Town employees and the general public regarding assigned budgeting and accounting operations.
- Prepares and amends proposed, tentative and final budgets; assists in coordinating presentations for adoption of the final budget.
- Prepares journal entries to execute approved inter-fund transfers; prepares budget resolutions and reviews.
- Assists external auditors in annual audit.
- Coordinates the maintenance of office files, account records and a variety of related information.
- Responds to citizen requests and complaints.

## Knowledge, Skills, and Abilities

Thorough knowledge of the policies, methods and practices of municipal finance, accounting and public administration; thorough knowledge of the principles underlying the laws, ordinances and regulations governing municipal finance; thorough knowledge of modern business management and office practices; comprehensive skill operating standard accounting software; comprehensive skill operating online banking software; thorough skill creating and maintaining electronic and paper financial records; thorough skill operating standard office equipment, hardware and software; ability to analyze and interpret fiscal and accounting data and to prepare and explain complex statements and reports; ability to make arithmetic computations using whole numbers, fractions and decimals; ability to create rates, ratios and percentages; ability to understand and apply governmental accounting practices in maintenance of financial records; ability to establish and maintain effective working relationships with town officials, associates and the general public.

## Education and Experience

Bachelor's degree in accounting, finance, business administration, or related field and considerable experience working in a municipal accounting position with budget/financial analysis, or equivalent combination of education and experience. Certified Public Accountant (CPA) preferred.

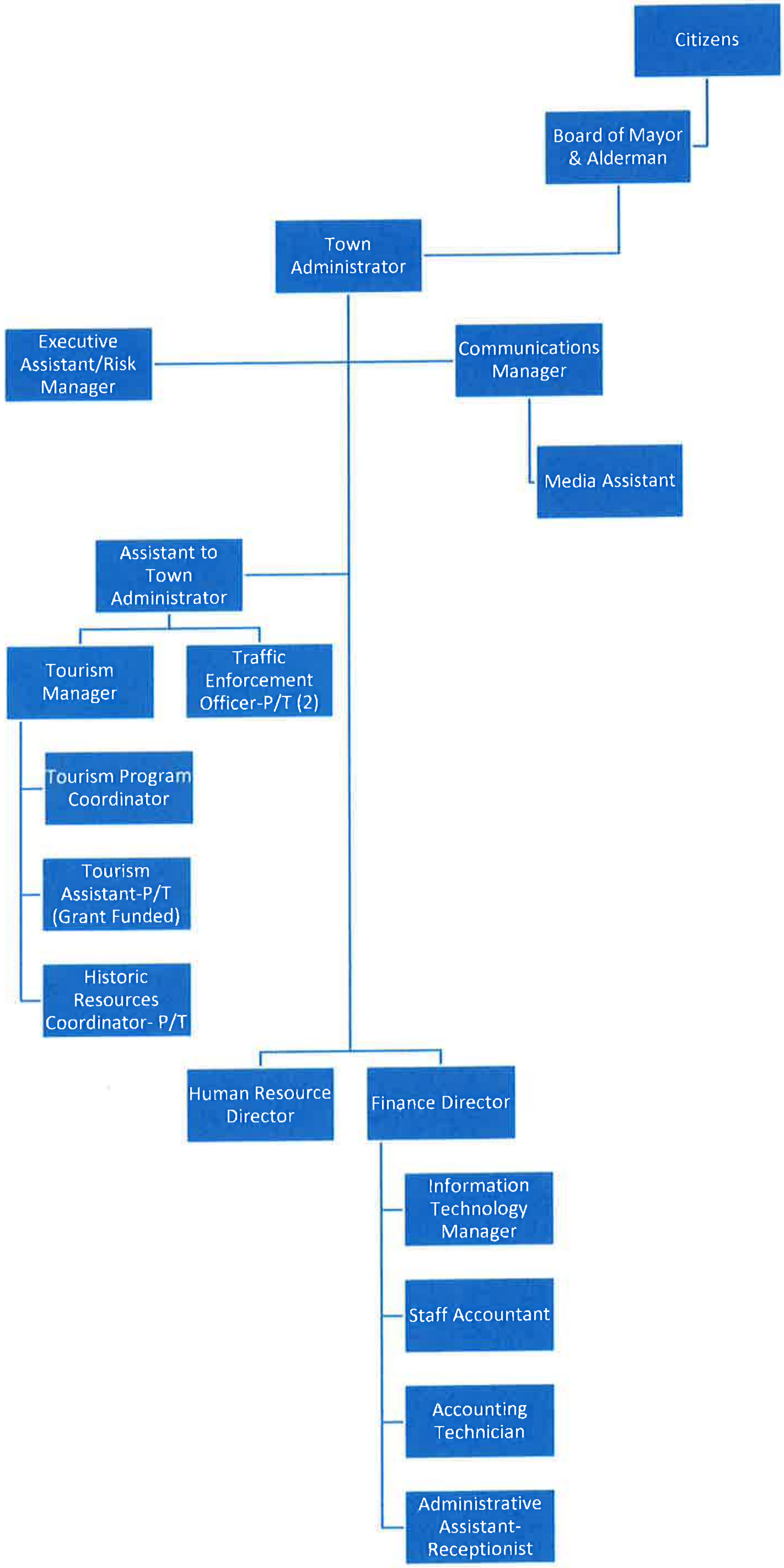
# Staff Accountant/Budget Analyst

**Physical Requirements**
This work requires the occasional exertion of up to 25 pounds of force; work regularly requires sitting and repetitive motions, frequently requires speaking or hearing and using hands to finger, handle or feel and occasionally requires standing, walking, stooping, kneeling, crouching or crawling, reaching with hands and arms, pushing or pulling and lifting; work has standard vision requirements; vocal communication is required for expressing or exchanging ideas by means of the spoken word; hearing is required to perceive information at normal spoken word levels and to receive detailed information through oral communications and/or to make fine distinctions in sound; work requires preparing and analyzing written or computer data, operating machines and observing general surroundings and activities; work has no exposure to environmental conditions; work is generally in a moderately noisy location (e.g. business office, light traffic).

**Special Requirements**
Valid driver's license in the State of Tennessee.

**Pre-Hire Required Screenings**
Background Check

**Additional Benefits**
N/A


Citizens
Board of Mayor & Alderman
Town Administrator
Executive Assistant/Risk Manager
Communications Manager
Media Assistant
Assistant to Town Administrator
Tourism Manager
Traffic Enforcement Officer-P/T (2)
Tourism Program Coordinator
Tourism Assistant-P/T (Grant Funded)
Historic Resources Coordinator- P/T
Human Resource Director
Finance Director
Information Technology Manager
Staff Accountant
Accounting Technician
Administrative Assistant-Receptionist

# PROGRAM CHANGE REQUEST

**PREPARED BY:** **Mark Shipley, Community Development Director**

**SUBJECT:** **Program Change for New Vehicle, FY 2023-2024**

**DATE:** **02/17/2023**

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**INTRODUCTION:** This request is for a 2024 SUV vehicle for the Codes Enforcement Officer. This vehicle would also serve as an emergency backup for the Community Development Department.

**BACKGROUND**: In previous years, the Codes Enforcement Officer has had to share a pool vehicle with all Administration staff, other Community Development Staff, Stormwater (AmeriCorps Member), and Parks and Recreation Staff. Unlike the other Codes Officers, when the pool vehicle was being used, the Codes Enforcement Officer had to utilize a personal vehicle, re-structure her day, or postpone inspections to the following day creating a delay in response to citizen requests. It is estimated that the Codes Enforcement Officer is in the field four times a week and during the 2022 calendar year, the pool vehicle was not available about 58% of the time that it was needed based on when the vehicle was formally reserved by another staff person. This percentage is, in reality, higher since sometimes the vehicle was not formally reserved and was discovered to be in use when the Codes Enforcement Officer attempted to sign out the vehicle at the front desk.

**JUSTIFICATION AND BENEFITS:** As the amount of enforcement inspections and violations increase, the Codes Enforcement Officer is needed in the field more often. When conducting these inspections, that typically include photography, placing notices on structures, or discussing issues with property owners, an authorized Town vehicle with a Town seal would be more official. A property owner would more likely be comfortable talking with the Codes Enforcement Officer when an official vehicle is seen rather than someone's personal vehicle.

An assigned vehicle for the Codes Enforcement Officer/ Community Development Department would increase Code Enforcement productivity by lessening the turn-around time from citizen request submission to the completion of the initial inspection. An assigned vehicle would also increase opportunities to complete proactive neighborhood property maintenance evaluations/ inspections which will be increasingly important as the Town ages and encounters more property maintenance related issues.

In addition, some of the Codes Officers vehicles are older and, should they have a mechanical issue, having this vehicle as an emergency backup would be useful.

In the calendar year 2022, the pool was utilized in the following allocation according to data received from the checkout calendar:

# Memo

**Town of Farragut**

**To:** David Smoak, Town Administrator
**From:** Michelle Pence, Human Resource Director
**Date:** April 21, 2023
**Re:** FY 2023-2024 Merit and Cola Increase

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*National Projected Salary Increase for 2023*

- In November 2022, SHRM projected COLA to increase by 4.6% for 2023.
- Salary.com's Annual National Salary Budget Survey depicts that many employers plan to give increases in the range of 4% - 7% throughout 2023.
- December's national Salary Budget Planning Survey's projections are closer to 5.5% with various factors stated: 79% stating inflation factors; 48% stating converts over tight labor market; and 37% named efforts to drive retention as their goal.
- Social Security gave a 8.7% COLA in 2023 and projected 3% in 2024.

*CPI History*

- Inflation in 2019-2020 was 1.4%
- Inflation in 2020-2021 was 7.0%
- Inflation in 2021-2022 was 6.5%
- Inflation YTD in 2023 is 5%*
    - Note that food is at 10.1%, shelter is at 8.6% and utilities are at 8.7%

*Comparable Merit/COLA increases:*

| *Town* | *FY 22-23 Increase* | *Estimated FY 23-24 Increase* | *Total Increase in 2 years* | *Notes* |
|---|---|---|---|---|
| **Town of Farragut** | **3% Merit/3%COLA** | **5% COLA/3% Merit** | **14%** | **Increased 401k contribution** |
| Cookeville | 12% | 2% Merit+ | 14%+ | Waiting COLA until comp study is returned in late May. |
| Mt Juliet | 6% COLA/6% Merit | 3-5% | 18%-20% | |
| La Vergne | Min 16%-max 32% | Undetermined | 16%-32%+ | FY 22-23 was a combi of COLA and comp study |
| Johnson City | 7.5% COLA/4% Merit | 3% COLA and 3% Merit | 17.50% | |

| | | | | |
|---|---|---|---|---|
| Red Bank | Avg 12% | 7% COLA and merit by position analysis | 19%+ | Brought city funded life insurance up from 10k to 50k. |
| Murfreesboro | 11% combined | Undetermined | 11%+ | Lowered EE insurance costs now $2.27-$20.49 per check. |
| Anderson | 4% | 5% | 9% | |
| Collierville | $5000 increase to all | 5% | $5000+5% | |
| Maryville | 2.5% in July & 5% in April | 5% | 13% | |
| Goodlettsville | 12-15% | Implementing Class Comp | 12%-15%+ | Class Comp Study 22-23 |
| Bristol | 5% | 8% | 13% | |
| Knox County | 1 step (appx $3000 or 7%) and 3.2% | Estimated 3% | 13.2% | |
| City of Knoxville | 6% and market adjustments for certain positions) | Estimated 3-5% | 9%-11% | Minimum starting pay $15/hr |
| ***Average*** | 10% | 6% | 15% | |

**General Fund Budget**

| | | | | | |
|---|---|---|---|---|---|
| **BEGINNING FUND BALANCE** | **19,850,527** | **27,262,362** | **27,761,205** | **27,761,205** | **27,523,400** |
| | **FY2020-21** | **FY2021-22** | **FY2022-23** | **FY2022-23** | **FY2023-24** |
| | | **Estimated** | | | |
| **REVENUE** | **Actual** | **Actual** | **Budget** | **Estimated** | **Proposed** |
| Local Sales Tax | 7,786,993 | 8,600,000 | 8,058,000 | 8,800,000 | 9,350,000 |
| State Sales Tax | 2,367,237 | 2,600,000 | 2,600,000 | 2,700,000 | 2,750,000 |
| Wholesale Beer, Liquor & Mixed Drink | 1,446,296 | 1,526,700 | 1,245,000 | 1,543,000 | 1,545,000 |
| Intergovernmental | 710,896 | 652,393 | 697,006 | 750,600 | 738,600 |
| Building Permits & Licenses | 776,873 | 701,502 | 503,900 | 669,100 | 559,000 |
| Recreation Fees | 240,523 | 330,282 | 219,500 | 277,300 | 259,000 |
| Traffic Enforcement Program & Fines | 108,668 | 109,261 | 91,000 | 122,000 | 95,000 |
| Rent | 106,607 | 149,350 | 94,300 | 119,740 | 103,340 |
| Miscellaneous | 126,144 | 62,802 | 13,000 | 505,600 | 102,300 |
| **Total Revenue** | **14,705,338** | **15,132,290** | **13,521,706** | **15,487,340** | **15,502,240** |

| | | | | | |
|---|---|---|---|---|---|
| | **FY2020-21** | **FY2021-22** | **FY2022-23** | **FY2022-23** | **FY2023-24** |
| | | **Estimated** | | | |
| **EXPENDITURES** | **Actual** | **Actual** | **Budget** | **Estimated** | **Proposed** |
| Legislative | 27,165 | 42,400 | 46,690 | 41,773 | 56,040 |
| Town Court | 43,062 | 54,565 | 99,531 | 95,850 | 94,652 |
| Administration | 705,429 | 786,529 | 1,216,576 | 1,219,926 | 1,133,410 |
| Human Resources | 240,748 | 213,431 | 199,196 | 202,596 | 211,756 |
| Information Technology | 366,897 | 413,127 | 623,779 | 606,857 | 688,315 |
| Communications | 0 | 0 | 0 | 0 | 216,121 |
| Engineering | 729,606 | 823,974 | 977,140 | 955,008 | 1,081,209 |
| Community Development | 914,467 | 1,031,830 | 1,174,934 | 1,074,934 | 1,290,315 |
| General Government | 295,422 | 181,310 | 256,750 | 256,550 | 256,750 |
| Parks & Recreation | 944,633 | 1,200,216 | 1,133,641 | 1,134,726 | 1,132,517 |
| Public Works | 1,922,147 | 2,344,604 | 2,653,173 | 2,607,323 | 2,831,123 |
| Non-Departmental | 519,949 | 515,000 | 567,000 | 573,480 | 571,000 |
| Community Center | 188,303 | 449,146 | 533,110 | 533,122 | 655,358 |
| Economic Development | 88,175 | 102,315 | 123,000 | 123,000 | 124,000 |
| **Total Expenditures** | **6,986,003** | **8,158,447** | **9,604,520** | **9,425,145** | **10,342,565** |

| | | | | | |
|---|---|---|---|---|---|
| | **FY2020-21** | **FY2021-22** | **FY2022-23** | **FY2022-23** | **FY2023-24** |
| | | **Estimated** | | | |
| | **Actual** | **Actual** | **Budget** | **Estimated** | **Proposed** |
| Revenue over (under) expenditures | 7,719,335 | 6,973,843 | 3,917,186 | 6,062,195 | 5,159,675 |
| Total Transfers In | 0 | 0 | 0 | 0 | 0 |
| Total transfers out | -307,500 | -6,475,000 | -6,300,000 | -6,300,000 | -8,365,000 |
| **Unassigned Fund Balance** | 27,262,362 | 27,761,205 | 25,378,391 | 27,523,400 | 24,318,075 |
| **ENDING BALANCE** | **27,262,362** | **27,761,205** | **25,378,391** | **27,523,400** | **24,318,075** |
| Assigned Fund Balance | 0 | 0 | 6,000,000 | 6,000,000 | 6,000,000 |
| 30% of Expenditure | 2,095,801 | 2,447,534 | 2,881,356 | 2,827,544 | 3,102,770 |
| **AVAILABLE FUND BALANCE** | **25,166,561** | **19,197,215** | **16,497,035** | **18,695,857** | **15,215,305** |

| Capital Investment Program-310 | | | | | | | |
|---|---|---|---|---|---|---|---|
| Beginning Balance | **13,610,459** | **9,972,959** | **9,045,459** | **8,452,959** | **4,409,459** | **6,084,459** | |
| **Greenways & General Government Projects** | **FY2024** | **FY2025** | **FY2026** | **FY2027** | **FY2028** | **FY2029** | **Total** |
| Land Acquisition | 0 | 0 | 0 | 300,000 | 300,000 | 300,000 | **900,000** |
| Park Land Purchase | 5,600,000 | | | | | | |
| Sonja Drive Sidewalk (Phases 1-3) | 500,000 | 1,250,000 | 0 | 0 | 0 | 0 | **1,750,000** |
| Little Turkey Creek Greenway-Brookmere-Sheffield | 0 | 0 | 0 | 0 | 0 | 0 | **0** |
| Red Mill Trailhead | 170,000 | 0 | 0 | 0 | 0 | 0 | **170,000** |
| Mid-Block Crossing McFee & Grigsby Chapel | | 0 | 0 | 0 | 0 | 0 | **0** |
| Anchor Park Pedestrian Crossing | 230,000 | 0 | 0 | 0 | 0 | 0 | **230,000** |
| School Zone Signal Improvements | 175,000 | 0 | 0 | 0 | 0 | 0 | **175,000** |
| Turkey Creek/Brixworth Greenway | 0 | 200,000 | 500,000 | 1,800,000 | 0 | 0 | **2,500,000** |
| PW Storage Shed Roof Replacement | 60,000 | 0 | 0 | 0 | 0 | 0 | **60,000** |
| Everett Road Greenway Connection | 0 | 0 | 0 | 70,000 | 0 | 0 | **70,000** |
| **General Government Projects Total** | **6,735,000** | **1,450,000** | **500,000** | **2,170,000** | **300,000** | **300,000** | **11,455,000** |
| **Parks** | **FY2024** | **FY2025** | **FY2026** | **FY2027** | **FY2028** | **FY2029** | **Total** |
| MBLP Field Reconstruction | 0 | 0 | 0 | 0 | 0 | 1,302,000 | **1,302,000** |
| Town Hall Playground Restroom Building | 50,000 | 0 | 0 | 0 | 0 | 0 | **50,000** |
| MBLP Field 2 Turf Replacement | 820,000 | 0 | 0 | 0 | 0 | 0 | **820,000** |
| MBLP Walktrail and ADA Repair & Repaving | 180,000 | | 0 | 0 | 0 | 0 | **180,000** |
| McFee Park Phase 5: Dog Park & Storage | 450,000 | 0 | 0 | 0 | 0 | 0 | **450,000** |
| MBLP Field 1 Turf Replacement & ADA Access | 1,000,000 | 0 | 0 | 0 | 0 | 0 | **1,000,000** |
| McFee Park Entrance Gates | 70,000 | 0 | 0 | 0 | 0 | 0 | **70,000** |
| McFee Park Splash Pad Replacement & Elements | 0 | 0 | 0 | 0 | 80,000 | 0 | **80,000** |
| Anchor Park Fence | 0 | 0 | | 175,000 | 0 | 0 | **175,000** |
| Anchor Park Playground | 0 | 0 | 0 | 300,000 | 0 | 0 | **300,000** |
| McFee Park: Courts, Tennis Pavilion & Restrooms | 0 | 0 | 0 | 535,000 | 0 | 0 | **535,000** |
| Sand Volleyball Complex Reconstruction | | 50,000 | | | 0 | 0 | **50,000** |
| MBLP Trail Lighting Update | 0 | 0 | 0 | 125,000 | 0 | 0 | **125,000** |
| MBLP Field 3 Turf Replacement | 0 | 0 | 0 | 0 | 725,000 | 0 | **725,000** |
| McFee Tennis & Basketball Court Resurfacing | 0 | 0 | 0 | 0 | 40,000 | 0 | **40,000** |
| **Parks Total** | **2,570,000** | **50,000** | **0** | **1,135,000** | **845,000** | **1,302,000** | **5,902,000** |
| **Engineering Projects** | **FY2024** | **FY2025** | **FY2026** | **FY2027** | **FY2028** | **FY2029** | **Total** |
| Stormwater Improvements | 0 | 200,000 | 200,000 | 200,000 | 200,000 | 200,000 | **1,000,000** |
| Evans Road Improvements | 0 | 0 | 0 | | | 600,000 | **600,000** |
| Union Road Improvements | 5,850,000 | 0 | 0 | 0 | 0 | 0 | **5,850,000** |
| Virtue Road-Phase II (Brookmere to Boyd Station) | 0 | 925,000 | 0 | 7,480,000 | 0 | 0 | **8,405,000** |
| Watt Road Roundabout | 50,000 | 0 | 850,000 | 0 | 0 | 0 | **900,000** |
| Campbell Station Road/I-40 Interchange | 2,062,500 | 2,062,500 | 2,062,500 | 2,062,500 | 0 | 0 | **8,250,000** |
| **Engineering Total** | **7,962,500** | **3,187,500** | **3,112,500** | **9,742,500** | **200,000** | **800,000** | **25,005,000** |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| | | | | | | | |
| | | | | | | | |
| **CIP Expenditure Total** | **17,267,500** | **4,687,500** | **3,612,500** | **13,047,500** | **1,345,000** | **2,402,000** | **42,362,000** |
| **Funding Sources** | **FY2024** | **FY2025** | **FY2026** | **FY2027** | **FY2028** | **FY2029** | **Total** |
| L-STBG Funding (Virtue Road) | 0 | 740,000 | 0 | 5,984,000 | 0 | 0 | **6,724,000** |
| L-STBG Funding (Union Road) | 4,680,000 | 0 | 0 | | 0 | 0 | **4,680,000** |
| LPRF Grant | 1,250,000 | 0 | 0 | 0 | 0 | 0 | **1,250,000** |
| Interest Earnings | 200,000 | 20,000 | 20,000 | 20,000 | 20,000 | 20,000 | **300,000** |
| Transfer from General Fund | 7,500,000 | 3,000,000 | 3,000,000 | 3,000,000 | 3,000,000 | 3,000,000 | **22,500,000** |
| Land Acquisition Reserves | 1,958,072 | 0 | 0 | 0 | | | **1,958,072** |
| CIP Reserves | 1,679,428 | 927,500 | 592,500 | 4,043,500 | 0 | 0 | **7,242,928** |
| **Funding Total** | **17,267,500** | **4,687,500** | **3,612,500** | **13,047,500** | **3,020,000** | **3,020,000** | **44,655,000** |
| | | | | | | | |
| Total CIP Funding Sources | 17,267,500 | 4,687,500 | 3,612,500 | 13,047,500 | 3,020,000 | 3,020,000 | **44,655,000** |
| Total CIP Expenditures | 17,267,500 | 4,687,500 | 3,612,500 | 13,047,500 | 1,345,000 | 2,402,000 | **42,362,000** |
| **Revenue over (under) expenditures** | **0** | **0** | **0** | **0** | **1,675,000** | **618,000** | |
| **Ending Balance** | **9,972,959** | **9,045,459** | **8,452,959** | **4,409,459** | **6,084,459** | **6,702,459** | |
| **Assigned Fund Balance** | | | | | | | |
| Land Acquisition | 0 | 0 | 0 | 0 | 300,000 | 600,000 | |
| Stormwater Projects | 562,034 | 562,034 | 562,034 | 562,034 | 562,034 | 562,034 | |
| Outstanding Projects | 2,133,572 | 2,133,572 | 2,133,572 | 2,133,572 | 2,133,572 | 2,133,572 | |
| **Total Assigned Balance** | **2,695,606** | **2,695,606** | **2,695,606** | **2,695,606** | **2,995,606** | **3,295,606** | |
| **Available Fund Balance** | **7,277,353** | **6,349,853** | **5,757,353** | **1,713,853** | **3,088,853** | **3,406,853** | |
| | | | | | | | |
| Light Blue: Increase in Budget cost | Sonja Drive Sidewalk-Increase of $1,250,000 | | | | | | |
| Yellow: New Projects | PW Storage Shed Roof, McFee Park Entrance Gates, Turkey Creek/Brixworth Greenway | | | | | | |
| Green: LPRF Grant Projects 50/50 matching | MBLP Field 1 & 2, MBLP ADA Access, McFee Dog Park | | | | | | |
| Purple: Fiscal Year Adjustment | Virtue Road ROW moved to FY25 and Construction moved to FY27 | | | | | | |

# State Street Aid

| | | 2020-2021 | 2021-2022 | 2022-2023 | 2022-2023 | 2023-2024 |
|---|---|---|---|---|---|---|
| | | | Estimated | | | |
| | | Actual | Actual | Budget | Estimated | Proposed |
| | **Beginning Balance** | **2,143,959** | **2,215,307** | **2,242,010** | **2,242,010** | **1,995,010** |
| | | | | | | |
| **121** | **Revenues** | | | | | |
| | State Gasoline & Motor | | | | | |
| 33551 | Fuel | 815,085 | 827,248 | 869,000 | 838,000 | 838,000 |
| 36190 | Interest Earnings | 2,906 | 4,455 | 600 | 40,000 | 30,000 |
| | **Revenue Total** | **817,991** | **831,703** | **869,600** | **878,000** | **868,000** |
| | | | | | | |
| **43100** | **Expenditures** | | | | | |
| 2680 | Street Maintenance | 58,888 | 75,000 | 75,000 | 105,000 | 80,000 |
| 2690 | Resurfacing | 680,267 | 800,000 | 1,200,000 | 1,200,000 | 1,300,000 |
| 2910 | Street Striping | 775 | 50,000 | 50,000 | 20,000 | 50,000 |
| 4230 | Guardrails | 6,529 | 15,000 | 15,000 | 15,000 | 15,000 |
| 4250 | Traffic Calming | 184 | 40,000 | 40,000 | 20,000 | 40,000 |
| **43267** | | | | | | |
| 2670 | Sidewalks/Greenways | 0 | 50,000 | 50,000 | 15,000 | 50,000 |
| | **Expenditure Total** | **746,643** | **1,030,000** | **1,430,000** | **1,375,000** | **1,535,000** |
| | | | | | | |
| | **Other Funding Sources** | | | | | |
| | Transfer from General | | | | | |
| 37940 | Fund | 0 | 225,000 | 250,000 | 250,000 | 500,000 |
| | **Total Transfers in** | **0** | **225,000** | **250,000** | **250,000** | **500,000** |
| | | | | | | |
| | Revenue over (under) | | | | | |
| | expenditures | 71,348 | 26,703 | -310,400 | -247,000 | -167,000 |
| | **Ending Balance** | **2,215,307** | **2,242,010** | **1,931,610** | **1,995,010** | **1,828,010** |

## Equipment Replacement Fund-314

| | | FY2020-21 Actual | FY2021-22 Estimated Actual | FY2022-23 Budget | FY2022-23 Estimated | FY2023-24 Proposed |
|---|---|---|---|---|---|---|
| | **Beginning Balance** | **994,049** | **980,176** | **913,926** | **1,018,691** | **932,778** |
| **314** | **Revenues** | | | | | |
| 36190 | Interest | 1,316 | 2,265 | 250 | 14,000 | 7,000 |
| 36250 | Sale of equipment Proceeds | 49,613 | 19,750 | 0 | 80,337 | 0 |
| | **Total Revenues** | **50,929** | **22,015** | **250** | **94,337** | **7,000** |
| | **Other Funding Sources** | | | | | |
| 37940 | Transfer from General Fund | 157,500 | 200,000 | 400,000 | 400,000 | 215,000 |
| | **Total Other Funding Sources** | **157,500** | **200,000** | **400,000** | **400,000** | **215,000** |
| | **Expenditures** | | | | | |
| 43949 | | | | | | |
| 9490 | Major Equipment | 222,302 | 183,500 | 580,250 | 580,250 | 111,000 |
| | **Total Expenditures** | **222,302** | **183,500** | **580,250** | **580,250** | **111,000** |
| | Revenue over (under) expenditur | -13,873 | 38,515 | -180,000 | -85,913 | 111,000 |
| | **Ending Balance** | **980,176** | **1,018,691** | **733,926** | **932,778** | **1,043,778** |

# Tourism Fund-122

| | | 2020-2021 Actual | 2021-2022 Estimated Actual | 2022-2023 Budget | 2022-2023 Estimate | 2023-2024 Proposed |
|---|---|---|---|---|---|---|
| | **Beginning Balance** | **0** | **155,335** | **265,866** | **265,866** | **509,180** |
| **122** | **Revenues** | | | | | |
| 31920 | Room Occupancy Tax | 296,093 | 253,000 | 500,000 | 540,000 | 500,000 |
| 36190 | Interest Earnings | 17 | 728 | 100 | 10,000 | 8,000 |
| 33800 | Grant-Other Government | 0 | 0 | 0 | 6,000 | 0 |
| | ARPA Grant Funding | 0 | 0 | 0 | 75,208 | 47,500 |
| | **Revenue Total** | **296,110** | **253,728** | **500,100** | **631,208** | **555,500** |

| | | 2020-2021 Actual | 2021-2022 Estimated Actual | 2022-2023 Budget | 2022-2023 Estimate | 2023-2024 Proposed |
|---|---|---|---|---|---|---|
| **47210** | **Tourism Expenditures** | | | | | |
| 1110 | Regular Employee Wages | 14,857 | 1,000 | 20,000 | 26,000 | 39,520 |
| 1120 | Tourism Coordinator | 36,342 | 44,610 | 59,000 | 59,000 | 62,890 |
| 1230 | Overtime Wages | 0 | 342 | 600 | 500 | 1,000 |
| 1410 | Social Security & Medicare Tax | 3,868 | 3,476 | 6,778 | 6,778 | 12,233 |
| 1420 | Health Insurance | 0 | 0 | 20,870 | 10,000 | 10,998 |
| 1430 | Retirement | 0 | 375 | 3,947 | 3,947 | 9,451 |
| 1450 | Life Insurance | 0 | 0 | 205 | 205 | 310 |
| 1460 | Workers Comp Insurance | 0 | 0 | 100 | 100 | 100 |
| 1480 | Long Term Disability Insurance | 0 | 0 | 314 | 214 | 314 |
| 1510 | COLA | 0 | 0 | 0 | 0 | 7,734 |
| 1520 | Merit Adjustment | 0 | 0 | 0 | 0 | 4,640 |
| | **Total Personnel** | **55,067** | **49,803** | **120,814** | **107,744** | **149,190** |
| **47210** | | | | | | |
| 1380 | Clothing & Uniforms | 0 | 0 | 250 | 250 | 1,000 |
| 2210 | Printing | 42,966 | 28,310 | 74,800 | 74,800 | 80,950 |
| 2350 | Dues/Subscriptions | 4,138 | 4,606 | 11,300 | 10,300 | 12,425 |
| 2360 | Promotional | 0 | 4,795 | 16,900 | 16,900 | 19,300 |
| 2540 | Professional Services | 36,538 | 42,455 | 82,500 | 82,500 | 77,500 |
| 2800 | Travel, Training | 842 | 2,407 | 5,600 | 5,600 | 7,750 |
| 3000 | Supplies | 0 | 83 | 500 | 500 | 750 |
| 3120 | Small Tools/Equipment | 1,224 | 1,547 | 3,000 | 3,000 | 6,660 |
| 3610 | Programs | 0 | 9,191 | 26,300 | 26,300 | 30,900 |
| 9490 | Major Equipment | 0 | 0 | 50,000 | 50,000 | 0 |
| | **Total Operating Expenditures** | **85,708** | **93,394** | **272,350** | **270,150** | **237,235** |

| | | 2020-2021 Actual | 2021-2022 Estimated Actual | 2022-2023 Budget | 2022-2023 Estimate | 2023-2024 Proposed |
|---|---|---|---|---|---|---|
| **47220** | **ARPA** | | | | | |
| 1250 | ARPA Part-Time Position | 0 | 0 | 0 | 10,000 | 24,000 |
| 2360 | Promotional | 0 | 0 | 0 | 0 | 3,500 |

| | | | | | | |
|---|---|---|---|---|---|---|
| 2540 | Professional Services | 0 | 0 | 0 | 0 | 15,000 |
| 2800 | Travel, Training | 0 | 0 | 0 | 0 | 5,000 |
| | **Total ARPA Operating Expenditures** | **0** | **0** | **0** | **10,000** | **47,500** |
| | **Total Tourism Expenditures** | **140,775** | **143,197** | **393,164** | **387,894** | **433,925** |

| 44520 | Farragut Museum Expenditures *Historical Data is in the General Fund* | 2020-2021 Actual | 2021-2022 Estimated Actual | 2022-2023 Budget | 2022-2023 Estimate | 2023-2024 Proposed |
|---|---|---|---|---|---|---|
| 1110 | Regular Employee Wages | 0 | 0 | 0 | 0 | 32,500 |
| 1230 | Overtime Wages | 0 | 0 | 0 | 0 | 0 |
| 1410 | Social Security & Medicare Tax | 0 | 0 | 0 | 0 | 2,486 |
| 1520 | Merit Adjustment | 0 | 0 | 0 | 0 | 0 |
| | **Total Personnel** | 0 | 0 | 0 | 0 | 34,986 |
| | | | | | | |
| 2210 | Printing | 0 | 0 | 0 | 0 | 5,000 |
| 2350 | Dues/Subscriptions | 0 | 0 | 0 | 0 | 1,190 |
| 2540 | Professional Services | | | | | 1,500 |
| 2800 | Travel, Training | 0 | 0 | 0 | 0 | 1,500 |
| 3000 | Supplies | 0 | 0 | 0 | 0 | 5,800 |
| 3120 | Small Tools/Equipment | 0 | 0 | 0 | 0 | 14,535 |
| 3610 | Programs | 0 | 0 | 0 | 0 | 3,500 |
| | **Total Operating Expenditures** | **0** | **0** | **0** | **0** | **33,025** |
| | | | | | | |
| | **Total Museum Expenditures** | **0** | **0** | **0** | **0** | **68,011** |
| | | | | | | |
| | **Total Tourism Fund Expenditures** | **140,775** | **143,197** | **393,164** | **387,894** | **501,936** |
| | | | | | | |
| | **Ending Balance** | **155,335** | **265,866** | **372,802** | **509,180** | **562,744** |

# ARPA Fund-316

| | | FY2021-22 Estimated Actual | FY2022-23 Budget | FY2022-23 Estimated | FY2023-24 Proposed |
|---|---|---|---|---|---|
| | **Beginning Balance** | **0** | **3,203,710** | **3,203,710** | **6,315,336** |
| **316** | **Revenues** | | | | |
| 33193 | Federal ARPA Grant 1 | 3,527,626 | 0 | 0 | 0 |
| 33194 | Federal ARPA Grant 2 | 0 | 3,527,626 | 3,527,626 | 0 |
| 36190 | Interest | 6,707 | 0 | 120,000 | 70,000 |
| 34840 | TDEC Non-Competitive Grant-Design Services **(Stormwater Master Plan)** | 0 | 0 | 0 | 893,445 |
| 34840 | TDEC Non-Competitive Grant-Construction Services **(Stormwater Improvements)** | 0 | 0 | 0 | 828,121 |
| | **Total Revenues** | **$3,534,333** | **$3,527,626** | **$3,647,626** | **$1,791,566** |

| | | FY2021-22 Estimated Actual | FY2022-23 Budget | FY2022-23 Estimated | FY2023-24 Proposed |
|---|---|---|---|---|---|
| | **Expenditures** | | | | |
| 41830-9210 | Town Hall Building Improvements | 0 | 1,000,000 | 0 | 2,500,000 |
| 41830-9311 | Stormwater Parking Facilities | 38,788 | 0 | 0 | 2,100,000 |
| 41991-1150 | Essential Personnel Pay | 120,850 | 190,000 | 36,000 | 0 |
| 41991-1320 | Vaccine Incentive Program | 12,780 | 0 | 0 | 0 |
| 41992-9450 | Broadband Infrastructure | 0 | 100,000 | 100,000 | 1,200,000 |
| 43150-4810 | Stormwater Master Plan | 0 | 0 | 400,000 | 600,000 |
| 43150-9340 | Stormwater Improvements | 158,205 | 1,000,000 | 0 | 1,000,000 |
| | **Total Expenditures** | **$330,623** | **$2,290,000** | **$536,000** | **$7,400,000** |
| | **Ending Balance** | **3,203,710** | **4,441,336** | **6,315,336** | **706,902** |

# ADA Capital Projects-313

| | | 2020-2021 Actual | 2021-2022 Estimated Actual | 2022-2023 Budget | 2022-2023 Estimated | 2023-2024 Proposed |
|---|---|---|---|---|---|---|
| | **Beginning Balance** | **126,468** | **172,932** | **222,972** | **222,972** | **377,472** |
| | **Revenues** | | | | | |
| 36190 | Interest Earnings | 179 | 200 | 50 | 4,500 | 1,000 |
| | **Revenue Total** | **179** | **200** | **50** | **4,500** | **1,000** |
| **42900** | **Expenditures** | | | | | |
| 929 | Improvements | 3,715 | 450 | 0 | 0 | 0 |
| | **Expenditure Total** | **3,715** | **450** | **0** | **0** | **0** |
| 51600 | **Transfer to other funds** | | | | | |
| 767 | State Street Aid | 0 | 0 | 0 | 0 | 0 |
| 771 | Capital Fund | 0 | 0 | 0 | 0 | 0 |
| | **Total Transfers out** | **0** | **0** | **0** | **0** | **0** |
| | **Other Funding Sources** | | | | | |
| 37940 | Transfer from General Fund | 50,000 | 50,000 | 150,000 | 150,000 | 150,000 |
| | **Total Transfers in** | **50,000** | **50,000** | **150,000** | **150,000** | **150,000** |
| | Revenue over (under) expenditures | 46,464 | 49,750 | 150,050 | 154,500 | 151,000 |
| | **Ending Balance** | **172,932** | **222,682** | **373,022** | **377,472** | **528,472** |

# Insurance Fund-611

| | | FY2020-21 Actual | FY2021-22 Estimated Actual | FY2022-23 Budget | FY2022-23 Estimated | FY2023-24 Proposed |
|---|---|---|---|---|---|---|
| | **Beginning Balance** | **126,468** | **120,538** | **120,745** | **120,745** | **473,545** |
| **611** | **Revenues** | | | | | |
| 36190 | Interest | 152 | 207 | 26 | 1,800 | 1,000 |
| | Insurance Reimbursement | 0 | 0 | 0 | 0 | 4,160 |
| | **Total Revenues** | **152** | **207** | **26** | **1,800** | **5,160** |
| | **Other Funding Sources** | | | | | |
| 37940 | Transfer from General Fund | 0 | 0 | 500,000 | 500,000 | 0 |
| 41000-100 | Transfer to General Fund | 0 | 0 | 0 | 0 | 0 |
| | **Total Other Funding Sources** | **0** | **0** | **500,000** | **500,000** | **0** |
| | **Expenditures** | | | | | |
| 41650-5940 | Retirement Administrative Expense | 0 | 0 | 0 | 12,850 | 12,850 |
| 43935-6000 | Retirement Benefit | 6,082 | 0 | 500,000 | 110,150 | 35,150 |
| 44100-1500 | Retirement Health Cost | 0 | 0 | 0 | 26,000 | 52,000 |
| | **Total Expenditures** | **6,082** | **0** | **500,000** | **149,000** | **100,000** |
| | **Ending Balance** | **120,538** | **120,745** | **120,771** | **473,545** | **378,705** |

# April 13, 2023
# BMA MEETING MINUTES

## WORKSHOP
## Traffic Calming Policy
## FY2024-2029 Budget Workshop
## Equipment, Tourism, State Street Aid, ARPA, CIP Funds

David Smoak, Town Administrator, presented the proposed Equipment, Tourism, State Street Aid, ARPA and Capital Improvement budgets for discussion.

## BMA MEETING

**Roll Call**

Mayor Williams called the meeting to order at 6:00 PM. Roll Call for attendance: Alderman Burnette, yes; Alderman, Meyer, yes; Alderman Povlin, yes; Alderman White, yes; Mayor Williams, yes; In additional to staff and member of the press.

**Approval of Agenda**

Motion was made to approve the agenda. Moved by Alderman Meyer, seconded by Alderman Povlin; voting yes; Mayor Williams, Alderman Burnette, Meyer, Povlin and White; no nays; motion passed.

**Approval of Minutes**

Motion was made to approve the minutes of the March 23, 2023, as presented. Moved by Alderman Meyer, seconded by Alderman Burnette; voting yes; Mayor Williams, Alderman Burnette, Meyer, Povlin and White; no nays; motion passed.

**Ordinances**

**First Reading**

**Ordinance 23-04**, Ordinance to amend the Capital Investment Program Budge and State Street Aid Fund Budget for the Fiscal Year 2022-2023 Budget, passed by ordinance 22-09

Motion was made to approve ordinance 23-04. Moved by Alderman Meyer, seconded by Alderman Povlin; voting yes: Mayor Williams, Alderman Burnette, Meyer, Povlin and White; no nays; motion passed.

**Business Items**

**Approval of Reappointment to Education Relations Committee**

Motion made to approve reappointment Michelle Morrow to education relations committee. Moved by Alderman Povlin, seconded by Alderman Burnette; voting yes: Mayor Williams, Alderman Burnette, Meyer, Povlin and White; no nays; motion passed.

**Approval of Resolution 2023-05, Surplus Property**

Motion made to approve Resolution 2023-05 Surplus Property. Moved by Alderman Povlin, seconded by Alderman Meyer; voting yes: Mayor Williams, Alderman Burnette, Meyer, Povlin and White; no nays; motion passed.

**Approval of Bids and Award of Contract, for storage shed at Mayor Bob Leonard Park.**

Motion made to approve bids and award of contract, for storage shed from Tuff Shed for their bid of $16,308. Moved by Alderman Povlin, seconded by Alderman Meyer; voting yes: Mayor Williams, Alderman Burnette, Meyer, Povlin and White; no nays; motion passed.

**Approval of Bids and Award of Contract, for Construction of the Little Turkey Creek Greenway connection.**

Motion made to approve Bids and Award of Contract 2023-10, Little Turkey Creek Greenway, to Whaley Construction Company, LLC for their bud of $949,469. Moved by Alderman Povlin, seconded by Alderman Meyer; voting yes: Mayor Williams, Alderman Burnette, Meyer, Povlin and White; no nays; motion passed.

**Approval of proposal from Kramer Rayson, LLP for legal services**

Motion made to approve the proposal from Kramer Rayson, LLP for legal services and hourly rates for the town attorney. Moved by Alderman Meyer, seconded by Alderman Povlin; voting yes: Mayor Williams, Alderman Burnette, Meyer, Povlin and White; no nays; motion passed.

**Town Administrator's Report**

David Smoak announced that the Volunteer Banquet is April 14 at 6:30 pm.

Meeting adjourned at 6:25 PM.

______________________________
Ron Williams, Mayor

______________________________
Allison Myers, Town Recorder

**AGENDA NUMBER V.A.1.** **MEETING DATE April 27, 2023**

**REPORT TO THE BOARD OF MAYOR AND ALDERMEN**

**PREPARED BY:** Karl A. Swierzko, Building Official

**SUBJECT:** Ordinance 23-06, an ordinance on first reading to amend the Farragut Municipal Code, Chapter 105, Article 2. - International Building Code, Section 105-20 (i), to extend the expiration time frame for certain permits, and Section 105-20 (s), to correct a clerical error by referencing the appropriate section and to amend Chapter 105, Article 3. – International Residential Code, Section 105-53 (c), to extend the expiration time frame for certain permits, and Section 105—53 (h) to remove this section and renumber accordingly.

---

**INTRODUCTION:** This ordinance includes some updates to two different articles associated with the 2018 International Building Code and 2018 International Residential Code that were adopted as Ordinances 19-07 through 19-18 in April of 2019. Specifically, in both the International Building Code and International Residential Code, Ordinance 23-06 would extend the expiration time frame for certain permits so that they are more in line with the time frame typically needed to complete the work covered under these permits.

Ordinance 23-06 also corrects a clerical error in a reference associated with guards (rails along walking surfaces) in the International Building Code. The section referenced in Section 105-20 (s) as Section 1013.2 should be Section 1015.2. And, in the International Residential Code, Ordinance 23-06 would remove Section 105-53 (h) which was incorrectly carried over from the 2012 International Residential Code.

**DISCUSSION:** The primary update included in Ordinance 23-06 is to extend the time frame within which certain permits are to be completed. Staff discovered that some of the existing time frames are not realistic and create the need for an applicant to request and pay for an extension. Since extensions must be processed by Town staff, this also consumes staff time. The proposed extensions would increase the permit expirations for some projects from 60 days to 180 days and some from 30 days to 60 days. This will greatly benefit our customers and provide them with the time needed to complete most projects without the need for an extension request, payment, and approval. The two other changes proposed in Ordinance 23-06 are clerical in nature and simply correct errors in the current language. These changes have no impact on our customers or how the code is enforced. They are included so that all updates to this portion of the Farragut Municipal Code can be handled at one time.

**RECOMMENDATION:** The Town of Farragut Building Official, Karl Swierzko, recommends approval of Ordinance 23-06 on first reading.

**PROPOSED MOTION:** To approve Ordinance 23-06 on first reading.

**BOARD ACTION:**

**MOTION BY:**_______________________ **SECONDED BY:**___________________________

| VOTE/TOTAL | WILLIAMS | MEYER | WHITE | POVLIN | BURNETTE |
|---|---|---|---|---|---|
| YES | ________ | ________ | ________ | ________ | ________ |
| NO | ________ | ________ | ________ | ________ | ________ |
| ABSTAIN | ________ | ________ | ________ | ________ | ________ |

| | |
|---|---|
| **ORDINANCE:** | **23-06** |
| **PREPARED BY:** | **Swierzko** |
| **1ST READING:** | ________________ |
| **2ND READING:** | ________________ |
| **PUBLISHED IN:** | ________________ |
| **DATE:** | ________________ |

**ORDINANCE 23-06, AN ORDINANCE ON FIRST READING TO AMEND THE FARRAGUT MUNICIPAL CODE, CHAPTER 105, ARTICLE 2. - INTERNATIONAL BUILDING CODE, SECTION 105-20 (I), TO EXTEND THE EXPIRATION TIME FRAME FOR CERTAIN PERMITS, AND SECTION 105-20 (S), TO CORRECT A CLERICAL ERROR BY REFERENCING THE APPROPRIATE SECTION AND TO AMEND CHAPTER 105, ARTICLE 3. – INTERNATIONAL RESIDENTIAL CODE, SECTION 105-53 (C), TO EXTEND THE EXPIRATION TIME FRAME FOR CERTAIN PERMITS, AND SECTION 105—53 (H) TO REMOVE THIS SECTION AND RENUMBER ACCORDINGLY.**

**WHEREAS,** the Board of Mayor and Alderman of the Town of Farragut, Tennessee, wishes to amend the Farragut Municipal Code, Chapter 105, Article 2. - International Building Code, Section 105-20 (i), to extend the expiration time frame for certain permits, and Section 105-20 (s), to correct a clerical error by referencing the appropriate section and to amend Chapter 105, Article 3. – International Residential Code, Section 105-53 (c), to extend the expiration time frame for certain permits, and Section 105—53 (h) to remove this section and renumber accordingly;

**NOW, THEREFORE, BE IT ORDAINED** by the Board of Mayor and Alderman of the Town of Farragut, Tennessee, that the Farragut Municipal Code is hereby amended as follows:

**SECTION 1.**

The Farragut Municipal Code, Chapter 105, Article 2, International Building Code, Section 105-20 (i), is amended as follows:

(i) The International Building Code is amended by adding the following:
"All building permits shall expire according to the following completion schedule from the date the permit is issued"

| | |
|---|---|
| New construction | 487 days (16 months) |
| Moving structures | 60 days |
| Demolition | 60 days |
| Mechanical changeouts | 60 days |
| All other permits | 180 days |

The Farragut Municipal Code, Chapter 105, Article 2, International Building Code, Section 105-20 (s), is amended as follows:

(s) Section 1015.2 Where required., of the International Building Code, is amended by deleting the first sentence and substituting in lieu thereof the following:

"Guards shall be located along open-sided walking surfaces or ground surfaces, mezzanine, equipment platforms, retaining walls, stairways, ramps, landings and any other locations that are located more than 30 (thirty) inches (762 mm) above the floor or grade below."

**SECTION 2.**

The Farragut Municipal Code, Chapter 105, Article 3. – International Residential Code, Section 105-53 (c) is amended as follows:

(c) The International Residential Code, is amended by adding the following:
"All building permits shall expire according to the following schedule from the date the permit is issued"

| | |
|---|---|
| New construction | 487 days (16 months) |
| Moving structures | 60 days |
| Demolition | 60 days |
| Mechanical changeouts | 60 days |
| All other permits | 180 days |

The Farragut Municipal Code, Chapter 105, Article 3. – International Residential Code, Section 105-53 (h) is amended and renumbered afterwards as follows:

(h) Section R303.4 Mechanical ventilation, of the International Residential Code, is amended by adding the phrase "or approved air exchanger on the HVAC system which will make up the required ventilation."

(i) Section R313.1 Townhouse automatic fire sprinkler systems, of the International Residential Code, is amended by deleting it in its entirety and substituting in lieu thereof the following:

Section R313.1 Townhouse automatic fire sprinkler systems. When an automatic residential fire sprinkler system is installed in townhouses, the following shall apply:

(j) Section R313.2 One- and two-family dwellings automatic fire systems, of the International Residential Code, is amended by deleting it in its entirety and substituting in lieu thereof the following:

Section R313.2 One- and two-family dwellings automatic fire systems. When an automatic residential fire sprinkler system is installed in one- and two-family dwellings, the following shall apply:

(k) Section R319 Site Address, of the International Residential Code, is amended by adding the following:

Posting of designated street address.

(a) All buildings (excluding accessory buildings) shall display the number assigned by the

Knox County Addressing Division to the frontage on which the building's front entrance is located. If a building is occupied by more than one residential unit, each separate outside entrance shall display a separate number.

(b) Numerals indicating the official numbers for each building or each entrance to such building shall be placed either over or at the side of the main entrance of said building or upon the front of any porch or stoop thereof or over or at the side of any gateway leading thereto, or upon the steps thereof in such manner that the same may be plainly seen and distinguishable from the street on which the property is located and in such manner that the same shall not be hidden from view by any trees or shrubs or other obstruction.

(c) If a unit does not allow ready or easy visibility of its address numerals from the street due to excessive setback, shrubbery or color, an address identification marker shall be placed near the entrance or driveway to the parcel. Such identification marker shall not exceed a total area of two square feet.

(d) All building numbers displayed shall be permanent, legible figures not less than four inches nor more than six inches high and of a color contrasting to the building background.

(e) In addition to the required assigned numerals on all buildings and the required address identification markers for units with excessive setbacks and/or visibility problems it shall also be permissible to have property address numerals painted on the curb in front of a lot. Such curbside designation shall be positioned in front of the unit or between the driveway and half the distance of the frontage along the public street.

All painted numerals displayed on curbs shall be permanent, legible black colored numerals, which are no more nor less than four inches high, on a white contrasting background. All paint used shall be of alkyd resin, Type F traffic paint, or an equal approved by the town's engineering department. Numerals shall have glass beads or similar materials for reflective purposes.

(f) A proper address shall be required for any permit issuance. Final approval of a certificate of occupancy of a building erected or repaired shall be withheld until permanent and proper numbers have been displayed in accordance with this section.

This ordinance shall take effect from and after its final passage and publication, the public welfare requiring it.

______________________________

Ron Williams, Mayor

______________________________

Allison Myers, Town Recorder

## Sec. 105-20. Modifications.

(a) The International Building Code, is amended by establishing the permit fees in the general fee schedule resolution adopted by the Farragut Board of Mayor and Aldermen.

(b) The International Building Code, is amended by adding the following:

"No building permit shall be issued unless and until an access permit as otherwise required by ordinance of the Town of Farragut has been issued."

"No permit shall be issued to an applicant, or any shareholder of the entity serving as the applicant, if the matter for which application has been filed, if completed, would be in violation of any ordinance of the Town of Farragut. No permit shall be issued to an applicant, or any shareholder of the entity serving as the applicant, who, prior to the issuance of the permit, is in violation of any other sections of the Farragut Municipal Code or ordinance of the Town of Farragut, nor shall any permit be issued for a premise that, prior to the issuance of the permit, is in violation of any other sections of the Farragut Municipal Code or ordinance of the Town of Farragut."

"A certificate of occupancy shall not be issued until all required building, electrical, gas, mechanical, plumbing, and fire protection systems have been inspected for compliance with the technical codes and all other applicable laws and ordinances of the Town of Farragut are met."

(c) The International Building Code is amended by adding the following: Permit drawings shall be no larger than twenty-four (24) x thirty-six (36) inches.

(d) The International Building Code, is amended by adding the following:

(1) *Design professional.* The design professional shall be an architect or engineer legally registered under the laws of this state regulating the practice of architecture or engineering and shall affix his/her official seal to said drawings, specifications and accompanying data, for the following:

a. All Group A, E and I occupancies.

b. Buildings and structures three stories or higher.

c. Buildings and structures 5,000 square feet (465 square meters) or more in area.

For all other buildings and structure, the submittal shall bear the certification of the applicant that some specific state law exception permits its preparation by a person not so registered.

(2) *Exception.* Group R3 buildings, regardless of size, shall require neither a registered architect or engineer unless required by the building official.

(e) The International Building Code is amended by adding the following: Any structure in excess of 7,000 gross square feet per story or more than two stories shall be of Type I, II, III or IV construction.

(f) The International Building Code is amended by adding the following: Any structure in excess of 7,000 gross square feet per story or more than two stories shall be sprinklered per Section 903.3 of the International Building Code.

(g) The International Building Code is amended by adding the following: Fire walls shall be of noncombustible construction and shall have no penetrations or openings in Type V construction.

(h) Section 101.1 Title, of the International Building Code, is amended by inserting the phrase "Town of Farragut" for NAME OF JURISDICTION.

(i) The International Building Code is amended by adding the following:

"All building permits shall expire according to the following completion schedule from the date the permit is issued"

| | |
|---|---|
| New construction | 487 days (16 months) |
| ~~Additions~~ | ~~180 days~~ |
| ~~Accessory structures~~ | ~~180 days~~ |
| ~~Decks/porches~~ | ~~60 days~~ |
| ~~Swimming pools~~ | ~~60 days~~ |
| ~~New gas/mechanical~~ | ~~60 days~~ |
| Moving structures | ~~30~~ 60 days |
| Demolition | ~~30~~ 60 days |
| Mechanical changeouts | ~~30~~ 60 days |
| All other permits | 180 days |

(j) Section [A] 107.3.4 Design professional in responsible charge, of the International Building Code, is amended by adding the following:

[A] 107.3.4.2 *Construction documents.* The building official may require details, computations, stress diagrams, and other data necessary to describe the construction or installation and the basis of calculations. All drawings, specifications and accompanying data required by the building official to be prepared by a Tennessee registered architect or engineer shall be affixed with their official seal.

(k) Section 113 Board of Appeals, of the International Building Code, is amended by adding the following:

[A] 113.4 *Membership.* The Farragut Board of Plumbing and Gas/Mechanical Examiners shall serve as the board of appeals.

[A] 113.5 *Application.* Application to board of appeals shall be made prior to commencement of construction.

[A] 113.6 *Notice of meeting.* The board shall meet upon notice from the chairman, within twenty (20) days of the filing of an appeal, or at stated periodic meetings.

[A] 113.7 *Open hearing.* All hearings before the board shall be open to the public. The appellant, the appellant's representative, the code official, and any person whose interests are affected shall be given an opportunity to be heard.

[A] 113.7.1 *Procedure.* The board shall adopt and make available to the public through the secretary procedures under which a hearing will be conducted. The procedures shall not require compliance with strict rules of evidence but shall mandate that only relevant information be received.

[A] 113.8 *Board decision.* The board shall modify or reverse the decision of the code official by a concurring vote of the majority of membership.

[A] 113.8.1 *Administration.* The code official shall take immediate action in accordance with the decision of the board.

[A] 113.9 *Court review.* Any person, whether or not a previous party of the appeal, shall have the right to apply to the appropriate court for a writ of certiorari to correct errors of law. Application for review shall be made in the manner and time required by law following the filing of the decision in the office of the chief administrative officer.

(l) Section 114 Violations, of the International Building Code, is amended by adding the following:

[A] 114.5 *Revocation.* The building official may also revoke a permit or approval if a permit holder shall, subsequent to the issuance of such permit or approval, violate the terms of the International Building

Code or the provisions of any other pertinent sections of the Farragut Municipal Code or other ordinances of the Town of Farragut."

(m) Section [F] 502 Building Address, of the International Building Code, is amended by deleting it in its entirety and substituting in lieu thereof the following:

[F] 502 Posting of designated street address.

a. All buildings (excluding accessory buildings) shall display the number assigned by the Knox County Addressing Division to the frontage on which the building's front entrance is located. If a building is occupied by more than one unit, each separate outside entrance shall display a separate number.

b. Numerals indicating the official numbers for each building or each entrance to such building shall be placed either over or at the side of the main entrance of said building or upon the front of any porch or stoop thereof or over or at the side of any gateway leading thereto, or upon the steps thereof in such manner that the same may be plainly seen and distinguishable from the street on which the property is located and in such manner that the same shall not be hidden from view by any trees or shrubs or other obstruction.

c. If a unit does not allow ready or easy visibility of its address numerals from the street due to excessive setback, shrubbery or color, an address identification marker shall be placed near the entrance or driveway to the parcel. Such identification marker shall not exceed a total area of two (2) square feet.

d. All building numbers displayed shall be permanent, legible figures not less than four (4) inches nor more than six (6) inches high and of a color contrasting to the building background.

e. In addition to the required assigned numerals on all buildings and the required address identification markers for units with excessive setbacks and/or visibility problems it shall also be permissible to have property address numerals painted on the curb in front of a lot. Such curbside designation shall be positioned in front of the unit or between the driveway and half the distance of the frontage along the public street. All painted numerals displayed on curbs shall be permanent, legible black colored numerals, which are no more nor less than four (4) inches high, on a white contrasting background. All paint used shall be of alkyd resin, Type F traffic paint, or an equal approved by the Town's engineering department. Numerals shall have glass beads or similar materials for reflective purposes.

f. A proper address shall be required for any permit issuance. Final approval of a certificate of occupancy of a building erected or repaired shall be withheld until permanent and proper numbers have been displayed in accordance with this section.

(n) Section 708.1 General, of the International Building Code, is amended by deleting it in its entirety and substituting in lieu thereof the following:

708.1 *General.* The following wall, ceiling, and floor assemblies shall comply with this section.

a. Walls, ceilings, and floors separating dwelling units in the same building as required by Section 420.2.

b. Walls, ceilings, and floors separating sleeping units in the same building as required by Section 420.2.

c. Walls, ceilings, and floors separating tenant spaces in covered and open mall buildings as required by Section 402.4.2.1.

d. Corridor walls, ceilings, and floors are required by Section 1020.1.

e. Elevator lobby separation as required by Section 713.14.

(o) Section 708 Fire Partitions, of the International Building Code, is amended by adding the following:

708.10. *Tenant Separations.* All tenants shall be separated by a minimum of a one-hour fire rated envelope. This shall include but not be limited to floors, walls, and ceilings.

(p) Section [F] 907.2.1.1 System initiation in Group A occupancies with an occupant load of 1,000 or more, of the International Building Code, is amended by deleting it in its entirety and substituting in lieu thereof the following:

[F] 907.2.1.1 System initiation in Group A occupancies with an occupant load of three hundred (300) or more. Activation of the fire alarm in Group A occupancies with an occupant load of three hundred (300) or more shall initiate a signal using an emergency voice/alarm communications system in accordance with NFPA 72.

(q) Section [F] 907.2.10.2 Groups R-2, R-3, R-4 and I-1, of the International Building Code, is amended by adding the following:

4. In each private garage attached to and serving a dwelling unit.

(r) Section 1010.1.9.4 Locks and latches, of the International Building Code, is amended by deleting item 2. in its entirety.

(s) Section ~~1013.2~~ 1015.2 Where required., of the International Building Code, is amended by deleting the first sentence and substituting in lieu thereof the following:

"Guards shall be located along open-sided walking surfaces or ground surfaces, mezzanine, equipment platforms, retaining walls, stairways, ramps, landings and any other locations that are located more than 30 (thirty) inches (762 mm) above the floor or grade below."

(Code 2007, § 12-102; Ord. No. 13-03, § 1, 4-25-2013; Ord. No. 19-07 , § 1, 4-11-2019; Ord. No. 19-29 , § 1, 12-12-2019)

## Sec. 105-53. Modifications.

(a) The International Residential Code is amended by establishing the permit fees in the general fee schedule resolution adopted by the Farragut Board of Mayor and Alderman.

(b) Whenever reference is made to the "board of appeals," such shall be deemed to refer to the Farragut Board of Plumbing and Gas/Mechanical Examiners.

(c) The International Residential Code, is amended by adding the following:

"All building permits shall expire according to the following schedule from the date the permit is issued"

| | |
|---|---|
| New construction | 487 days (16 months) |
| ~~Additions~~ | ~~180 days~~ |
| ~~Accessory structures~~ | ~~180 days~~ |
| ~~Decks/porches~~ | ~~60 days~~ |
| ~~Swimming pools~~ | ~~60 days~~ |
| ~~New gas/mechanical~~ | ~~60 days~~ |
| Moving structures | ~~30~~ 60 days |
| Demolition | ~~30~~ 60 days |
| Mechanical changeouts | ~~30~~ 60 days |
| All other permits | 180 days |

(d) The International Residential Code, is amended by adding the following:

"No building permit shall be issued unless and until an access permit as otherwise required by ordinance of the Town of Farragut has been issued."

"No permit shall be issued to an applicant, or any shareholder of the entity serving as the applicant, if the matter for which application has been filed, if completed, would be in violation of any ordinance of the Town of Farragut. No permit shall be issued to an applicant, or any shareholder of the entity serving as the applicant, who, prior to the issuance of the permit, is in violation of any other sections of the Farragut Municipal Code or ordinance of the Town of Farragut, nor shall any permit be issued for a premise that, prior to the issuance of the permit, is in violation of any other sections of the Farragut Municipal Code or ordinance of the Town of Farragut."

(e) Section R101.1 Title, of the International Residential Code, is amended by inserting the phrase "Town of Farragut" for NAME OF JURISDICTION.

(f) Section R113 Violations, of the International Residential Code, is amended by adding the following:

"The building official may also revoke a permit or approval if a permit holder shall, subsequent to the issuance of such permit or approval, violate the terms of the International Residential Code or the provisions of any other pertinent sections of the Farragut Municipal Code or ordinances of the Town of Farragut."

(g) Table R301.2(1) Climate and Geographical Design Criteria.

Insert "10 PSF" in the table for Ground Snow Load.

Insert "90" in the table for Wind Speed.

Insert "No" in the table for Topographical Effects.

Insert "C" in the table for Seismic Design Category.

Insert "Severe" in the table for Weathering.

Insert "12 inches" in the table for Frost Line Depth.

Insert "Moderate to Heavy" in the table for Termite.

Insert "19 Degrees Fahrenheit" in the table for Winter Design Temperature.

Insert "No" in the table for Ice Barrier Required.

Insert."210" in the table for Air Freezing Index.

Insert "59.4" in the table for Mean Annual Temperature.

Insert "981 ft.' in the table for Elevation.

Insert "36 Degrees N" in the table for Latitude.

Insert "20 Degrees Fahrenheit" in the table for Winter Heating.

Insert "90 Degrees Fahrenheit" in the table for Summer Cooling.

Insert ".97" in the table for Altitude Correction Factor.

Insert "70 Degrees Fahrenheit" in the table for Indoor Design Temperature.

Insert "75 Degrees Fahrenheit" in the table for Design Temperature Cooling.

Insert "20-25 Degrees Fahrenheit" in the table for Heating Temperature Difference.

Insert "6-22 Degrees Fahrenheit" in the table for Cooling Temperature Difference.

Insert "15 mph" in the table for Wind Velocity Heating.

Insert "7.5 mph" in the table for Wind Velocity Cooling.

Insert "20 Degrees Fahrenheit" in the table for Daily Range.

Insert "50%" in the table for Winter Humidity.

Insert "50%" in the table for Summer Humidity.

~~(h) Section R302.5.1 Opening protection, of the International Residential Code, is amended by deleting the phrase "equipped with a self-closing device."~~

~~(a)~~(h) Section R303.4 Mechanical ventilation, of the International Residential Code, is amended by adding the phrase "or approved air exchanger on the HVAC system which will make up the required ventilation."

~~(j)~~(i) Section R313.1 Townhouse automatic fire sprinkler systems, of the International Residential Code, is amended by deleting it in its entirety and substituting in lieu thereof the following:

Section R313.1 Townhouse automatic fire sprinkler systems. When an automatic residential fire sprinkler system is installed in townhouses, the following shall apply:

~~(k)~~(j) Section R313.2 One- and two-family dwellings automatic fire systems, of the International Residential Code, is amended by deleting it in its entirety and substituting in lieu thereof the following:

Section R313.2 One- and two-family dwellings automatic fire systems. When an automatic residential fire sprinkler system is installed in one- and two-family dwellings, the following shall apply:

~~(l)~~(k) Section R319 Site Address, of the International Residential Code, is amended by adding the following:

Posting of designated street address.

(a) All buildings (excluding accessory buildings) shall display the number assigned by the Knox County Addressing Division to the frontage on which the building's front entrance is located. If a building is occupied by more than one residential unit, each separate outside entrance shall display a separate number.

(b) Numerals indicating the official numbers for each building or each entrance to such building shall be placed either over or at the side of the main entrance of said building or upon the front of any porch or stoop thereof or over or at the side of any gateway leading thereto, or upon the steps thereof in such manner that the same may be plainly seen and distinguishable from the street on which the property is located and in such manner that the same shall not be hidden from view by any trees or shrubs or other obstruction.

(c) If a unit does not allow ready or easy visibility of its address numerals from the street due to excessive setback, shrubbery or color, an address identification marker shall be placed near the entrance or driveway to the parcel. Such identification marker shall not exceed a total area of two square feet.

(d) All building numbers displayed shall be permanent, legible figures not less than four inches nor more than six inches high and of a color contrasting to the building background.

(e) In addition to the required assigned numerals on all buildings and the required address identification markers for units with excessive setbacks and/or visibility problems it shall also be permissible to have property address numerals painted on the curb in front of a lot. Such curbside designation shall be positioned in front of the unit or between the driveway and half the distance of the frontage along the public street.

All painted numerals displayed on curbs shall be permanent, legible black colored numerals, which are no more nor less than four inches high, on a white contrasting background. All paint used shall be of alkyd resin, Type F traffic paint, or an equal approved by the town's engineering department. Numerals shall have glass beads or similar materials for reflective purposes.

(f) A proper address shall be required for any permit issuance. Final approval of a certificate of occupancy of a building erected or repaired shall be withheld until permanent and proper numbers have been displayed in accordance with this section.

(Code 2007, § 12-1102; Ord. No. 13-12, § 1, 4-25-2013; Ord. No. 16-22, §§ 1, 2, 10-13-2016; Ord. No. 19-08 , § 1, 4-11-2019)

AGENDA NUMBER V.B.1. MEETING DATE April 27, 2023

# REPORT TO THE BOARD OF MAYOR AND ALDERMEN

**PREPARED BY: Allison Myers, Town Recorder/Treasurer**

**SUBJECT: Ordinance 23-04**, Ordinance to amend the Capital Investment Program Budget and State Street Aid Fund Budget for the Fiscal Year 2022-2023 Budget, passed by ordinance 22-09

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## INTRODUCTION:

The purpose of this agenda item is to approve Ordinance 23-04 on second and final reading to amend the Fiscal Year 2023 Capital Investment Program and State Street Aid Fund Budgets.

## DISCUSSION:

The **Capital Investment Program** will be amended by increasing the appropriated expenditures from $14,824,000 to $15,024,000, an increase of $200,000.

- **$200,000 –** Little Turkey Creek Greenway, Additional funds needed to complete the project
- **$50,000** – Mayor Bob Leonard West Baseball Field Improvements

## FINANCIAL SECTION: Capital Investment Program

**Account Number**: Equipment Fund Expenditure

| FY2023 Budget | Requested Amendment | FY2023 Amended Budget |
|---|---|---|
| $14,824,000 | $200,000 | $15,024,000 |

**Approved By**: A. Myers

The **State Street Aid Fund** will be amended by increasing the appropriated expenditures from $1,430,000 to $2,284,000, an increase of $854,000. For the past few years, in hopes of receiving better bids, the resurfacing contract has provided for a more flexible and longer construction season. Due to this change, the resurfacing of the Town's streets typically spans multiple fiscal years. The resurfacing balance for FY22 was $854,000. The remaining invoices for the previous year's contract have been paid in the current fiscal year so the balance will be transferred from FY2022 to FY2023.

## FINANCIAL SECTION: State Street Aid

**Account Number**: **State Street Aid Fund**

| FY2023 Budget | Requested Amendment | FY2023 Amended Budget |
|---|---|---|
| $1,430,000 | $854,000 | $2,284,000 |

**Approved By**: A. Myers

**RECOMMENDATION BY:** Allison Myers, Town Recorder/Treasurer, for approval.

**PROPOSED MOTION:** Motion to approve Ordinance 23-04 on second and final reading.

| | |
|---|---|
| ORDINANCE | 23-04 |
| PREPARED BY | Myers |
| 1ST READING | |
| 2nd READING | |
| PUBLISHED IN | |
| DATE | |

AN ORDINANCE OF THE TOWN OF FARRAGUT, TENNESSEE
AMENDING THE FISCAL YEAR 2023-2024 BUDGET, PASSED BY ORDINANCE 22-09

**WHEREAS**, the Town of Farragut adopted the fiscal year 2022-23 budget by passage of Ordinance Number 22-09 on May 26, 2022; and

**WHEREAS**, pursuant to the Tennessee State Constitution, Section 24 of Article II, no public money shall be expended except pursuant to appropriations made by law; and

**WHEREAS**, expenses for the Equipment Fund will be greater than budgeted; and

**NOW THEREFORE** BE IT ORDAINED BY THE BOARD OF MAYOR AND ALDERMEN OF THE TOWN OF FARRAGUT, TENNESSEE THAT CHANGES BE MADE TO THE FISCAL YEAR 2022-2023 BUDGET AS FOLLOWS:

SECTION 1. Ordinance 20-09 is hereby amended by:

The **Capital Investment Program** will be amended by increasing the appropriated expenditures from $14,824,000 to $15,024,000, an increase of $200,000.

The **State Street Aid Fund** will be amended by increasing the appropriated expenditures from $1,430,000 to $2,284,000, an increase of $854,000.

SECTION 2. The Board of Mayor and Aldermen authorizes the Town Recorder to make said changes in the accounting system.

SECTION 3. This ordinance shall take effect after its final passage and publication, the public welfare requiring it.

______________________________
Ron Williams, Mayor

______________________________
Allison Myers, Town Recorder

**AGENDA NUMBER VI.A.** **MEETING DATE April 27, 2023**

# REPORT TO THE BOARD OF MAYOR AND ALDERMEN

**PREPARED BY: Allison Myers, Town Recorder**

**SUBJECT:** Approval of Proposal from Pugh CPA to provide Financial and Compliance Audit Services

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**BACKGROUND:**

The Certificate of Achievement for Excellence in Financial Reporting (COA) was established in 1945 by the Government Finance Officers Association (GFOA) to encourage and assist state and local governments to go beyond the minimum requirements of generally accepted accounting principles. Local governments are to prepare annual financial reports that promote the spirit of transparency and full disclosure; and then to recognize individual governments that succeed in achieving that goal.

**DISCUSSION:**

Pugh CPA has provided the Town with a proposal for auditing services. Pugh has over 30+ years of experience in the governmental sector in the region and has 25 auditors who are experienced in governmental auditing. A sample of the entities that Pugh currently serves are Knox County Government, Cities of Alcoa, Maryville, Loudon, and Pigeon Forge.

Pugh's proposal is for auditing services for Fiscal Years 2023, 2024 and 2025. The proposal also includes fees for a single audit, if required, due to expenditures within the ARPA fund. The proposed fee also includes the Municipal Chart of Accounts Crosswalk. The crosswalk is a conversion of the Town's audited financial data into a condensed chart of accounts as prescribed by the Comptroller of the Treasury. The contract will not affect the current budget because work will begin following the year end. The proposed professional services fees for three fiscal years are as follows:

**Auditing Services:**
FY2023 $24,500, FY2024 $25,500, & FY2025 $26,500

**Single Audit (if required):**
FY2023 $2,900, FY2024 $3,100, & FY2025 $3,300

In Tennessee Code Annotated §12-3-1209, *Any person providing fiscal agent, financial advisor or advisory services to any county, city, metropolitan government, town, utility district or other municipal or public corporation shall perform such services only pursuant to a written contract, specifying the services to be rendered, the costs therefore, and the expenses to be covered under such contract.* Since the contract falls under this provision an RFP is not required for the approval of this contract.

Enhancing the Town's Financial Position is one of the Town's Critical Success Factors outlined in the Town's strategic plan. The auditing process plays a role in helping to meet this Critical Success Factor by providing a checks-and-balances system to ensure the Town maintains a fiscally sound budget and financial position.

**RECOMMENDATION BY:**

Allison Myers, Finance Director/Town Recorder for approval.

**PROPOSED MOTION:**

Motion to approve a 3-Year Professional Services Contract with Pugh CPA for Auditing Services.

**BOARD ACTION:**

**MOTION BY: ________________________________ SECONDED BY: __________________________________**

| VOTE/TOTAL | BURNETTE | MEYER | POVLIN | WHITE | WILLIAMS |
|---|---|---|---|---|---|
| YES | _______ | _________ | _________ | _______ | _______ |
| NO | _______ | _________ | _________ | _______ | _______ |
| ABSTAIN | _______ | _________ | _________ | _______ | _______ |

PUGH CPAs

# Proposal to Provide Financial and Compliance Audit Services

## March 10, 2023

## Presented to: Town of Farragut, Tennessee

## Presented by:

## Pugh CPAs


315 North Cedar Bluff Road
Suite 200
Knoxville, Tennessee 37923-4548
(865) 769-0660

Travis D. Lowe
Officer & Governmental Practice Leader
(865) 766-1723

# Table of Contents

PUGH CPAs

315 North Cedar Bluff Road Suite 200
Knoxville, TN 37923
Telephone: (865) 769-0660
www.pughcpas.com

March 10, 2023

Town of Farragut
11408 Municipal Center Drive
Farragut, Tennessee 37934

Attn: Allison Myers, MMC, CMFO, Town Recorder

RE: Financial and Compliance Audit

We appreciate the opportunity to propose financial and compliance services for the Town of Farragut (the "Town"). We hope our interest in developing a long-term relationship with you is evident. The selection of a public accounting firm is an important decision, and we know differences among firms are often difficult to discern. We believe our firm's size, reputation for quality work, and dedication to reliable service uniquely qualifies us to meet your needs.

The reasons to select Pugh CPAs ("Pugh") for these services are straightforward:

- **Relationship**

  Our goal at Pugh CPAs is to provide the highest quality service. We feel that the success of our firm can largely be attributed to the relationships we maintain with our clients. Pugh's client-service model delivers hands-on leadership. Our officers and managers are actively involved in the day-to-day work processes and client communications. We encourage you to call us to discuss issues frequently. We regularly meet with our clients to keep communications open around audit and financial reporting matters, and we are available to meet on short notice as needs arise. In particular, we keep management informed during the audit engagement regarding audit progress, open items and other audit matters. We believe communication is key to strong relationships.

- **Governmental Experience**

  Pugh CPAs is the leading governmental audit firm in East Tennessee. Our 30+ years of experience in the governmental sector in our region makes Pugh the most qualified firm to serve the Town. Governmental auditing is one of our firm's largest practice areas as indicated by our sample list of governmental clients presented in our proposal. With a large Tennessee governmental client base, we continually stay current with developments and guidance from the State of Tennessee Comptroller Office. While other firms may have governmental experience, our firm has significant auditing experience with Cities which have unique governmental financial reporting requirements.

- **Resources**

  Our audit approach combines the resources of a large professional services firm with the dedication to client service found at a local firm. We are a full-service local CPA firm with 17 officers and approximately 75 professionals. Our audit practice includes 25 auditors who are experienced in governmental auditing. Our size and expertise will enable us to assist you with all financial matters.

- **Transition**

  A smooth transition from the prior auditor is our top priority. Our proposed engagement team has worked on numerous new audit engagements allowing us to ensure a smooth transition to our firm. Timing and execution of engagements are important. Our staff size, commitment to effective communication, and dedication to proper planning and scheduling allows us to achieve efficient workflow. These practices enable us to avoid "rushes" on client service projects which can lead to poor service and poor product quality.

Our goal is to provide value to you and we are willing to make an investment in this relationship. We are committed to serving municipal governments like yours and know that our clients value both knowledge and attention. You would be an extremely important and valued client of ours.

Enclosed is our written proposal for services, which provides information about our firm, our approach to the engagements, and our professionals. We look forward to your review of our qualifications included in this proposal. Feel free to contact us directly with any questions.

Thank you for considering Pugh CPAs as your professional services provider.

Very truly yours,

***Pugh & Company, P.C.***

Travis D. Lowe

Travis D. Lowe, CPA
Officer & Audit Leader

# A. Leadership Team

## *Qualifications of Our Leadership Team*

Our service team operates as a unit. The team members work together to evaluate how each recommendation could impact aspects of your other operations. Our clients have found that the continuity of our staff is an important benefit. It is our approach to maintain the integrity of the client service team from year to year. This continuity strengthens our client relationships and helps clients avoid inconveniences and loss of productivity caused by constant change in accountants. While we cannot guarantee that every member of the team will return each year, the staffing will remain consistent whenever possible. Compared to industry averages our firm historically has relatively low turnover.

All of our governmental audit staff receive annual governmental training to meet professional standards and continuing professional education (CPE) requirements. Our governmental team receives internal governmental training along with attending courses offered by the National Association of State Auditors, Comptrollers and Treasurers (NASACT) or the Tennessee Society of CPA' (TSCPA). We also attend the annual AICPA Governmental Audit and Accounting Conference.

Pugh and all assigned key professional staff are properly licensed to practice in the state of Tennessee and are independent of the Town.

Travis Lowe will oversee all aspects of the engagement for the Town. Pugh CPAs also has the resources to change its audit team at all levels if deemed appropriate. In addition, our firm regularly hires audit professionals with governmental experience. If circumstances arise requiring changes to the key personnel to be assigned to this engagement, we will discuss such changes with the Town in advance.

## *Biography*

**Travis Lowe, CPA**

*Officer*
*Audit, Accounting and Advisory Services*

Main: (865) 769-0660
Office: (865) 769-1723
Fax: (865) 769-1660
E-Mail: tlowe@pughcpas.com

PUGH CPAs

### Profile

Travis Lowe is an Officer in the Audit, Accounting & Advisory Services Department. He has experience in auditing and accounting services related to a variety of industries including governmental and not-for-profit entities, utilities, contractors, and private companies. Travis is Pugh's governmental practice leader.

### Education

He graduated Magna Cum Laude from Tennessee Technological University with a Bachelor of Science degree in Business Administration, with a major in finance and with a Master of Business Administration with a concentration in accounting.

### Experience

His service and experience include financial and compliance audits, review and compilation services, agreed-upon procedures engagements, Single Audits, and general consulting services.

### Professional, Civic and Other Affiliations

Travis is a Certified Public Accountant and is active in his community where he is involved with numerous civic, professional, and charitable organizations including:

- Member of American Institute of Certified Public Accountants
- Member of Tennessee Society of Certified Public Accountants
    - Committee Member of the Governmental Task Force
- Member of the Association of Government Accountants (AGA)
    - 2022 Program Year Chapter President
    - 2023 Newsletter Editor
- Member of the Government Finance Officer Association (GFOA)
- Member of the Tennessee Government Finance Officer Association (TGFOA)
- Past Member of the Tennessee Technological University Accounting Advisory Board
- Volunteer youth soccer coach for AYSO

In addition, Travis has made presentations to the local chapters of the TSCPA, AGA, TGFOA, and the Church Network.

# B. Qualifications of Our Firm

## *About Our Firm*

Pugh & Company, P.C. was founded in 1969 and is a well-established certified public accounting firm located in Knoxville, Tennessee. We have a professional staff of approximately 75 men and women, including approximately 50 Certified Public Accountants. We provide a wide range of services, including audit, accounting, tax, and management information and advisory services, for clients in many industries and specialties.

Each of our officers are members of the American Institute of Certified Public Accountants (AICPA) and the Tennessee Society of Certified Public Accountants (TSCPA). In addition, Pugh is a member of the Private Companies Practice Section (PCPS) of the AICPA and the Governmental Audit Quality Center (GAQC). The PCPS is comprised of elite CPA firms dedicated to responsible and quality service practices. Member firms not only maintain stringent quality control systems in accordance with AICPA standards, but submit to tri-annual peer reviews to verify compliance. Through these organizations, we receive the latest technical information and professional development courses available. Our memberships and associations also provide access to highly specialized, technical expertise when unusual audit, tax or consulting issues are encountered.

Pugh is a local firm with local owners and employees. We celebrated our 50th anniversary in 2019 and Pugh has a long tradition of community service and involvement. Many of our members serve on local boards and participate regularly in giving back to our community through charitable efforts. We have invested our lives in our local community and we are constituents, taxpayers and residents of the East Tennessee community.

## *RSM US Alliance*

Pugh CPAs is proud to have been chosen to be a member of RSM US Alliance (www.rsmus.com/alliance), a premier affiliation of independent accounting and consulting firms in the United States, with more than 75 members in over 38 states, the Cayman Islands and Puerto Rico. RSM US Alliance provides its members with access to resources of RSM US LLP, the leading provider of audit, tax and consulting services focused on the middle market, with more than 9,000 people in 86 offices nationwide. RSM US Alliance member firms are separate and independent businesses and legal entities that are responsible for their own acts and omissions, and each are separate and independent from RSM US LLP. RSM US LLP is the U.S. member firm of RSM International, a global network of independent audit, tax, and consulting firms. Members of RSM US Alliance have access to RSM International resources through RSM US LLP but are not member firms of RSM International. Visit *rsmus.com/about* us for more information regarding RSM US LLP and RSM International. The RSM™ logo is used under license by RSM US LLP. RSM US Alliance products and services are proprietary to RSM US LLP.

## *Our Governmental Practice / Experience with GFOA Certificates*

Governmental entities have been a primary area of specialty for our firm for over 30 years. The firm has committed the resources necessary to capitalize on and expand our governmental practice. This commitment has taken the shape of increased staff and the ongoing development of audit and specialized governmental staff through training and dedicated assignments in this industry. Our staff includes 25 people with governmental auditing experience.

As one of the largest professional services firms in the area, we can provide you with the full range of knowledge and resources. Our affiliation with RSM US LLP gives us access to the knowledge and resources of a national firm who specializes in governmental entities. We maintain working relationships with the Tennessee Comptroller of the Treasury through numerous interactions as a result of serving other governmental entities within this region and regularly attending their regional conferences and presentations. Our active participation in the governmental sector can provide you with the benefit of our wealth of experience directly gleaned from working with other governmental entities, many of which have confronted or currently face issues similar to those at the Town.

Recognizing the specialized nature of governmental entities, Pugh has adopted specialization requirements for professionals serving these entities. Your service team is comprised of individuals who specialize in your industry. There are two benefits of this specialization. First, from a quality control standpoint, this helps ensure that the professionals involved are up to date on professional standards and other regulatory and non-regulatory issues facing governmental entities. Second, from a proactive client service standpoint, these professionals are up to date on matters of importance to your industry, and regulatory issues which impact financial reporting, among others. We believe that this specialization is essential to providing sound professional services throughout the year.

Below is a condensed sample of governmental and related entities which our firm currently serves:

| Organization |
|---|
| Knox County Government * |
| Knox County Board of Education * |
| Knox County Emergency Communications District |
| City of Loudon |
| City of Pigeon Forge |
| City of Clinton * |
| City of Maryville * |
| Knox Chapman Utility District * |

| Organization |
|---|
| City of Alcoa * |
| City of LaFollette |
| LaFollette Utilities |
| West Knoxville Utility District * |
| City of Sunbright |
| Tennessee Municipal League |
| Sevier Solid Waste |
| City of Norris * |

* The GFOA certificate was applied for and received each year we have served these entities.

We have extensive experience working under governmental auditing standards required by this engagement. As described in our proposal, our firm and proposed engagement team has conducted multiple audits under the requirements of *Government Auditing Standards*, the Uniform Guidance, and the Audit Manuals as issued by the State of Tennessee Comptroller's Department of Audit. We understand the intricacies of working under all of these standards and have developed an efficient and effective approach to auditing our governmental clients. We believe that our firm would serve the Town well due to our experience in auditing governmental entities including multiple cities.

Our proposed service team consists of seasoned professionals with significant governmental experience. Each is experienced in auditing governmental entities and performing audit and grant compliance procedures. This level of experience and expertise, not only in the management of the audit, but also in the performance of the work, will ensure high quality performance for the Town. We are committed and able to complete the project within the specified timeframes. All members of our audit team annually meet the continuing professional education requirements required by *Government Auditing Standards*.

## Compliance with Peer Review Requirements

Upon adoption of single audit legislation, local governmental units have, by law, become heavily reliant upon audits performed by independent public accounting firms. In studies completed by the General Accounting Office (GAO), which included reviews of randomly selected audits, they determined that a significant percent of those audits did not satisfactorily comply with applicable governmental auditing standards. The conclusion was that audits of governmental units differ from audits of non-governmental units and those differences have become markedly more pronounced since adoption and implementation of single audit legislation. As a result of these studies and hearings, the GAO has issued revised Government Auditing Standards. One of the revisions requires that auditors performing single audits have an internal quality control system and submit to an external quality control peer review program. Pugh is a member of the Private Companies Practice Section and the Governmental Audit Quality Center of the AICPA, and as such has complied with their requirement to receive peer reviews every three years.

Our last tri-annual peer review was completed in October 2020. We have received unqualified opinions on all of our peer reviews. A copy of our latest peer review report is included with this proposal.

All audit reports issued by Pugh, which have undergone reviews by various state and federal oversight organizations, have been accepted. In addition, the working papers for several engagements have been inspected by applicable federal and/or state authorities and have been accepted without change.

## Quality Control / Independence

Pugh has a system of quality control for our accounting and auditing practice that is structured to provide reasonable assurance that our personnel comply with applicable professional standards and our firm's standards of quality. Our policies and procedures include the following elements:

- Independence, integrity and objectivity
- Personnel management, including hiring, assigning personnel to engagements, professional development and advancement activities
- Acceptance and continuance of clients
- Engagement performance, including all phases of the design and execution of the engagements
- Monitoring

The responsibility for the design, implementation and monitoring for our quality control system rests with our firm's audit administrative officer. Pugh utilizes practice documents and other guidance material to implement its quality control system. We monitor our quality control system through annual internal inspections. Our audit practice is subject to triennial peer review.

All officers and employees are required to adhere to our policies and procedures relating to independence and conflicts of interest. None of our professional staff have had complaints against them by the state board of accountancy or any other regulatory authority.

We are not aware of any potential independence conflicts between Pugh and the Town. If conflicts related to services or personnel were to arise, we would promptly discuss it with management and provide written communication to the commission.

## Differentiators of Our Firm

The Town will be serviced by professionals experienced with government audits. Our firm's leaders view governmental entities as a key practice, and the practice has our firm leadership's full support and commitment to serve clients such as the Town.

Your proposed engagement team will be carefully selected to reflect our firm's capabilities to address the challenges you may be facing. It is composed of individuals who are experienced in your field. Through the engagement team, you will have access to governmental practice resources to discuss and understand our thinking on emerging issues and matters. Your requests and inquiries regarding technical matters will receive high-priority status, and will be addressed promptly.

To summarize the points that differentiate us from other firms, consider that:

- We have extensive experience with other City governments with similar accounting, transaction, and regulatory issues. This experience enables us to provide the highest quality service beyond our traditional accounting services. We understand the challenges that entities like yours face. We partner with our clients in managing risk and in staying on the forefront of emerging financial issues, including providing advice regarding accounting, audit and technical matters.
- We provide personalized service locally with the strength and expertise of a national firm though our affiliation with RSM US LLP. Our investment in continuing education and other resources enables us to stay current with, and bring to your attention, all emerging issues.
- We believe that our client service team would have a relationship with the Town and be "relationship focused" rather than "transaction focused".
- Our effective, risk-based audit approach includes a thorough assessment of your strategic objectives, current business operations, and the risks associated with both. The officer will be actively involved in the field, and a manager and a senior both highly experienced are scheduled to be on-site at the Town dedicated to your engagement.
- We will meet all timelines and milestones requested by the Town which are under our control to ensure the reports are delivered on time and without surprises.
- We are a local firm which invests in area Tennessee communities while specializing in governmental auditing.

# C. References

Our Firm appreciates this opportunity to present our qualifications for your consideration and would be pleased to furnish additional information that you may request. We realize that what matters most is the ability to verify our competency, knowledge and responsiveness via independent sources. We are pleased to provide you with the following references from a sampling of our clients whom you may contact:

***References:***

*City of Maryville*
*Maryville, Tennessee*
Sherri Phillips, Director of Finance
865.273.3452

*City of Alcoa*
*Alcoa, Tennessee*
Brittany Spence, Director of Finance
865.380.4748

*City of LaFollette*
*LaFollette, Tennessee*
Mr. Terry Sweat, Director of Finance
423.562.4961

*City of Pigeon Forge*
*Pigeon Forge, Tennessee*
Dennis Clabo, Director of Finance
865.453.9061

*City of Sunbright*
*Sunbright, Tennessee*
Karen Melton, Mayor
423.628.5260

*Knox County Government*
*Knoxville, Tennessee*
Chris Caldwell, Senior Director of Finance
& Deputy Chief of Staff
865.215.4149

# D. Peer Review Report

**Cherry** Bekaert[LLP]
CPAs & Advisors

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

October 2, 2020

To the Shareholders of Pugh & Company, P.C.
And the National Peer Review Committee

We have reviewed the system of quality control for the accounting and auditing practice of Pugh & Company, P.C. (the firm) applicable to engagements in effect for the year ended May 31, 2020. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants (Standards).

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

**Firm's Responsibility**

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

**Peer Reviewer's Responsibility**

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

**Required Selections and Considerations**

Engagements selected for review included an engagement performed under *Government Auditing Standards*, including a compliance audit under the Single Audit Act, audits of employee benefit plans, an audit performed under FDICIA, and an examination report of service organization Controls (SOC 1 engagement).

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

**Opinion**

In our opinion, the system of quality control for the accounting and auditing practice of Pugh & Company, P.C. in effect for the year ended May 31, 2020, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass, pass with deficiency(ies)* or *fail*. Pugh & Company, P.C. has received a peer review rating of *pass*.

Cherry Bekaert LLP

Cherry Bekaert LLP

# E. Fee Proposal

Our goal is to provide high quality, reliable service at reasonable fees. Listed below are our "not to exceed" fees for auditing services for the Town of Farragut related to the year ending June 30, 2022 with two optional renewal periods.

| | | Optional Renewal | |
|---|---|---|---|
| Summary of Services | Fee Estimate 2023 | Fee Estimate 2024 | Fee Estimate 2025 |
| Audit of Financial Statements for the Town of Farragut | $24,500* | $25,500* | $26,500* |
| Single Audit (includes preparation of Data Collection Form), if required. | $2,900 | $3,100 | $3,300 |

*Preparation of required chart of accounts crosswalk included in proposed fee.

Significant changes in the nature and scope of the Town will result in professional fee increases beyond the above estimates and would be billed at our standard hourly rates below (subject to annual adjustment). Significant changes may include addition of new funds; material changes in financial reporting; and changes in scope of work due to additional regulations, or audit and accounting standards. In the event of a significant change requiring more work on our part, we would discuss the additional services with you before we proceed.

Out-of-pocket costs including travel, supplies, postage, etc., are included in our fee quotations above.

The Town will provide schedules, tables, and support as necessary for the annual financial statements. We will perform detail and final quality assurance review of the completed draft financial statements. The Town will designate an individual with the appropriate skill, knowledge and experience to oversee and approve any non-attest services that our Firm provides.

Our fee proposal also includes preparation for and participation in a pre-audit meeting and a post-audit meeting with management and the Board, as requested. Our fee also includes regular status meetings with management. Billings are prepared as work progresses and are due upon presentation.

Our proposed fees above are based on the following assumptions:

- The overall condition of your financial and accounting records is satisfactory.
- Our receipt of support from your accounting personnel necessary for the preparation of requested schedules and other supporting documentation.
- There will not be a need for substantial research of any unforeseen technical issues or new significant accounting or auditing pronouncements in order for us to complete our audit.
- Our fee proposal above will include one major federal program required to be audited under the Uniform Guidance. Additional major federal award programs required to be audited could result in additional fees.
- Our review of prior year auditors' working papers, and our conclusion that such working papers permit reliance on beginning balance information.
- Significant time is not required in performing accounting assistance outside the scope of the audit.

Any additional accounting services or reviews beyond the procedures previously listed are not included in our proposed fees and would be billed separately.

We would also be available for specialized consultation and support assistance on sensitive or highly specialized issues, both during the course of our work and throughout the year. The time required for this assistance is not, however, included in the above fees, but would be billed at our hourly rates, which currently range from $110 - $290 per hour for audit personnel, depending on the experience level of the person providing the assistance.

We also realize clients occasionally need to call for information or ideas that require quick, concise responses. In the interest of strengthening the working relationship between our organizations, we believe that your personnel should feel comfortable calling for necessary information without fear of incurring fees with each call. Therefore, we do not charge for short, routine phone calls and communications.

## *Our Firm's Commitment*

We believe in the value of relationships and are committed to providing close, personal attention to our clients. Our team takes pride in giving you the assurance that the personal assistance you receive comes from years of advanced training, technical experience and financial knowledge. We also take pride in the high ethical standards that our staff applies to each engagement. Our continual investment of time and resources in professional continuing education and extensive business relationships is indicative of our commitment to excellence.

We appreciate the opportunity to present our proposal and look forward to working with you and your staff for many years to come.

**CONTRACT TO AUDIT ACCOUNTS**

**OF**

**Town of Farragut**

**FROM July 01, 2022 TO June 30, 2023**

This agreement made this **27th** day of **April 2023**, by and between **Pugh and Company, PC**, **315 North Cedar Bluff Road, Suite 200, Knoxville, TN 37923**, hereinafter referred to as the "auditor" and **Town of Farragut**, of **11408 Municipal Center Drive, Farragut, TN 37934**, hereinafter referred to as the "organization", as follows:

1. In accordance with the requirements of the laws and/or regulations of the State of Tennessee, the auditor shall perform a financial and compliance audit of the organization for the period beginning **July 01, 2022**, and ending **June 30, 2023** with the **exceptions listed below**:

**None**

2. The auditor shall conduct the audit in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States and requirements prescribed by the Comptroller of the Treasury, State of Tennessee, as detailed in the *Audit Manual*. Additional information and procedures necessary to comply with requirements of governments other than the State of Tennessee are permissible provided they do not conflict with or undermine the requirements previously referenced. If applicable, the audit is to be conducted in accordance with the provisions of the Single Audit Act and Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance).* The audit is also to be conducted in accordance with any other applicable federal agency requirements. It is agreed that this audit will conform to standards, procedures, and reporting requirements established by the Comptroller of the Treasury. It is further agreed that any deviation from these standards and procedures will be approved in writing by the Comptroller of the Treasury prior to the execution of the contract. The interpretation of this contract shall be governed by the above-mentioned publications and the laws of the State of Tennessee.

3. The auditor shall, as part of the written audit report, submit to the organization's management and those charged with governance:

   a) a report containing an expression of an unmodified or modified opinion on the financial statements, as prescribed by the *Audit Manual*. This report shall state the audit was performed in accordance with *Government Auditing Standards*, except when a disclaimer of opinion is issued. If the organization is a component unit or fund of another entity, it is agreed that: (a) the financial statements may be included in the financial statements of the other entity; (b) the principal auditor for the other entity may rely upon the contracted auditor's report; and (c) any additional information required by the principal auditor of the other entity will be provided in a timely manner.

   b) a report on the internal control and on compliance with applicable laws and regulations and other matters. This report shall be issued regardless of whether the organization received any federal funding. Audit reports of entities which are subject to the provisions of the Single Audit Act and OMB's Uniform Guidance shall include the additional reports required by that guidance. The reports will set forth findings, recommendations for improvement, concurrence or nonconcurrence of appropriate officials with the audit findings, comments on management's responses as appropriate, and comments on the disposition of prior year findings.

4. If a management letter or any other reports or correspondence relating to other matters involving internal controls or noncompliance are issued in connection with this audit, a copy shall be filed with the Comptroller of the Treasury by the auditor. Such management letters, reports, or correspondence shall be consistent with the findings published in the audit report (i.e., they shall disclose no reportable matters or significant deficiencies not also disclosed in the findings found in the published audit report). The report should also include a corrective action plan for findings developed under OMB's Uniform Guidance and for other findings in accordance with Tennessee Code Annotated § 9-3-407, and the *Audit Manual*. The corrective action plan is only applicable to findings published in the audit report.

5. The auditor shall file **one (1)** electronic copy of said report with the Comptroller of the Treasury, State of Tennessee. The auditor shall furnish **10** printed copies and/or an electronic copy of the report to the organization's management and those charged with governance. It is anticipated that the auditor's report shall be filed no later than **December 31, 2023, or six (6) months following the period to be audited, whichever is earlier, without explanation to the Comptroller of the Treasury, State of Tennessee, and the organization. (Audit documentation for additional procedures for centralized cafeteria systems contracted with audits of internal school funds must be completed and available for review by September 30 following the fiscal year being audited.)** Requirements for additional copies, including those to be filed with the appropriate officials of granting agencies, are listed below:

**None**

6. The auditor agrees to retain working papers for no less than five (5) years from the date the report is received by the Comptroller of the Treasury, State of Tennessee. In addition, the auditor agrees that all audit working papers shall, upon request, be made available in the manner requested by the Comptroller for review by the Comptroller of the Treasury or the Comptroller's representatives, agents, and legal counsel, while the audit is in progress and/or subsequent to the completion of the report. Furthermore, at the Comptroller's discretion, it is agreed that the working papers will be reviewed at the

office of the auditor, the entity, or the Comptroller and that copies of the working papers can be made by the Comptroller's representatives or may be requested to be made by the firm and may be retained by the Comptroller's representatives.

7. Any reasonable suspicion of fraud, (regardless of materiality) or other unlawful acts including, but not limited to, theft, forgery, credit/debit card fraud, or any other act of unlawful taking, waste, or abuse of, or official misconduct, as defined in *Tennessee Code Annotated*, § 39-16-402, involving public money, property, or services shall, upon discovery, be promptly reported in writing by the auditor to the Comptroller of the Treasury, State of Tennessee, who shall under all circumstances have the authority, at the discretion of the Comptroller, to directly investigate such matters. Not withstanding anything herein to the contrary, the Comptroller of the Treasury, State of Tennessee, acknowledges that the auditor's responsibility hereunder is to design its audit to obtain reasonable, but not absolute, assurance of detecting fraud that would have a material effect on the financial statements, as well as other illegal acts or violations of provisions of contracts or grant agreements having a direct and material effect on finanicial statement amounts. If the circumstances disclosed by the audit call for a more detailed investigation by the auditor than necessary under ordinary circumstances, the auditor shall inform the organization's management and those in charge of governance in writing of the need for such additional investigation and the additional compensation required therefor. Upon approval by the Comptroller of the Treasury, an amendment to this contract may be made by the organization's management, those charged with governance, and the auditor for such additional investigation.

8. **Group Audits**. The provisions of Section 8 relate exclusively to contracts to audit components of a group under AU-C 600. (See definitions in AU-C 600, Paragraph 11.) Section 8 is only applicable to an auditor that audits a component (e.g. a fund, component unit, or other component) **of a county government that is audited by the Division of Local Government Audit (LGA)**. Section 8 is intended to satisfy the communication requirements for the group auditor (LGA) to the component auditor under AU-C 600.

a) The Division of Local Government Audit (LGA) shall be considered the "group auditor" for any contract to audit a component of an applicable county government. LGA shall present the county's financial statements in compliance with U.S. Generally Accepted Accounting Principles (GAAP) as promulgated by the Governmental Accounting Standards Board (GASB). LGA shall conduct the audit in accordance with auditing standards generally accepted in the United States of America and the auditing standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

b) The contracting auditor shall be considered the "component auditor" for purposes of this section.

c) The financial statements audited by the component auditor should be presented in accordance with GAAP as promulgated by GASB. If the financial reporting framework for any component does not conform to this basis, the financial reporting framework should be disclosed in Section 10 (Special Provisions). (Component financial statementsthat are not presented using the same financial reporting framework as the county's financial statements may cause this contract to be rejected.)

d) The component auditor shall conduct the component audit in accordance with auditing standards generally accepted in the United States of America and the auditing standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

e) The component auditor shall cooperate with LGA to accomplish the group audit. It is anticipated that LGA will make reference to the component auditor's report in the group audit report. Should LGA find it necessary to assume responsibility for the component auditor's work, the terms, if any, shall be negotiated under a separate addendum to this contract.

f) The component auditor shall follow the ethical requirements of *Government Auditing Standards* and affirms that the component auditor is independent to perform the audit and will remain independent throughout the course of the component audit engagement.

g) The component auditor affirms that the component auditor is professionally competent to perform the audit. LGA may confirm certain aspects of the component auditor's competence through the Tennessee State Board of Accountancy.

h) The component auditor will be contacted via email by the LGA's Audit Review Manager with the estimated date of the conclusion of LGA's audit of the county government**.** The component auditor agrees to **update subsequent events** between the date of the component auditor's report and the date of the conclusion of LGA's audit of the county government. Additional subsequent events should be communicated via email to LGA's Audit Review Manager.

i) The component auditor shall read LGA's audited financial statements for the county government for the previous fiscal year noting in particular **related parties** in the notes to the financial statements, and **material misstatement** findings in the Findings and Questioned Costs Section. The previous year audited financial statements can be obtained from the Comptroller's website at www.comptroller.tn.gov. As required by generally accepted auditing standards, we have identified Management Override of Controls and Improper Revenue Recognition as presumptive fraud risks. The component auditor shall communicate to LGA (i.e., group management) on a timely basis **related parties** not previously identified by the group management in LGA's prior year audited financial statements. Related parties should be communicated via email to LGA's Audit Review Manager.

j) The component auditor's report should not be restricted as to use in accordance with AU-C 905.

k) Sections 1-7 and Sections 10-14 of this contract are also applicable to the component auditor during the performance of the component audit.

9. **Municipal Chart of Accounts Crosswalk**. The provisions of Section 9 relate exclusively to contracts to audit of a municipality, municipality's fund(s), and municipality's school board of education. The auditor shall convert respective municipal audited financial data into a condensed chart of accounts by use of a Microsoft Excel crosswalk tool prescribed by the Comptroller of the Treasury, State of Tennessee, **or** if a respective municipality, municipality's fund(s), or municipality's school board of education chooses to convert their own audited financial data by use of the crosswalk, the auditor shall verify the accuracy of their conversion. The completed condensed chart of accounts crosswalk in Microsoft Excel format shall be filed with the Comptroller of the Treasury, State of Tennessee, by the auditor when the audited financial report is submitted.

10. (Special Provisions) **<u>See attached addendum for additional provisions.</u>**

11. In consideration of the satisfactory performance of the provisions of this contract, the organization shall pay to the auditor the fee(s) listed (Fees may be fixed amounts or estimated.)

**Fixed Contract Fee:**
Audit **$23,700.00**
Municipal Chart of Accounts Crosswalk **$800.00**
Total Fixed Contract Fee **$24,500.00**
or
**Estimated Contract Fee:**
Audit
Municipal Chart of Accounts Crosswalk
Total Estimated Contract Fee

(If not a fixed amount, an estimated contract fee should be furnished to the governing unit for budgetary purposes. A schedule of fees and/or rates should be set forth below. Interim billings may be arranged with consent of both parties to this contract.) Provision for the payment of fees under this agreement has been or will be made by appropriation of management and those charged with governance.

SCHEDULE OF FEES AND/OR RATES:
**If Single Audit/Uniform Guidance work is required, we estimate an additional fee of not more than $2,900. Additional time and expense for unexpected audit, accounting and other services, including implementation of any new audit, accounting, or regulatory standards, and other audit procedures or accounting assistance will be billed in addition to the above based on hourly rates which currently range from approximately $110-290.**

12. As the authorized representative of the firm, I do hereby affirm that:

- our firm and all individuals participating in the audit are in compliance with all requirements of the Tennessee State Board of Accountancy and;
- our firm has participated in an external quality control review at least once every three (3) years, conducted by an organization not affiliated with our firm, and that a copy of our most recent external quality control review report has been provided to the organization and the office of the Tennessee Comptroller of the Treasury approving this contract;
- all members of the staff assigned to this audit have obtained the necessary hours of continuing professional education required by *Government Auditing Standards;*
- all auditors participating in the engagement are independent under the requirements of the American Institute of Certified Public Accountants and *Government Auditing Standards*.

13. This writing, including any amendments or special provisions, contains all terms of this contract. There are no other agreements between the parties hereto and no other agreements relative hereto shall be enforceable, unless entered into in accordance with the procedures set out herein and approved by the Comptroller of the Treasury, State of Tennessee. In the event of a conflict or inconsistency between this contract and the special provisions contained in paragraph 10 of this contract, the special provision(s) are deemed to be void. Any changes to this contract must be agreed to in writing by the parties hereto and must be approved by the Comptroller of the Treasury, State of Tennessee. All parties agree that the digital signatures, that is, the electronic signatures applied by submitting the contract, are acceptable as provided for in the Uniform Electronic Transaction Act. Any paper documents submitted related to this contract will be converted to an electronic format and such electronic document(s) will be treated as the official document(s).

14. If any term of this contract is declared by a court having jurisdiction to be illegal or unenforceable, the validity of the remaining terms will not be affected, and, if possible, the rights and obligations of the parties are to be construed and enforced as if the contract did not contain that term.

| Audit firm | Governmental Unit or Organization |
| --- | --- |
| By | By |
| Signature | Signature |
| Title/Position: | Title/Position: |
| E-mail address | E-mail address |

Date: Date:

**Approved by the Comptroller of the Treasury, State of Tennessee**

For the Comptroller:

By Date:

ADDENDUM TO CONTRACT TO AUDIT ACCOUNTS (Page 1 of 9)

OF TOWN OF FARRAGUT

FOR THE PERIOD FROM JULY 1, 2022 TO JUNE 30, 2023

**The Objective and Scope of the Audit of the Financial Statements**

You have requested that Pugh & Company, P.C. (“the Firm”, “we”, “us”, or “our”), audit Town of Farragut’s (the Town) governmental activities, each major fund, budgetary comparison statement of each major fund, aggregate remaining fund information and the related notes to the financial statements as of and for the year ended as shown above, which collectively comprise the basic financial statements. We are pleased to confirm our acceptance and our understanding of this audit engagement by means of this Contract and Addendum.

The objectives of our audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the United States of America (“GAAS”) and *Government Auditing Standards* issued by the Comptroller General of the United States (“GAS”) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of controls.

You have also requested that the Firm perform the audit of the Town as of June 30, 2023, to satisfy the audit requirements imposed by the Single Audit Act and Subpart F of Title 2 U.S. Code of Federal Regulations (“CFR”) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (“Uniform Guidance”), if any.

**The Responsibilities of the Auditor**

We will conduct our audit in accordance with GAAS, GAS, the Uniform Guidance, and the U.S. Office of Management and Budget’s (“OMB”) Compliance Supplement and guidance provided in the applicable State of Tennessee Audit Guides. Those standards, regulations, supplements or guides require that we comply with applicable ethical requirements. As part of an audit in accordance with GAAS, GAS, and the Uniform Guidance, and the guide, we exercise professional judgment and maintain professional skepticism throughout the audit. We will also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

- Consider the Town’s system of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Town’s internal control. However, we will communicate to you in writing concerning any significant deficiencies or material weaknesses in internal control relevant to the audit of the financial statements that we have identified during the audit.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Conclude, based on the audit evidence obtained, whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town’s ability to continue as a going concern for a reasonable period of time.

Because of the inherent limitations of an audit, together with the inherent limitations of controls, an unavoidable risk that some material misstatements may not be detected exists, even though the audit is properly planned and performed in accordance with GAAS and GAS. Because the determination of waste or abuse is subjective, GAS does not require auditors to perform specific procedures to detect waste or abuse in financial statement audits.

We will communicate to the Board (a) any fraud involving senior management and fraud (whether caused by senior management or other employees) that causes a material misstatement of the financial statements that becomes known to us during the audit, and (b) any instances of noncompliance with laws and regulations that we become aware of during the audit (unless they are clearly inconsequential).

We are responsible for the compliance audit of major programs under the Uniform Guidance, including the determination of major programs, the consideration of internal control over compliance, and reporting responsibilities.

Our report(s) on internal control will include any significant deficiencies and material weaknesses in controls of which we become aware as a result of obtaining an understanding of internal control and performing tests of internal control consistent with requirements of the standards and regulations identified above. Our report(s) on compliance matters will address material errors, fraud, violations of compliance obligations, and other responsibilities imposed by state and federal statutes and regulations or assumed by contracts; and any state or federal grant, entitlement or loan program questioned costs of which we become aware, consistent with requirements of the standards and regulations identified above.

We will maintain our independence in accordance with the standards of the American Institute of Certified Public Accountants and GAS.

**The Responsibilities of Management and Identification of the Applicable Financial Reporting Framework**

Management is responsible for:

1. Identifying and ensuring that the Town complies with the laws and regulations applicable to its activities, and for informing us about all known violations of such laws or regulations, other than those that are clearly inconsequential;
2. The design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the Town involving management, employees who have significant roles in internal control, and others where the fraud could have a material effect on the financial statements; and
3. Informing us of its knowledge of any allegations of fraud or suspected fraud affecting the Town received in communications from employees, former employees, analysts, regulators, short sellers, vendors, customers or others.

Management is responsible for the preparation of the supplementary information in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). Management agrees to include the auditor’s report on the supplementary information in any document that contains the supplementary information and indicates that the auditor has reported on such supplementary information. Management also agrees to present the supplementary information with the audited financial statements or, if the supplementary information will not be presented with the audited financial statements, to make the audited financial statements readily available to the intended users of the supplementary information no later than the date of issuance of the supplementary information and the auditor’s report thereon.

Those charged with governance are responsible for informing us of its views about the risks of fraud, waste or abuse within the Town, and its knowledge of any fraud, waste or abuse or suspected fraud, waste or abuse affecting the Town.

Our audit will be conducted on the basis that management and, when appropriate, those charged with governance acknowledge and understand that they have responsibility:

1. For the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”);
2. To evaluate subsequent events through the date the financial statements are issued or available to be issued, and to disclose the date through which subsequent events were evaluated in the financial statements. Management also agrees that it will not conclude on subsequent events earlier than the date of the management representation letter referred to below;

3. For the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error;
4. For establishing and maintaining effective internal control over financial reporting, and for informing us of all significant deficiencies and material weaknesses in the design or operation of such controls of which it has knowledge;
5. For report distribution; and
6. To provide us with:
   a. Access to all information of which management is aware that is relevant to the preparation and fair presentation of the financial statements including information relevant to disclosures;
   b. Draft financial statements, including information relevant to their preparation and fair presentation, when needed, to allow for the completion of the audit in accordance with the proposed timeline;
   c. Additional information that we may request from management for the purpose of the audit; and
   d. Unrestricted access to persons within the Town from whom we determine it necessary to obtain audit evidence.

As part of our audit process, we will request from management and, when appropriate, those charged with governance written confirmation concerning representations made to us in connection with the audit, including among other items:

1. That management has fulfilled its responsibilities as set out in the terms of this Contract and Addendum; and
2. That it believes the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

If the audit will be performed in accordance with the Single Audit Act and the Uniform Guidance, management is responsible for (a) identifying all federal awards received and expended; (b) preparing and the fair presentation of the schedule of expenditures of federal awards (including notes and noncash assistance received) in accordance with Uniform Guidance requirements; (c) internal control over compliance; (d) compliance with federal statutes, regulations, and the terms and conditions of federal awards; (e) making us aware of significant vendor relationships where the vendor is responsible for program compliance; (f) following up and taking corrective action on audit findings, including the preparation of a summary schedule of prior audit findings and a corrective action plan; (g) timely and accurate completion of the data collection form and (h) submitting the reporting package and data collection form.

**Reporting**

We will issue a written report upon completion of our audit of the Town's financial statements. Our report will be addressed to the Mayor and Board of Alderman of the Town of Farragut. Circumstances may arise in which our report may differ from its expected form and content based on the results of our audit. Depending on the nature of these circumstances, it may be necessary for us to modify our opinion, or add an emphasis-of-matter paragraph or other-matter paragraph to our auditor's report.

If circumstances arise relating to the condition of the Town's records, the availability of appropriate audit evidence or indications of a significant risk of material misstatement of the financial statements because of error, fraudulent financial reporting or misappropriation of assets which, in our professional judgment, prevent us from completing the audit or forming an opinion, we retain the unilateral right to take any course of action permitted by professional standards, including, but not limited to, declining to express an opinion or issue a report, or withdrawing from the engagement.

In addition to our report on the Town's financial statements, we will also issue the following reports:

1. A report on the fairness of the presentation of the Town's schedule of expenditures of federal awards for the year ending June 30, 2023;
2. Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with GAS;
3. Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance;
4. An accompanying schedule of findings and questioned costs; and

**Records and Assistance**

During the course of our engagement, we may accumulate records containing data that should be reflected in the Town's books and records. The Town will determine that all such data, if necessary, will be so reflected. Accordingly, the Town will not expect us to maintain copies of such records in our possession.

The assistance to be supplied by Town personnel, including the preparation of schedules and analyses of accounts, has been discussed and coordinated with Allison Myers, Town Recorder. The timely and accurate completion of this work is an essential condition to our completion of the audit and issuance of our audit report.

**Non-audit Services**

In connection with our audit, you have requested us to perform the following non-audit services:

1. Preparation of fund and government wide financial statements, including footnotes.
2. Preparation of the Schedule of Expenditures of Federal Awards and State Financial Assistance and the Data Collection Form.
3. Preparation and assistance with conversion of Municipal Chart of Accounts Crosswalk

GAS independence standards require that the auditor maintain independence so that opinions, findings, conclusions, judgments and recommendations will be impartial and viewed as impartial by reasonable and informed third parties. Before we agree to provide a non-audit service to the Town, we determine whether providing such a service would create a significant threat to our independence for GAS audit purposes, either by itself or in aggregate with other non-audit services provided. A critical component of our determination is consideration of management's ability to effectively oversee the non-audit services to be performed. The Town has agreed that Allison Myers, Town Recorder possesses suitable skill, knowledge or experience and that the individual understands the non-audit services to be performed sufficiently to oversee them. Accordingly, the management of Town of Farragut agrees to the following:

1. Town of Farragut has designated Allison Myers, Town Recorder as a senior member of management who possesses suitable skill, knowledge and experience to oversee the services;
2. Allison Myers, Town Recorder will assume all management responsibilities for subject matter and scope of the non-audit services;
3. The Town will evaluate the adequacy and results of the services performed; and
4. The Town accepts responsibility for the results and ultimate use of the services.

GAS further requires that we establish an understanding with the Town's management and those charged with governance of the objectives of the non-audit services, the services to be performed, the Town's acceptance of its responsibilities, the auditor's responsibilities and any limitations of the non-audit services. We believe this Contract and Addendum documents that understanding.

**Other Relevant Information**

In accordance with GAS, a copy of our most recent peer review report is available on our website at www.pughcpas.com under Services/Audit & Assurance/Latest Peer Review Report, for your information.

**Fees and Costs**

Our fees shown in section 11 of the attached Contract for the audit and accounting services described above are based upon the value of the services performed and the time required by the individuals assigned to the engagement, plus direct expenses. Our fee estimate and completion of our work are based upon the following criteria:

1. Anticipated cooperation from Town personnel
2. Timely responses to our inquiries
3. Timely completion and delivery of client assistance requests
4. Timely communication of all significant accounting and financial reporting matters
5. The assumption that unexpected circumstances will not be encountered during the engagement

If any of the aforementioned criteria are not met, then fees may increase. Interim billings will be submitted as work progresses and as expenses are incurred. Billings are due upon submission.

Invoices unpaid for a period in excess of thirty days will be assessed a service charge of 1% per month on the unpaid balance. In accordance with our Firm policies, work may be suspended if your account becomes overdue and will not be resumed until your account is paid in full. If we elect to terminate our services for nonpayment, you will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket expenditures through the date of termination.

Our fee estimate will be subject to adjustments based on unanticipated changes in the scope of our work and/or the incomplete or untimely receipt by us of the information on the client participation list. All other provisions of this Contract and Addendum will survive any fee adjustment. Conferences, consultations, accounting services or additional audit procedures will be billed in addition, at our standard hourly rates.

**Use of Third-Party Products**

We may provide services to you using certain third-party hardware, software, software services, managed services (including, but not limited to, web hosting, data security, data back-up, email security, or similar services subject to direct end-user or subscription agreements), applications, and equipment (collectively, “Third-Party Products”). You acknowledge that your or our use of a Third-Party Product may involve the processing, input, disclosure, movement, transfer, and storage of information provided by you to us, including Personal Information and Confidential Information, within the Third-Party Product’s infrastructure and not ours, and that the terms of use and service set forth in the end-user license, subscription, or other agreement with the licensor of such Third-Party Product, including, but not limited to, applicable laws, will govern all obligations of such licensor relating to data privacy, storage, recovery, security, and processing within such Third-Party Product’s infrastructure, as well as, the service levels associated with such Third-Party Product. You hereby consent to the disclosure of your information, including your Confidential Information and Personal Information, to the licensors of such Third-Party Products for the purpose described herein.

You acknowledge that your or our use of Third-Party Products may be subject to limitations, delays, interruptions, errors, and other problems which are beyond our control, including, without limitation, internet outage or lack of availability related to updates, upgrades, patches, fixes, maintenance, or other issues. We will not be liable for any delays, delivery failures, or other losses or damages resulting from such issues. Nor will we be held responsible or liable for any loss, or unauthorized use or disclosure, of any information or data provided by you, including, without limitation, Personal Information provided by you, resulting from your or our use of a Third-Party Product.

**Use and Ownership; Access to Audit Documentation**

The Audit Documentation for this engagement is the property of the Firm. For the purposes of this Contract and Addendum, the term "Audit Documentation" shall mean the confidential and proprietary records of the Firm's audit procedures performed, relevant audit evidence obtained, other audit-related workpapers, and conclusions reached. Audit Documentation shall not include custom-developed documents, data, reports, analyses, recommendations, and deliverables authored or prepared by the Firm for the Town under this Contract and Addendum, or any documents belonging to the Town or furnished to the Firm by the Town.

Review of Audit Documentation by a successor auditor or as part of due diligence is subject to applicable Firm policies, and will be agreed to, accounted for and billed separately. Any such access to our Audit Documentation is subject to a successor auditor signing an Access & Release Letter substantially in the Firm's form. The Firm reserves the right to decline a successor auditor's request to review our workpapers.

In the event we are required by government regulation, subpoena or other legal process to produce our documents or our personnel as witnesses with respect to our engagement for the Town, the Town will, so long as we are not a party to the proceeding in which the information is sought, reimburse us for our professional time and expenses, as well as the fees and expenses of our counsel, incurred in responding to such requests.

You acknowledge and grant your assent that representatives of the cognizant or oversight agency or their designee, other government audit staffs, and the U.S. Government Accountability Office shall have access to the Audit Documentation upon their request and that we shall maintain the Audit Documentation for a period of at least three years after the date of the report, or for a longer period if we are requested to do so by the cognizant or oversight agency. Access to the requested Audit Documentation will be provided under the supervision of Firm audit personnel and at a location designated by our Firm.

**Limitation of Liability, and Claim Resolution**

The Town and the Firm agree that no claim arising out, from, or relating to the services rendered pursuant to this Contract and Addendum shall be filed more than two years after the date of the audit report issued by the Firm or the date of this Contract and Addendum if no report has been issued. In no event shall the Firm or the Town, or any of their respective officers, principals, directors, employees, affiliates, subsidiaries, contractors, subcontractors, agents, representatives, successors, or assigns (collectively, the "covered parties" and each individually, a "covered party"), be liable for the interruption or loss of business, any lost profits, savings, revenue, goodwill, software, hardware, or data, or the loss of use thereof (regardless of whether such losses are deemed direct damages), or incidental, indirect, punitive, consequential, special, exemplary, or similar such damages, even if advised of the possibility of such damages. To the fullest extent permitted by law, the total aggregate liability of the covered parties arising out of, from, or relating to this Contract and Addendum, or the report issued or services provided hereunder, regardless of the circumstances or nature or type of claim, including, without limitation, claims arising from a covered party's negligence or breach of contract or warranty, or relating to or arising from a government, regulatory or enforcement action, investigation, proceeding, or fine, will not exceed the total amount of the fees paid by the Town to the Firm under this Contract and Addendum. Notwithstanding the foregoing, nothing in this limitation of liability provision shall, or shall be interpreted or construed to, relieve the Town of its payment obligations to the Firm under this Contract and Addendum.

**Confidentiality**

The Firm and the Town may, from time to time, disclose Confidential Information (as defined below) to one another. Accordingly, the Firm and the Town agree as the recipient of such Confidential Information (the "Receiving Party") to keep strictly confidential all Confidential Information provided to it by the disclosing party (the "Disclosing Party") and use, modify, store, and copy such Confidential Information only as necessary to perform its obligations and exercise its rights under this Contract and Addendum and for no other purpose or use. Except as otherwise set forth herein, the Receiving Party may only disclose the Confidential Information of the Disclosing Party to its personnel, agents, and representatives who are subject to obligations of confidentiality at least as restrictive as those set forth herein and only for the purpose of exercising its rights and fulfilling its obligations hereunder. To avoid any doubt, the Firm is permitted to disclose the Town's Confidential Information to the Firm's personnel, agents, and representatives for the purpose of maintaining compliance with applicable laws and professional, regulatory, and/or ethical standards.

As used herein, "Confidential Information" means, information in any form, oral, graphic, written, electronic, machine-readable or hard copy consisting of: (i) any nonpublic information provided by the Disclosing Party, including, but not limited to, all of its inventions, designs, data, source and object code, programs, program interfaces, know-how, trade secrets, techniques, ideas, discoveries, marketing and business plans, pricing, profit margins and/or similar information; (ii) any information that the Disclosing Party identifies as confidential; or (iii) any information that, by its very nature, a person in the same or similar circumstances would understand should be treated as confidential, including, but not limited to, this Contract and Addendum.

As used herein, the term "Confidential Information" will not include information that: (i) is publicly available at the time of disclosure by the Disclosing Party; (ii) becomes publicly available by publication or otherwise after disclosure by the Disclosing Party, other than by breach of the confidentiality obligations set forth herein by the Receiving Party; (iii) was lawfully in the Receiving Party's possession, without restriction as to confidentiality or use, at the time of disclosure by the Disclosing Party; (iv) is provided to the Receiving Party without restriction as to confidentiality or use by a third party without violation of any obligation to the Disclosing Party; or (v) is independently developed by employees or agents of the Receiving Party who did not access or use the Confidential Information.

The Receiving Party will treat the Disclosing Party's Confidential Information with the same degree of care as the Receiving Party treats its own confidential and proprietary information, but in no event will such standard of care be less than a reasonable standard of care. The Receiving Party will promptly notify the Disclosing Party if it becomes aware that any of the Confidential Information of the Disclosing Party has been used or disclosed in violation of this Contract and Addendum.

Notwithstanding the foregoing, in the event that the Receiving Party becomes legally compelled to disclose any of the Confidential Information of the Disclosing Party, or as may be required by applicable regulations or professional standards, the Receiving Party will use commercially reasonable efforts to provide the Disclosing Party with notice prior to disclosure, to the extent permitted by law.

**Personal Information**

As used herein, the term "Personal Information" means any personal information that directly or indirectly identifies a natural person as may be defined by applicable privacy, data protection or cybersecurity laws, and includes, but is not limited to, nonpublic, personally identifiable information such as Social Security numbers, Social Insurance numbers, driver's license numbers or state- or province-issued identification card numbers, credit or debit card numbers with or without any required security code, number or passwords, health information, and other personal information as defined by applicable laws, whether of the Town or the Town's customers or other third parties.

Each party agrees to transmit Personal Information consistent with applicable laws and any other obligations the respective party may have. In the event you transmit to us Personal Information in an unencrypted format or via unencrypted means, you agree that we have no obligation to notify you of the foregoing.

You represent and warrant that you have provided all notices and obtained all consents required under applicable data protection laws prior to your collection, use and disclosure to us or our Subcontractors of such Personal Information and shall take reasonable steps to ensure that such Personal Information does not include irrelevant or unnecessary information about individuals.

Upon your written request, we will enter into a mutually agreed upon agreement relating to the lawful cross-border transfer and processing of Personal Information.

If we become aware of an unauthorized acquisition or use of Town-provided Personal Information, we will promptly inform you of such unauthorized acquisition or use as required by applicable laws and, upon your written request, reasonably cooperate with you at your sole cost in support of any breach notification requirements as imposed upon you by applicable laws.

**Retention of Records**

We will return to you all original records you provide to us in connection with this engagement. Further, in addition to providing you with those deliverables set forth in this Contract and Addendum, we will provide to you a copy of any records we prepare or accumulate in connection with such deliverables which are not otherwise reflected in your books and records without which your books and records would be incomplete. You have the sole responsibility for retaining and maintaining in your possession or custody all of your financial and nonfinancial records related to this engagement. We will not host, and will not accept responsibility to host, any of your records. We, however, may maintain a copy of any records of yours necessary for us to comply with applicable law and/or professional standards. Any such records retained by us will be subject to the confidentiality obligations set forth herein and destroyed in accordance with our record retention policies.

**Termination**

Your failure to make full payment of any and all undisputed amounts invoiced in a timely manner constitutes a material breach for which we may refuse to provide deliverables and/or, upon written notice, suspend or terminate our services under this Contract and Addendum. We will not be liable to you for any resulting loss, damage or expense connected with the suspension or termination of our services due to your failure to make full payment of undisputed amounts invoiced in a timely manner.

In the event you terminate this engagement, you will pay us for all services rendered (including deliverables and products delivered), expenses incurred, and noncancelable commitments made by us on your behalf through the effective date of termination.

We will not be responsible for any delay or failure in our performance resulting from acts beyond our reasonable control or unforeseen or unexpected circumstances, such as, but not limited to, acts of God, government or war, riots or strikes, disasters, fires, floods, epidemics, pandemics or outbreaks of communicable disease, cyberattacks, and internet or other system or network outages. At your option, you may terminate this Contract and Addendum where our services are delayed more than 120 days; however, you are not excused from paying us for all amounts owed for services rendered and deliverables provided prior to the termination of this Contract and Addendum.

When an engagement has been suspended at the request of management or those charged with governance and work on that engagement has not recommenced within 120 days of the request to suspend our work, we may, at our sole discretion, terminate this Contract and Addendum without further obligation to you. Resumption of our work following termination may be subject to our client acceptance procedures and, if resumed, will require additional procedures not contemplated in this Contract and Addendum. Accordingly, the scope, timing and fee arrangement discussed in this Contract and Addendum will no longer apply. In order for us to recommence work, the execution of a new Contract and Addendum will be required.

We may terminate this Contract and Addendum upon written notice if we determine that our continued performance would result in a violation of law, regulatory requirements, applicable professional or ethical standards, or our client acceptance or retention standards.

The parties agree that those provisions of this Contract and Addendum which, by their context, are intended to survive, including, but not limited to, payment, limitations on liability, claim resolution, use and ownership, and confidentiality obligations, shall survive the termination of this Contract and Addendum.

**Miscellaneous**

The Town agrees that it will not associate us with any public or private securities offering without first obtaining our consent. Therefore, the Town agrees to contact us before it includes our reports, or otherwise makes reference to us, in any public or private securities offering. Our association with an official statement is a matter for which separate arrangements may be necessary. The Town agrees to provide us with printer's proofs or masters of such offering documents for our review and approval before printing, and with a copy of the final reproduced material for our approval before it is distributed.

Our professional standards require that we perform certain additional procedures, on current and previous years' engagements, whenever an officer or professional employee leaves the firm and is subsequently employed by or associated with a client in a key position. Accordingly, you agree to compensate us for any additional costs incurred as a result of your employment of one of our officers, principals or employees.

At your option, you may provide Internet access to Pugh & Company, P.C. personnel. You should ensure that appropriate safeguards, including virus protection software with current deflections and firewalls, are implemented to protect your information systems.

**Governing Law**

This Contract and Addendum, including, without limitation, its validity, interpretation, construction, and enforceability, and any dispute, litigation, suit, action, claim, or other legal proceeding arising out of, from, or relating in any way to this Contract and Addendum, any provisions herein, a report issued or the services provided hereunder, will be governed and construed in accordance with the laws of the State of Tennessee, without regard to its conflict of law principles, and applicable U.S. federal law.

**Entire Agreement**

This Contract and Addendum constitutes the complete and exclusive statement of agreement between the Firm and the Town, and supersedes all prior agreements, understandings, and proposals, whether oral or written, relating to the subject matter of this Contract and Addendum.

If any term or provision of this Contract and Addendum is determined to be invalid or unenforceable, such term or provision will be deemed stricken, and all other terms and provisions will remain in full force and effect.

This Contract and Addendum may be amended or modified only by a written instrument executed by both parties.

**Electronic Signatures and Counterparts**

Each party hereto agrees that any electronic signature of a party to this Contract and Addendum or any electronic signature to a document contemplated hereby (including any representation letter) is intended to authenticate such writing and shall be as valid, and have the same force and effect, as a manual signature. Any such electronically signed document shall be deemed (a) to be "written" or "in writing," (b) to have been signed and (c) to constitute a record established and maintained in the ordinary course of business and an original written record when printed from electronic files. Each party hereto also agrees that electronic delivery of a signature to any such document (via email or otherwise) shall be as effective as manual delivery of a manual signature. For purposes hereof, "electronic signature" includes, but is not limited to, (a) a scanned copy (as a "pdf" (portable document format) or other replicating image) of a manual ink signature, (b) an electronic copy of a traditional signature affixed to a document, (c) a signature incorporated into a document utilizing touchscreen capabilities or (d) a digital signature. This Contract and Addendum may be executed in one or more counterparts, each of which shall be considered an original instrument, but all of which shall be considered one and the same agreement. Paper copies or "printouts," of such documents if introduced as evidence in any judicial, arbitral, mediation or administrative proceeding, will be admissible as between the parties to the same extent and under the same conditions as other original business records created and maintained in documentary form. Neither party shall contest the admissibility of true and accurate copies of electronically signed documents on the basis of the best evidence rule or as not satisfying the business records exception to the hearsay rule.

**AGENDA NUMBER VI.B.** **MEETING DATE** **April 27, 2023**

**REPORT TO THE BOARD OF MAYOR AND ALDERMEN**

**PREPARED BY: Darryl Smith, PE, Town Engineer**

**SUBJECT: Approval of Contract 2023-05, Resurfacing of Various Streets**

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**INTRODUCTION:** The purpose of this item is to consider bids and award a contract for resurfacing of selected streets within the Town.

**BACKGROUND**: Each year the Engineering staff examines our street network and determines our priorities within the limits of our annual resurfacing budget. This year's contract includes the resurfacing of Avalon Place, Heathermoor Drive and Kittredge Court in Smithfield Subdivision (including sidewalk repairs), Aronimink Point in Fox Den Subdivision, Concord Road (Kingston Pike to S. Campbell Station Road), North Campbell Station Road (Snyder Road to Ridgeland Drive), and portions of Rockwell Farm Greenway, Turkey Creek Road Greenway and Grigsby Chapel Greenway.

Four bids were recieved for Contract 2023-05 on April 11:

| | |
|---|---|
| APAC-Atlantic, Inc. - | $ 901,943.25 |
| Duracap Asphalt Co., Inc. - | $1,012,460.32 |
| PRI of East Tn. Inc. | $ 977,956.00 |
| Rogers Group, Inc. | $1,335,000.00 |

The bid tabulations are attached for your review. APAC-Atlantic has been awarded our resurfacing contract in the past, and we were pleased with their performance.

**FINANCIAL SECTION:**

**Project**: **Contract 2022-05, Resurfacing**

| Amended Project Budget | Requested Amount | Expenditures to Date | Available Amount |
|---|---|---|---|
| $2,054,000 | $901,943.25 | $1,002,112.21 | $149,944.54 |

**Approved By**: A. Myers

**RECOMMENDATION BY:** Darryl Smith, PE, Town Engineer

**PROPOSED MOTION:** Approval of bids and award of Contract 2023-05 to APAC-Atlantic, Inc. for their low bid of $901,943.25

**BOARD ACTION:**

**MOTION BY:**______________________________ **SECONDED BY:**___________________________

| VOTE/TOTAL | WILLIAMS | POVLIN | WHITE | MEYER | BURNETTE |
|---|---|---|---|---|---|
| YES | | | | | |
| NO | | | | | |
| ABSTAIN | | | | | |

**CONTRACT 2023-05**
**RESURFACING OF VARIOUS STREETS**

## BID TABULATION

| ITEM # | TDOT DESCRIPTION | UNIT | QUANTITY | APAC-Atlantic, Inc. UNIT PRICE | APAC-Atlantic, Inc. TOTAL PRICE | Duracap Asphalt Paving Co. UNIT PRICE | Duracap Asphalt Paving Co. TOTAL PRICE | PRI of East Tennessee, Inc. UNIT PRICE | PRI of East Tennessee, Inc. TOTAL PRICE | Rogers Group, Inc. UNIT PRICE | Rogers Group, Inc. TOTAL PRICE |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 403-02.01 | trackless Tack Coat (TTT-1) | GAL | 2559 | $ 5.50 | $ 14,074.50 | $ 5.00 | $ 12,795.00 | $ 4.00 | $ 10,236.00 | $ 4.00 | $ 10,236.00 |
| 411-01.10 | ACS Mix (PG 64-22) Grading D | TN | 2482 | $ 136.00 | $ 337,552.00 | $ 134.67 | $ 334,250.94 | $ 145.00 | $ 359,890.00 | $ 150.00 | $ 372,300.00 |
| 411-01.11 | ACS Mix (PG 64-22) Grading E RDWY | TN | 678 | $ 126.75 | $ 85,936.50 | $ 111.64 | $ 75,691.92 | $ 130.00 | $ 88,140.00 | $ 170.00 | $ 115,260.00 |
| 411-01.11 | ACS Mix (PG 64-22) Grading E WALKPATH | TN | 680 | $ 147.25 | $ 100,130.00 | $ 201.38 | $ 136,938.40 | $ 175.00 | $ 119,000.00 | $ 360.00 | $ 244,800.00 |
| 415-01.01 | Cold Planing of Bituminous Pavement | TN | 2726 | $ 30.25 | $ 82,461.50 | $ 46.66 | $ 127,195.16 | $ 40.00 | $ 109,040.00 | $ 45.00 | $ 122,670.00 |
| 701-01.01 | Concrete Sidewalk (4") | SF | 4560 | $ 12.05 | $ 54,948.00 | $ 17.45 | $ 79,572.00 | $ 20.00 | $ 91,200.00 | $ 19.00 | $ 86,640.00 |
| TOF-CC-RETROFIT | Concrete Curb ramp (retrofit) | EA | 18 | $ 4,350.00 | $ 78,300.00 | $ 5,800.00 | $ 104,400.00 | $ 6,000.00 | $ 108,000.00 | $ 6,650.00 | $ 119,700.00 |
| 712-01 | Traffic control | LS | 1 | $ 57,000.00 | $ 57,000.00 | $ 40,000.00 | $ 40,000.00 | $ 10,000.00 | $ 10,000.00 | $ 84,450.00 | $ 84,450.00 |
| 712-04.01 | FLEXIBLE DRUMS (CHANNELIZING) | EA | 100 | $ 2.00 | $ 200.00 | $ 49.00 | $ 4,900.00 | $ 60.00 | $ 6,000.00 | $ 60.00 | $ 6,000.00 |
| 712-06 | SIGNS (CONSTRUCTION) | SF | 100 | $ 9.00 | $ 900.00 | $ 9.00 | $ 900.00 | $ 15.00 | $ 1,500.00 | $ 10.00 | $ 1,000.00 |
| 713-16.01 | Changeable Message sign unit | EA | 2 | $ 6,750.00 | $ 13,500.00 | $ 9,975.00 | $ 19,950.00 | $ 5,000.00 | $ 10,000.00 | $ 11,000.00 | $ 22,000.00 |
| 716-02.03 | Plastic Pavement Marking (Crosswalk Line) (8" Line) | LF | 420 | $ 13.25 | $ 5,565.00 | $ 13.00 | $ 5,460.00 | $ 14.00 | $ 5,880.00 | $ 15.00 | $ 6,300.00 |
| 716-02.05 | PLASTIC PAVEMENT MARKING (STOP LINE) | LF | 211 | $ 13.25 | $ 2,795.75 | $ 13.00 | $ 2,743.00 | $ 14.00 | $ 2,954.00 | $ 15.00 | $ 3,165.00 |
| 716-02.06 | Plastic PAVEMENT Marking (TURN LANE arrow) | EA | 24 | $ 200.00 | $ 4,800.00 | $ 210.00 | $ 5,040.00 | $ 230.00 | $ 5,520.00 | $ 250.00 | $ 6,000.00 |
| 716-02.09 | Plastic Pavement Marking (longitudinal/Continental) | LF | 290 | $ 30.00 | $ 8,700.00 | $ 27.00 | $ 7,830.00 | $ 29.00 | $ 8,410.00 | $ 35.00 | $ 10,150.00 |
| 716-05.01 | Painted pavement marking (4" Line) (TEMPORARY) | LM | 4.58 | $ 950.00 | $ 4,351.00 | $ 900.00 | $ 4,122.00 | $ 1,000.00 | $ 4,580.00 | $ 1,000.00 | $ 4,580.00 |
| 716-05.05 | Painted pavement marking (STOP LINE) | LF | 211 | $ 5.00 | $ 1,055.00 | $ 5.50 | $ 1,160.50 | $ 6.00 | $ 1,266.00 | $ 6.00 | $ 1,266.00 |
| 716-13-01 | Spray thermo pavement Marking (60 Mil) 4 " Line | LM | 4.58 | $ 2,800.00 | $ 12,824.00 | $ 2,730.00 | $ 12,503.40 | $ 3,000.00 | $ 13,740.00 | $ 3,000.00 | $ 13,740.00 |
| 717-01 | mobilization | LS | 1 | $ 24,250.00 | $ 24,250.00 | $ 24,300.00 | $ 24,300.00 | $ 10,000.00 | $ 10,000.00 | $ 89,743.00 | $ 89,743.00 |
| 730-13.08 | Vehicle Detection (Loops) | EA | 6 | $ 2,100.00 | $ 12,600.00 | $ 2,118.00 | $ 12,708.00 | $ 2,100.00 | $ 12,600.00 | $ 2,500.00 | $ 15,000.00 |
| | **TOTAL BID** | | | | **$901,943.25** | | **$1,012,460.32** | | **$977,956.00** | | **$1,335,000.00** |



4/18/2023

**AGENDA NUMBER** **VI.C.** **MEETING DATE** _______**April 27, 2023**____________

## REPORT TO THE BOARD OF MAYOR AND ALDERMEN

**PREPARED BY: Darryl W. Smith, PE, Town Engineer**

**SUBJECT: Approval of Professional Services Agreement with LDA Engineering, Inc. for Engineering Services for Development of Virtue Road/Boyd Station Road Improvements Project**

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**INTRODUCTION:** The purpose of this item is approval of a proposal for design of the reconstruction of Virtue Road from 1200 feet south of Needlegrass Lane to Willow Cove Way on Boyd Station Road. The project will include two 11' lanes with curb & gutter and a 10' shared use path connecting to existing and planned bike/pedestrian facilities.

**BACKGROUND**: A critical success factor from the Town's Strategic Plan is "Building and Maintaining the Town's Infrastructure and Assets." One of the priorities we've pursued in the recent past is the reconstruction of Virtue Road from Boyd Station Road to Kingston Pike. The first phase of improvements to Virtue Road extended from 1200 feet south of Needlegrass Lane to Kingston Pike and was completed in early 2022. This project will extend the improvements from the southern end of phase 1 to Boyd Station Road, and along Boyd Station Road to Willow Cove Way, meeting the planned improvements to Boyd Station Road that will be constructed as part of the Grove at Boyd Station development. A 10' wide shared use path will tie to existing sidewalk at Evans Road and Turkey Creek Road and extend south to tie to a planned greenway from the Grove at Boyd Station (see map). Funding is partially provided through the federal Surface Transportation Block Grant Program (STBG), with an 80/20 match of STBG/local funds.

The attached proposal from LDA Engineering Inc. includes all items required for development of the NEPA documents, preparation of right of way plans, preparation of construction plans, and provision of pre-construction and bidding services, with a lump sum fee of $739,000.

**FINANCIAL SECTION:**

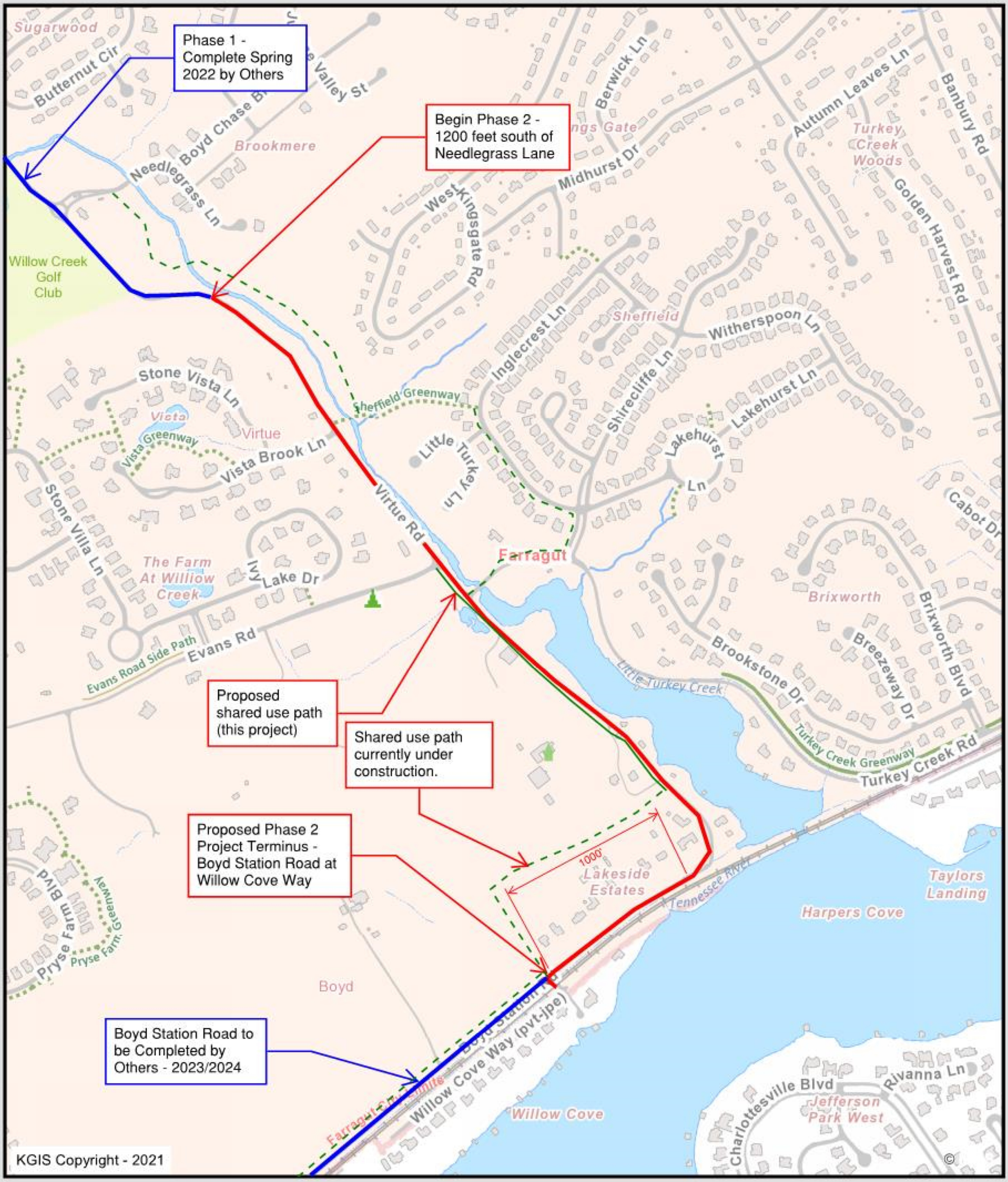
**Project**: **Virtue/Boyd Station Road Improvements**

| Project Budget | Requested Amount | Contracted Amount | Remaining Amount |
|---|---|---|---|
| $762,000 | $739,000 | $0 | $23,000 |

**Approved By**: A. Myers

**RECOMMENDATION BY:** Darryl Smith, Town Engineer, for approval.

**PROPOSED MOTION:** Approval of proposal from LDA Engineering, Inc., for engineering services required for design of Virtue Road/Boyd Station Road Improvements




# Virtue Road Phase 2

1200 Feet South of Needlegrass Lane to Willow Cove Way

**Knoxville - Knox County - KUB Geographic Information System**

Printed: 9/8/2021 at 5:21:04 PM

0 390 780 1,560

ft

**TOWN OF FARRAGUT**

**PROFESSIONAL SERVICES AGREEMENT**

This Agreement is made by and between **Town of Farragut** ("Client") and

_**LDA Engineering, Inc.**__ ("Contractor") for professional services for the assignment described as follows:

Project: ______Virtue Road and Boyd Station Road Improvements______

Location: ______500 feet north of Vista Brook Lane to Willow Cove Way__

Description of Project: ______5,100 feet of roadway reconstruction______

1. **Professional Services**. Contractor agrees to perform the following Basic Services under this Agreement:

See **Attachment A** to this Agreement for a description of Basic Services.

2. **Compensation**. Client shall compensate Contractor for the Basic Services as follows: A lump sum fee of __$739,000.00___, including reimbursable expenses. In addition, Client shall pay Contractor for additional services that may be requested by the Client beyond the Basic Services in accordance with the hourly rate schedule attached as **Attachment B** to this Agreement.

3. **Schedule**. Contractor shall begin work upon notification of approval of this Agreement by the Board of Mayor and Aldermen and shall complete the work by submitting the final deliverables on or before _June 30, 2027_. The schedule for the various meetings and presentations as outlined in the Basic Services shall be agreed upon by the Client and Contractor before beginning work.

4. **Invoicing and Payments**. Invoices or payment requests shall be submitted to the Client no more than monthly and shall include such information, documentation or data as the Town Administrator may require including, but not limited to, the amount and breakdown of the payment requested, the period covered by the request, and the work performed during the period covered by the payment request. After review, the Town Administrator will indicate his approval of the payment request, or shall explain to Contractor, in writing, his reasons for not approving any portion or all of the request, and authorize payment of the amount approved. In the event the Town Administrator does not approve any portion of a payment request, and has communicated the reasons to Contractor, Contractor will then take the necessary action to satisfy the reasons for non-approval and resubmit the payment request. Client shall endeavor to remit payment of payment requests or portions thereof which are approved by the Town Administrator within thirty (30) days of receipt by Client. From time to time approval of a payment request may require action by the Board of Mayor and Aldermen which meets on the second and fourth Thursday of most months.

5. **Time**. Contractor will perform its services in a timely manner commensurate with the exercise of due professional care which it acknowledges can be done consistent with the schedule provided for in Paragraph 3. Time for performance shall be extended as necessary for delays or suspensions due to circumstances beyond Contractor's control. If such delay or suspension extends more than six (6) months (cumulatively), Contractor's compensation shall be equitably adjusted; provided, however, such adjustment and amendment to this Agreement must be approved by the Board of Mayor and Aldermen before Client is bound.

6. **Suspension of Services**. If Client fails to pay any invoice when due or otherwise is in material breach of this Agreement, Contractor may, at its sole discretion, suspend performance of services upon five (5) days' written notice to Client. Contractor shall have no liability to Client and Client agrees to make no claim for any delay or damage as a result of such suspension, unless (i) the Town Administrator has refused to approve payment, (ii) his reasons are justified pursuant to this Agreement, and (iii) Contractor has failed to satisfy the reasons as required by Paragraph 4 hereof. Upon cure of the cause of a justified suspension, Contractor shall resume services within a reasonable time, and there shall be equitable adjustments of the project schedule and fees to reflect the effects of such suspension, if such adjustments are deemed reasonable and appropriate by the parties.

7. **Standard of Care**. Notwithstanding any other provision of this Agreement or any other document describing the services produced by Client, Contractor shall perform its services in accordance with the standard of professional care ordinarily exercised under similar circumstances by reputable members of its profession in the same locality at the time the services are provided. Beyond the foregoing and unless otherwise provided herein or in other documents produced, generated or provided by Contractor, no warranty, expressed or implied, is made or intended by Contractor. The parties further agree that Contractor is not a fiduciary of Client.

8. **Termination**. The obligation to provide further services under this Agreement may be terminated with or without cause by either party upon ten (10) days' written notice to the other party. On termination by either Client or Contractor, Client shall pay Contractor all amounts due for any services performed to the date of termination (plus all reimbursable expenses incurred) as Contractor's sole and exclusive remedy, subject to any setoffs to which the Client is entitled as a result of Contractor's failure to perform as required by this Agreement.

9. **Reuse of Documents**. All documents, including drawings, specifications, and reports, prepared by Contractor pursuant to this Agreement are instruments of professional service and shall become the property of the Client. They are not intended or represented to be suitable for reuse by Client or others for additions or modifications of the Project or on any other project. Any reuse without written consent, verification or adaption by Contractor for the specific purposes intended shall be at Client's sole risk and without liability or legal exposure to Contractor. Any such verification and adaption will entitle Contractor to further compensation at rates to be agreed upon by Client and Contractor.

10. **Access to the Site/Jobsite Safety**. Unless otherwise stated, Contractor will have access to the site for activities necessary for the performance of its services. Client agrees that Contractor shall have no responsibility for the means, methods, sequences, procedures, techniques, and scheduling of construction, as these decisions are solely the responsibility of the

contractors. Contractor further shall have no authority or duty to supervise the construction workforce and shall not be responsible for jobsite safety or for any losses or injuries that occur at the Project site.

11. **Insurance**. Prior to any access to the Project site, Contractor shall deliver to Client a certificate of insurance evidencing general liability coverage with a limit of not less than $1,000,000 each occurrence for bodily injury, personal injury and property damage. If such insurance contains a general aggregate limit, it shall apply separately to the work/location of the Project in this Agreement or be no less than $2,000,000. In addition, Contractor shall endeavor to secure and maintain insurance in such amounts as it deems necessary to protect itself from claims of professional negligence arising from the performance of services under this Agreement. Such insurance shall:

a. Contain or be endorsed to contain a provision that includes Client, its officials, officers, employees, and volunteers as additional insureds with respect to liability arising out of work performed by or on behalf of the Contractor. The coverage shall contain no special limitations on the scope of its protection afforded to the above-listed insureds.

b. For any claims related to this Project, the Contractor's insurance coverage shall be primary insurance as respects the Client, its officers, officials, employees, and volunteers. Any insurance or self-insurance programs covering the Client, its officials, officers, employees, and volunteers shall be excess of the Contractor's insurance and shall not contribute with it.

12. **Risk Allocation**. In recognition of the relative risks, rewards, and benefits of the Project to both Client and Contractor, to the fullest extent permitted by law, the parties agree to allocate the risks such that Contractor's total liability to Client for any and all injuries, claims, losses, expenses, damages, and/or claim expenses arising out of Contractor's services under this Agreement from any cause or causes shall not exceed the amount of Contractor's fee, or One Hundred Thousand Dollars ($100,000), or the amount of insurance coverage Contractor has, or is required to have, covering the risk or claim that is the basis for the injury, claim, loss, expense or damages, recovery for which is sought, whichever is greater. This limitation shall apply regardless of the cause of action or legal theory pled or asserted.

13. **Dispute Resolution**. It is agreed that all claims, disputes, or other matters in question arising out of or related to this Agreement shall be submitted to nonbinding mediation before any legal proceedings is commenced. The parties shall equally bear the fees and expenses charged by the mediator.

14. **Opinions of Construction Cost**. Any opinion of probable construction cost prepared by Contractor represents the judgment of one or more Contractor design professionals and is supplied for general guidance of Client. Since Contractor has no control over the construction marketplace and does not use the same pricing methods used by contractors, Contractor does not guarantee the accuracy of such opinions.

15. **Indemnification**.

a. The Contractor shall defend, indemnify and hold harmless the Client, its officers, employees and agents from any and all liabilities which may arise or be claimed against the Client, its officers, employees and agents or any third party for any and all lawsuits, claims, demands, losses or damages alleged to have arisen from an act or omission of the Contractors, its employers, agents or contractors in performance of this Agreement or from the Contractor's failure to perform this Agreement using ordinary care and skill, except where such injury, damage, or loss was caused by the sole negligence of the Client, its agents or employees.

b. The Contractor shall save, indemnify and hold the Client harmless from the cost of the defense of any claim, demand, suit or cause of action made or brought against the Client alleging liability referenced above, including, but not limited to, costs, fees, attorney fees, and other expenses of any kind whatsoever arising in connection with the defense of the Client; and the Contractor shall assume and take over the defense of the Client in any such claim, demand, suit, or cause of action upon written notice and demand for same by the Client. The Contractor will have the right to defend the Client with notice and demand for same by the Client. The Contractor will have the right to defend the Client with counsel of its choice that is satisfactory to the Client and the Client will provide reasonable cooperation in the defense as the Contractor may request. The Contractor will not consent to the entry of any judgment or enter into any settlement with respect to an indemnified claim without the prior written consent of the Client, such consent not to be unreasonably withheld or delayed. The Client shall have the right to participate in the defense against the indemnified claims with counsel of its choice at its own expense.

c. The Contractor shall save, indemnify and hold Client harmless and pay judgments that shall be rendered in any such actions, suits, claims or demands against Client alleging liability referenced above.

d. The indemnification and hold harmless provisions of this Agreement shall survive termination of the Agreement.

16. **Miscellaneous**.

a. The Contractor will not assign or transfer any interest in this Agreement without obtaining the prior written approval of the Client.

b. The Contractor will not enter into a subcontract for any of the services performed under this Agreement without obtaining the prior written approval of the Client.

c. The contract between the parties consists of this Agreement, its attachments, any written request for services issued by Client and any response thereto made by Contractor, including any addenda thereto. To the extent there is a conflict between the terms of any of the documents that constitute the contract between the parties, the terms that are most specific to the matter in dispute shall govern over the more general. In the event the conflicting terms cannot be characterized as specific vs. general, then the terms that provide the greater benefit to the Client and/or impose the greater obligation on the Contractor shall control.

d. This Agreement may be modified only by a written amendment or addendum that has been executed and approved by the appropriate officials shown on the signature page of this Agreement.

e. If any provision of this Agreement is determined to be unenforceable or invalid, such determination will not affect the validity of the other provisions contained in this Agreement. Failure to enforce any provision of this Agreement does not affect the rights of the parties to enforce such provision in another circumstance, nor does it affect the rights of the parties to enforce any other provision of this Agreement at any time.

f. In the event legal action is necessary to enforce the terms of the contract between the parties, the prevailing party shall be entitled to recovery of its attorney's fees, court costs, and other expenses of the legal action.

g. In the performance of this contract, Contractor will comply with all applicable laws, ordinances, rules, regulations and orders of local, state and federal governments, including, but not limited to, the President's Executive Order No. 11246 and 11375, which prohibit discrimination in employment regarding race, color, religion, sex or national origin, Title VI of the Civil Rights Act of 1964, Copeland Anti-Kick Back Act, the Contact Work Hours and Safety Standards Act, Section 402 of the Vietnam Veterans Adjustment Act of 1974, Section 503 of the Rehabilitation Act of 1973, and the Americans with Disabilities Act of 1990, all of which are herein incorporated by reference.

h. This Agreement will be governed and construed in accordance with the laws of the state of Tennessee.

| | |
|---|---|
| **CLIENT:** | **CONTRACTOR:** |
| Town of Farragut | LDA Engineering, Inc. |
| By:____________ | By: Jason C. Elliott |
| Printed Name:____________ | Printed Name: Jason Elliott |
| Title:____________ | Title: Principal / Engineer |
| Date:____________ | Date: 04/17/2023 |

LDA ENGINEERING

# ATTACHMENT A

April 17, 2023

Mr. Darryl Smith, P.E.
Town of Farragut, Engineering Department
11408 Municipal Center Drive
Farragut, Tennessee 37934

Reference: Proposal for Professional Services
Virtue Road and Boyd Station Road Improvements

Dear Darryl,

We appreciate the opportunity to work with the Town of Farragut on this project. Below is our proposal to provide engineering and surveying services related to the design of the project.

## PROJECT DESCRIPTION

The Virtue Road and Boyd Station Road Improvements project (TDOT PIN 132927.00) consists of the reconstruction of approximately 5,100 feet of two-lane roadway, from 500 feet north of Vista Brook Lane to Willow Cove Way. The reconstruction includes horizontal and vertical geometry improvements, widening of lanes and shoulders, curb and gutter for a portion of the project (to be determined), and the addition of 2,000 feet of asphalt greenway on the west side.

This project is partially funded by a federal Surface Transportation Block Grant, and is subject to TDOT Local Government Guidelines. TDOT Standard Drawings, Specifications, and Roadway Design Guidelines will be the governing standards for engineering and design. Other standards may include ADA, MUTCD, AASHTO, and FHWA publications.

The section below details the scope of work for each phase of the project. Please note that project management, administration, progress meetings, and continuous coordination with the Town of Farragut and TDOT are included in each phase of the project, although they may not be listed as a specific task.

## SCOPE OF SERVICES

### Phase 1 – NEPA (Environmental)

The NEPA Phase includes collection of existing conditions data, completion of the environmental document, and development of the preliminary design and plans. Individual tasks are listed below.

A. Conduct topographical and boundary survey of project, 100' average width of corridor
   1. Notify all property owners with door notices and/or certified mail that surveyors will be working in the area and around their property.
   2. Conduct a field survey along the corridor to include roadways, water bodies, drainage pipes and structures, sidewalks, driveways, buildings, utilities, trees and tree lines, parking lots, walls, fences, signs, property corners, right-of-way markers, and any other notable features. Topographic data will be collected with sufficient detail to depict contours at 1-foot intervals.
   3. Integrate GIS and field data to create comprehensive base mapping.
   4. Research deeds and plats to establish existing right-of-way, property lines, and close parcel boundaries.
B. Coordinate with TDOT and FHWA to verify the level of environmental document is a Categorical Exclusion (CE) with No-Build and Build alternatives.
C. Prepare NEPA document
   1. Jurisdictional waters delineation
   2. Threatened and endangered species assessment
   3. Archaeological and historic resources
   4. Hazardous materials assessment
   5. Environmental impacts and mitigation measures
   6. Coordination with various agencies
D. Develop Preliminary Plans (30% design) to establish the footprint of the project.
   1. Design of horizontal and vertical geometry (roadway and greenway), typical sections, cross sections at 50' intervals and key locations
   2. Limits of grading and disturbance
   3. Conceptual structures – retaining walls, boardwalks
   4. Plan sheets: Title Sheet, Typical Sections, Property Maps, Plan and Profile, Roadway Cross Sections
E. Present Preliminary Plans at one public meeting, one workshop with the Board of Mayor and Aldermen, and one workshop with the Municipal Planning Commission.

<u>Phase 2 – Final Design</u>

The Final Design Phase accounts for the majority of the project design development, as well as environmental permitting and utilities/railroad coordination.

A. Make initial contacts with TDOT Region 1 coordinators for right-of-way and utilities and TDOT State coordinator for railroads.
B. Provide early notification to all potentially affected utilities – send Preliminary Plans and request evaluation of conflict or no-conflict.
C. Update topographical and boundary survey (if necessary)
D. Geotechnical investigation
   1. Eleven soil borings – near box culvert and at 500' intervals throughout corridor
   2. Closure of boreholes

3. Laboratory testing – grain size, moisture content, Atterberg limits, and undisturbed tests (unconfined compression, consolidation)
4. Final report including recommendations for pavement and foundation design

E. Develop Right-of-Way Plans
    1. Submit Design Certification and Design Exceptions for approval (if applicable).
    2. Specific design tasks to be completed are as follows.
        a. Finalize geometry and cross section tie-ins
        b. Model stormwater routing, sizing of pipes and ditches, spacing of structures, extension or replacement of existing culverts
        c. Finalize structural design and details for retaining walls and boardwalks
        d. Side-street and driveway profiles
        e. Traffic control plan – detours and construction phasing
        f. Drainage map and 3-stage erosion prevention and sediment control plan for area of disturbance > 5 acres
        g. Mid-block crossing plan with solar powered flasher assemblies
        h. Signing and pavement marking plan
        i. Finalize Property Maps to show all acquisitions and easements

F. Calculate the preliminary construction cost estimate based on TDOT pay item numbers and format.

G. Complete the floodplain analysis based on preliminary results from the NEPA document. It is anticipated that a No-Rise Certification will be appropriate for this project. The intent of the roadway design will be to avoid placing fill inside the Town of Farragut's regulated "No Fill" line, halfway between the floodway and the 500-year floodplain.

H. Send final Right-of-Way Plans to affected utilities and hold a utilities coordination meeting to discuss relocations.

I. Prepare and submit applications for environmental permits – an NPDES General Stormwater Permit with Stormwater Pollution Prevention Plan (SWPPP) will be required. If necessary, we will apply for a TDEC Aquatic Resources Alteration Permit (ARAP) for modifications to the existing box culvert near Turkey Creek Road.

J. Present Right-of-Way Plans at one public meeting, one workshop with the Board of Mayor and Aldermen, and one meeting with the Planning Commission for approval.

<u>Phase 3 – Right-of-Way</u>

The Right-of-Way Phase is mainly to acquire right-of-way and easements to build the project, but also includes three important TDOT certifications. Acquisition, appraisals, etc. are by others.

A. Meet with TDOT Region 1 coordinators for right-of-way and utilities and TDOT State coordinator for railroads.

B. Provide legal descriptions and exhibits for acquisition on up to thirty-five parcels. Work with property acquisition agent to address revisions related to owner negotiations.

C. Coordinate with utilities regarding relocations. Determine if relocations will be before or during construction.

D. Coordinate with TDOT and obtain certifications for right-of-way, utilities, and permits.

Phase 4 – Pre-Construction and Bidding

The Pre-Construction and Bidding Phase is comprised of assembling and submitting the documentation required for construction, as well as assisting with bid solicitation, bidding process, and award of contract.

A. Develop the final Construction Plans – addition of sheets will include the index and standard drawings, quantities, general and special notes, and any other construction details not included with the ROW Plans.
B. Calculate the final construction cost estimate based on TDOT pay item numbers and format.
C. Calculate the goal for DBE participation. Coordinate with TDOT Civil Rights office.
D. Assemble the Bid Book (Federal Funding template) and draft the Bid Advertisement.
E. Attend a pre-bid meeting and respond to bidders' questions.
F. Prepare addenda, as required, to the original bid documents.
G. Attend the bid opening. Review the bids and prepare a bid tabulation.
H. Submit a recommendation of award for TDOT concurrence.

## ESTIMATED SCHEDULE

| | |
|---|---|
| • Completion of NEPA Phase (CE approved) | June 2024 |
| • Completion of Final Design Phase | April 2025 |
| • Completion of ROW Phase (all property acquired) | July 2026 |
| • Completion of Pre-Construction and Bidding | June 2027 |

## EXCLUDED SERVICES

Although not a complete list of services outside of the scope of this proposal, the following services are specifically excluded.

- Lighting design – luminaires may be added to existing utility poles
- Landscape design – may be added later, scope to be determined
- Utility relocation design – by utility owners
- Conditional Letter of Map Revision (CLOMR)
- Right-of-way acquisition, property appraisals, and title searches
- Traffic analysis
- Construction engineering and inspection

## PROJECT FEES

The lump sum fees associated with each phase of the project are listed below. The actual compensation will not exceed the total for all phases unless approved in advance by the client.

| | |
|---|---|
| Phase 1: NEPA (Environmental) | $ 246,000. |
| Phase 2: Final Design | $ 288,000. |

| | |
|---|---|
| Phase 3: Right-of-Way | $ 87,000. |
| Phase 4: Pre-Construction and Bidding | $ 118,000. |
| **Total Contract** | **$ 739,000.** |

If all conditions of this proposal are acceptable, please sign below for authorization to proceed. Thank you again for this opportunity.

Respectfully,

Jason C. Elliott

Jason C. Elliott, P.E.
Principal / Engineer

ACCEPTANCE OF PROPOSAL AND AUTHORIZATION TO PROCEED

By: ______________________________ Date: _______________

LDA ENGINEERING

# ATTACHMENT B
## 2023 BILLING RATES

| | |
|---|---|
| Senior Program Manager | $255 |
| Program Manager | $225 |
| Managing Engineer | $215 |
| Project Manager VI | $195 |
| Project Manager V | $185 |
| Project Manager IV | $175 |
| Project Manager III | $160 |
| Project Manager II | $150 |
| Project Manager I | $150 |
| Civil-Environmental Engineer/Scientist VI | $245 |
| Civil-Environmental Engineer/Scientist V | $225 |
| Civil-Environmental Engineer/Scientist IV | $205 |
| Civil-Environmental Engineer/Scientist III | $165 |
| Civil-Environmental Engineer/Scientist II | $135 |
| Civil-Environmental Engineer/Scientist I | $115 |
| Electrical Engineer II | $230 |
| Electrical Engineer I | $155 |
| GIS Professional II/Registered Land Surveyor III | $180 |
| GIS Professional II/Registered Land Surveyor II | $165 |
| GIS Professional/Registered Land Surveyor I | $145 |
| GIS/CADD VI | $130 |
| GIS/CADD V | $120 |
| GIS/CADD IV | $110 |
| GIS/CADD III | $100 |
| GIS/CADD II | $90 |
| GIS/CADD I | $80 |
| Field Technician VI (Survey Crew Technician VI) | $125 |
| Field Technician V (Survey Crew Technician V) | $115 |
| Field Technician IV (Survey Crew Technician IV) | $105 |
| Field Technician III (Survey Crew Technician III) | $95 |
| Field Technician II (Survey Crew Technician II) | $85 |
| Field Technician I (Survey Crew Technician I) | $75 |
| Communications Specialist II | $220 |
| Communications Specialist I | $120 |
| Planner VI | $210 |
| Planner V | $200 |
| Planner IV | $190 |
| Planner III | $170 |
| Planner II | $155 |
| Planner I | $145 |
| Project Administrator VI | $115 |
| Project Administrator V | $105 |
| Project Administrator IV | $95 |
| Project Administrator III | $85 |
| Project Administrator II | $75 |
| Project Administrator I | $65 |

110 Tyson Boulevard, Suite 200, Alcoa, Tennessee 37701, 865-573-7672 LDAEngineering.com