



AGENDA  
REGULAR MEETING OF TOWN COUNCIL  
CHRISTIANSBURG TOWN HALL  
100 EAST MAIN STREET  
MAY 14, 2019 – 7:00 P.M.

REGULAR MEETING

I. CALL TO ORDER

- A. Moment of Reflection
- B. Pledge of Allegiance

II. ADJUSTMENT OF THE AGENDA

III. PUBLIC HEARINGS

- A. Public hearing in regards to the real property rate of \$0.16 per \$100 in assessed value proposed for Fiscal Year 2019-20.
- B. Public Hearing in regards to water rates proposed for Fiscal Year 2019-20.

IV. CONSENT AGENDA

- A. Council meeting minutes of April 16, 2019, April 23, 2019, April 30, 2019.
- B. Resolution honoring former Christiansburg Fire Chief Jimmy Epperly for his service to the community.
- C. Approval of an updated Exhibit A for federal procurement, as recommended by Town Auditors.
- D. Schedule Public Hearing on June 11, 2019 for an ordinance approving and authorizing the execution of a small cell franchise agreement by and between the Town of Christiansburg and Shenandoah Personal Communications, LLC (Collectively, "Shentel").
- E. Engineering contract with Hurt and Proffitt to design a sidewalk extension from near the Falling Branch Intersection to Hubbell Drive, NW.

## V. INTRODUCTIONS AND PRESENTATIONS

### A. Recognition of Christiansburg High School State Champions:

- Christiansburg Boys Indoor Track 3A State Championship
- Boys Indoor Track Individual 3A State Championship – Ethan Mills (1,000-meter and 1,600-meter)
- Boys Indoor Track Group 3A State Championship – Alex Watty, Trey Wilson, Ethan Wilson and Cooper Neeble (4x800)
- Girls Indoor Track Individual 3A State Championship – Rachel Lloyd (pole vault)
- Boys Diving Individual 3A State Championship – Caleb Hatcher
- Wrestling Individual 3A State Championship – Brandon Crowder (120 pounds)
- Wrestling Individual 3A State Championship – Nate Warden (170 pounds)
- Wrestling Individual 3A State Championship – Andy Smith (220 pounds)

### B. Presentation of resolution honoring former Christiansburg Fire Chief Jimmy Epperly.

## VI. CITIZEN COMMENTS

## VII. COMMITTEE REPORTS

## VIII. DISCUSSION AND ACTION BY MAYOR AND COUNCIL

- A. [Real Estate Purchase Contract between the Town of Christiansburg and Community Housing Partners for the Town's purchase of five parcels \(Tax Map IDs # 496-A-21; #496-22-1; #496-22-2; #497-A-17; and #497-A-21\) for \\$200,000.](#)

## IX. STAFF REPORTS

- A. Town Manager
- B. Town Attorney
- C. Other Staff

## X. COUNCIL REPORTS

## XI. OTHER BUSINESS

### A. Closed Meeting

1. Request for a Closed Meeting in accordance with Code of Virginia § 2.2-3711(A)(6) for the discussion or consideration of the investment of public funds where competition or bargaining is involved, where, if made public initially, the financial interest of the governmental unit would be adversely affected; and § 2.2-3711(A)(29) for the discussion of the award of a public contract involving the expenditure of public funds, including interviews of bidders or offerors, and discussion of the terms or scope of such contract, where discussion in an open session would adversely affect the bargaining position or

negotiating strategy of the public body. The purpose of the meeting is to consider proposals for the park located on the former Truman Wilson property on Peppers Ferry Road, NW.

2. Reconvene in Open Meeting.
3. Certification.
4. Council action on the matter.

B. Closed Meeting

1. Request for a Closed Meeting under Virginia Code Section 2.2-3711(A)(1), for the discussion, consideration, or interviews of prospective candidates for employment; assignment, appointment, promotion, performance, demotion, salaries, disciplining, or resignation of specific public officers, appointees, or employees of any public body, for the purpose of a discussion pertaining to a Council appointee.
2. Reconvene in Open Meeting.
3. Certification.
4. Council action on the matter.

XII. ADJOURNMENT

Upcoming meetings:

May 28, 2019, 7:00 P.M. – Regular Meeting

June 11, 2019, 7:00 P.M. – Regular Meeting

## NOTICE OF PROPOSED REAL PROPERTY TAX INCREASE

The Town of Christiansburg, VA proposes to increase property tax levies.

1. Assessment Increase: Total assessed value of real property, excluding additional assessments due to new construction or improvements to property, exceeds last year's total assessed value of real property by 5.9%.

2. Lowered Rate Necessary to Offset Increased Assessment: The tax rate which would levy the same amount of real estate tax as last year, when multiplied by the new total assessed value of real estate with the exclusions mentioned above, would be \$0.1526 per \$100 of assessed value. This rate will be known as the "lowered tax rate."

3. Effective Rate Increase: The Town of Christiansburg, VA proposes to adopt a tax rate of \$0.16 per \$100 of assessed value. The difference between the lowered tax rate and the proposed rate would be \$0.0074 per \$100, or 4.85% percent. This difference will be known as the "effective tax rate increase."

Individual property taxes may, however, increase at a percentage greater than or less than the above percentage.

4. Proposed Total Budget Increase: Based on the proposed real property tax rate and changes in other revenues, the total budget of Town of Christiansburg, VA, excluding capital projects will exceed last year's by 5.16%.

A public hearing on the increase will be held on May 14, at 7 PM at Town Hall, 100 E Main Street, Christiansburg, VA 24073

NOTICE OF PUBLIC HEARING  
TOWN OF CHRISTIANSBURG  
PROPOSED WATER AND SEWER FEE INCREASES

A public hearing will be held on Tuesday May 14, at 7 pm in the Council Room of the Town of Christiansburg Town Hall, 100 East Main Street, Christiansburg, Virginia for the purpose of discussing the proposed water fee increase.

Effective Date: July 1, 2019  
Authority: Code of Virginia § 15.2-2119

WATER RATES:

Within Corporate limits: First 0-1,000 gallons, from \$7.00 to \$8.00 additional 1,000 gallons from \$9.00 to \$10.00 over 50,000 gallons from \$6.75 to \$7.50;

Outside Corporate limits: First 0-1,000 gallons, from \$10.50 to \$12.00 additional 1,000 gallons from \$13.50 to \$15.00 over 50,000 gallons from \$10.13 to \$11.25;

This proposal may be examined during regular business hours at the office of the Town Manager. 100 E. Main Street, Christiansburg, VA between the hours of 8:00 am to 5:00 pm Monday through Friday. All interested citizens will have the opportunity to give written or oral comments.

Randy Wingfield  
Town Manager

**CHRISTIANSBURG TOWN COUNCIL  
CHRISTIANSBURG, MONTGOMERY CO., VA.  
SPECIAL MEETING MINUTES  
APRIL 16, 2019 – 5:30 P.M.**

A SPECIAL MEETING OF THE CHRISTIANSBURG TOWN COUNCIL, MONTGOMERY COUNTY, CHRISTIANSBURG, VA. WAS HELD AT CHRISTIANSBURG TOWN HALL, 100 EAST MAIN STREET, CHRISTIANSBURG, VIRGINIA, ON APRIL 16, 2019 AT 5:30 P.M.

COUNCIL MEMBERS PRESENT: Mayor D. Michael Barber; Vice-Mayor Steve Huppert; Samuel M. Bishop; Harry Collins; Merissa Sachs; Henry Showalter; Bradford J. Stipes. ABSENT: None.

ADMINISTRATION PRESENT: Town Manager Randy Wingfield; Assistant Town Manager Andrew Warren; Clerk of Council Michele Stipes; Assistant to the Town Manager Adam Carpenetti; Finance Director/Treasurer Val Tweedie; Public Relations Director Melissa Demmitt; Director of Public Works Jim Lancianese; Director of Engineering Wayne Nelson; Planning Director Will Drake; Human Relations Director Dave Brahmstadt; Building Official Jerry Heinline; Street Superintendent Travis Moles; General Services Superintendent Dave Sutphin.

**WORK SESSION**

- I. CALL TO ORDER
- II. DISCUSSION BY MAYOR AND COUNCIL

A. Annual Budget for Fiscal Year 2019-2020.

Town Manager Wingfield provided Council with a revised employee compensation plan, and offered an overview of the revisions and supporting materials. Council questioned the inclusion of the 2% COLA increase, which was to be eliminated in lieu of salary adjustments and merit increases as prioritized by Town Manager Wingfield.

Town Manager Wingfield provided a general overview of the FY 2019-2020 proposed budget that included an outline of the proposed fee increases as follows: Water rate increase - \$1/1000 gallons (Mr. Wingfield noted increased fees from the Water Authority); minimum building permit fee increased by \$10, which would bring the fee in line with surrounding localities and would help offset the costs of the proposed Code Enforcement Program; add a plan resubmittal fee of \$100 and increased \$.06/square foot for residential and increased by \$1/1000 square foot for commercial.

Building Official Jerry Heinline called attention to the Code Enforcement Program included in the budget and reported on the goals of the program and anticipated benefits to the Town. The program would require one new employee with an annual salary between \$35k - \$45k, and a new vehicle, and Mr. Heinline provided an overview of the position requirements and functions. Under the program, the new employee would work with the public to facilitate compliance with Town Code. Building Department renovations are included in the budget to accommodate growth within the department, according to Mr. Heinline.

Assistant to the Town Manager Adam Carpenetti reported on the budget requests for the IT Department that call for a Network Systems Administrator. Mr. Carpenetti detailed current positions and functions within IT, and explained the need for workload relief that would be provided through the new employee. Currently, the department is short-staffed to the extent that basic maintenance is behind schedule, along with other important matters such as the development and implementation of a town department-wide disaster plan. Mr. Carpenetti talked about current and ongoing IT projects, and noted that the first order of business for the new position would be maintenance and security related projects. At Councilwoman Sachs request, Mr. Carpenetti explained why the request was for a high tech employee (\$70,000+ annual salary) instead of a lower tech individual, by noting that current staff was efficient in handling the many requests that come through Helpdesk, and that a high level employee would allow the department to address basic maintenance and security matters as a high priority with immediate attention. Noting the \$200,000 budget increase request from the IT Department, Councilwoman Sachs asked how that money would be spent. Mr. Carpenetti explained that the funding would be used primarily for salary, capital improvements related to security projects, and a new department vehicle. Mr. Carpenetti stated that the department has been in need of additional employees for years, and he expected to request an employee position in FY 20-21, in addition to the current request. The requested funding to expand the IT Department would accommodate office space for two new positions. Included in the IT Department budget is a request for a Radio Technician position, and Town Manager Wingfield explained the purpose of this neutral salaried position at the request of, and in partnership with, Montgomery County and likely Blacksburg and Virginia Tech. There is currently no contract for the terms of the position. Council discussed requests for new vehicles for the IT Department and Building Department, with Council stressing the importance of the two departments working together to purchase vehicles at a discount, and that the vehicles not leave Town limits, if approved by Council. Council discussed Adam Carpenetti's position with the town, which he noted was primarily IT, not administrative, and Councilman Showalter questioned if the Town had considered the use of subcontractors to assist with IT needs. Human Resource Director Dave Brahmstadt responded he was unfamiliar with the use of subcontractors for IT purposes, and Councilman Showalter requested he look into the feasibility of hiring subcontractors under a one-year contract as a solution to the needs expressed by Mr. Carpenetti. At Councilwoman Sachs request, Ms. Tweedie and Mr. Carpenetti explained the budget request for assessments related to evaluating the Town's software and IT systems, as important in understanding the deficiencies and specific software needs of the Town, further noting assessments would provide valuable recommendations as to the specific software needed by the Town.

Council briefly discussed the 2% COLA included in the budget, and it was noted that the increase had not been approved by the Finance Committee in lieu of the merit increases and salary adjustments, which totaled a 3-4% increase across the board for employees.

Noting the budget request to cover the increase in employee health insurance premiums, which clarified by Ms. Tweedie to cost an estimated \$12, \$13, or \$27 increase to employees monthly, depending on the plan, Councilwoman Sachs said she was unable to support tax dollars funding the increase due to the salary base/benefits received by employees as compared to the private sector. Councilman Showalter recalled Mr. Brahmstadt explaining that it was the Town's intent to begin educating employees on responsible health insurance usage, and he stressed that responsible-use education should be an ongoing program within the Town.

Councilman Huppert asked Council to consider his proposal to increase the meals tax by 1.5 cents to directly support development of the former Truman Wilson property into a town park, effective July 1, 2019. Mr. Huppert talked about the importance of having funding prior to incurring debt, and explained how the park would boost the economy by bringing people into town for various usage and events. Councilwoman Sachs talked about the difference between funding needs and funding wants, and stated she could not support a meals tax increase to fund development of the park. Councilman Stipes commented that he understood Mr. Huppert's approach, but suggested that, as an alternative to increasing revenue through a tax increase, the Town would see an increase in revenue through the redevelopment of Market Place, and development of the Town park, which will draw more people to the area.

Councilwoman Sachs and Councilman Showalter both noted that expenditures in the proposed FY 2019-2020 budget were more than the proposed revenue, which was not sustainable or fiscally responsible. An area of concern discussed was the vehicle costs and new vehicle request for the Police Department, and Councilman Showalter requested Council be provided with details on costs for vehicles leaving town limits, the two requested support vehicles, and a proposal on whether or not the life of the current police vehicles could be extended. Other areas of concern discussed were the expenses included in the cemetery and aquatic center budgets. Public Works Director Jim Lancianese explained the request for the HVAC system consultation for the aquatic center, which would result in a recommendation appropriate for the Town's facility. Ms. Tweedie noted that aquatic center reserve funding would cover some of the costs related to the HVAC system, which was in need of repair or replacement. Councilwoman Sachs recommended placing ad space on the proposed digital sign at the aquatic center. Mayor Barber noted that the sign, although placed near the aquatic center, would be a sign for Town matters, not just for aquatics use. Councilman Stipes and Councilman Huppert expressed that they did not support ad space on the Town's proposed digital sign. Councilman Showalter recommended that each Town department head find areas of expense to cut in their respective department to assist in developing a budget that was acceptable. Councilwoman Sachs and Councilman Collins agreed with Mr. Showalter's recommendation, with Mr. Collins stressing that expenditures must be less than revenue, and Councilman Stipes noting that the budget process should be priority-based that supports the Town's Destination 2022. In addition, Councilwoman Sachs requested Council be provided with complete cost details to the Town with regards to the increase in travel and school expenses.

Councilwoman Sachs questioned the increased costs to community contributions and expressed that taxpayers should have a say in those tax supported contributions. Ms. Sachs suggested either disbanding community contributions or only increasing contributions in relation to an overall budget increase. Councilman Showalter talked about the process used by Council in determining community contributions, and recommended only voting on the amount requested by applicants, with no consideration by Council for a variable contribution amount. Councilman Huppert proposed community contributions remain the same as in FY-18-19. Councilman Stipes expressed support for including community contributions as determined by the Council survey. Council agreed that there were several community obligations that the Town must support for the benefit of the community, and Councilman Bishop requested Council review the community contributions to determine realized benefits to the Town. Council agreed to further discuss this matter during its upcoming Council Retreat.

Council was reminded of the following meeting dates:

- April 30, 5:30 P.M. – Special Meeting with the PPEA Committee
- May 7, 5:30 P.M. – Special Meeting, budget work session
- June 28 & 29, time tbd – Council Retreat



XII. ADJOURN

There being no further business to bring before Council, Mayor Barber adjourned the work session at 8:27 P.M.

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Michele Stipes, Clerk of Council

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D. Michael Barber, Mayor

**CHRISTIANSBURG TOWN COUNCIL  
CHRISTIANSBURG, MONTGOMERY CO., VA.  
REGULAR MEETING MINUTES  
APRIL 23, 2019 – 7:00 P.M.**

A REGULAR MEETING OF THE CHRISTIANSBURG TOWN COUNCIL, MONTGOMERY COUNTY, CHRISTIANSBURG, VA. WAS HELD AT CHRISTIANSBURG TOWN HALL, 100 EAST MAIN STREET, CHRISTIANSBURG, VIRGINIA, ON APRIL 23, 2019 AT 7:00 P.M.

COUNCIL MEMBERS PRESENT: Mayor D. Michael Barber; Vice-Mayor Steve Huppert; Samuel M. Bishop; Harry Collins; Merissa Sachs; Henry Showalter; Bradford J. Stipes. ABSENT: None.

ADMINISTRATION PRESENT: Town Manager Randy Wingfield; Assistant Town Manager Andrew Warren; Clerk of Council Michele Stipes; Town Attorney Jim Guynn; Finance Director/Treasurer Val Tweedie; Public Relations Director Melissa Demmitt; Director of Parks and Recreation Brad Epperley; Director of Public Works Jim Lancianese; Street Superintendent Travis Moles; Administrative Specialist Devon Eckstein; Police Chief Mark Sisson.

I. CALL TO ORDER

- A. Moment of Reflection
- B. Pledge of Allegiance

II. ADJUSTMENT OF THE AGENDA

- A. Mayor Barber removed approval of the April 16, 2019 work session minutes from the Consent Agenda.

III. PUBLIC HEARING

IV. CONSENT AGENDA

- A. Council meeting minutes of April 9, 2019.
- B. Monthly bill list.
- C. Edgewood Water Pumping Station Upgrade Professional Services Contract Amendment #4 Authorization.

Councilman Bishop made a motion to approve the consent agenda, seconded by Councilman Collins. Council voted on the motion as follows: Bishop – Aye; Collins – Aye; Huppert – Aye; Sachs – Aye; Showalter – Aye; Stipes - Aye.

V. INTRODUCTIONS AND PRESENTATIONS

- A. Introduction of New Employees
  - 1. Max Brown, Public Works

- Bobby Lewis, Sr., Truck Driver, Solid Waste
- 2. John Kirtner, Public Works
  - Isaiah Forester, Maintenance Worker, Utilities
- 3. Devon Eckstein, Engineering
  - Amanda Robertson, Administrative Clerk, EPI
- B. Montgomery County Chamber of Commerce Executive Director Sharon Scott to present on the Chamber's 2019 Program of Work.

Executive Director Sharon Scott reported to Council on the Chamber's organization and committee structure, membership, and initiatives and programs of 2019 designed to promote and grow the communities within Montgomery County, and announced plans to soon move to its new location on Laurel Drive in Christiansburg. Ms. Scott congratulated Councilwoman Merissa Sachs on her recent Chamber recognition as one of the outstanding women leaders in the community, and thanked Melissa Demmitt for assistance during the recent leadership conference. Ms. Scott thanked Council for its time and continued support of the Chamber.

- C. Montgomery Museum of Art and History Executive Director Sue Farrar to provide an update on Museum activities.

Sue Farrar thanked Council for its continued support of the museum and provided an update on the museum's programs, activities, and landscape improvements that include a garden certified by Monarch Watch. Ms. Farrar talked about the importance of community partnerships to the success of the museum's programs and events, and announced the early planning stages of anticipated future expansion of the museum building. Ms. Farrar invited Council to attend a reception at the museum tomorrow in honor of the GiveBigNRV nonprofit fundraiser.

- D. Wayne Nelson, Director of Engineering, to present the FY20 Capital Projects included in the draft budget. The presentation was postponed and will be heard during the May 7, 2019 budget work session.

*Mayor Barber recognized Jamie Bond, Montgomery County Board of Supervisor, and liaison to Council, who offered to answer questions of Council.*

## VI. CITIZEN COMMENTS

- A. Paul Leichner, Alexa Lane, read his submission to the *Why I Love my Hometown* section of the Town's website, praising the Town for its friendly, courteous, professional staff, and sharing his positive experiences in becoming involved in the community, specifically acknowledging Charleton McCoy of the recreation department, and the Good Samaritan Hospice therapy dog program. In his post, Mr. Leichner expressed appreciation for the many amenities and the landscape found in Christiansburg, and for the constructive manner in which council worked together in addressing town matters.

## VII. COMMITTEE REPORTS

- A. Councilwoman Sachs reported on behalf of the Water, Sewer, Solid Waste Committee, and noted that she recently visited the Montgomery Regional Solid Waste Facility to see the new garbage compactor. Ms. Sachs invited all to attend the Central Business District Committee meeting scheduled for tomorrow at noon at Town Hall.
- B. Councilman Huppert reported on the aquatic center partnership with Montgomery County Public Schools to provide free swim lessons to all second graders in Montgomery County, calling the program a great asset, and announced the aquatic center hosted community yard sale scheduled for May 4, 2019.
- C. Councilman Stipes reported on behalf of the Virginia Tech Montgomery County Executive Airport that construction of Phase III of the airport expansion was behind schedule, and that he would keep Council updated as progress continued.
- D. Councilman Showalter reported that the April Water, Sewer, Solid Waste Committee meeting had been cancelled due to agenda items being resolved through Council action. Mr. Showalter noted that the recycling bin would remain at Christiansburg High School per negotiations by Mayor Barber and Town Manager Wingfield.
- E. Councilman Collins reminded Council of the PPEA Committee meeting scheduled for April 25, with PPEA Committee recommendation scheduled for presentation during a Closed Meeting on April 30<sup>th</sup>. Mr. Collins requested that Council be provided a copy of the Town Code amendment to Chapter 42, "Zoning" of the Christiansburg Town Code for the purpose of amending and clarifying the permitted uses in the I-2, General Industrial District, approved by Council on March 12, 2019.

## VIII. DISCUSSION BY MAYOR AND COUNCIL

- A. Appointment of Katherine Meadows to the Parks and Recreation Advisory Commission to fill the unexpired term vacated by Richard Polikoff. The term expires December 31, 2020.

Director of Parks and Recreation Brad Epperley introduced Katherine Meadows to Council and talked about her involvements in the community as a teacher and volunteer at the recreation center, and noted that the Recreation Advisory Commission unanimously voted to recommend Ms. Meadows' appointment. Councilman Collins made a motion to appoint Katherine Meadows to the Parks and Recreation Advisory Commission, seconded by Councilman Stipes. Council voted on the motion as follows: Bishop – Aye; Collins – Aye; Huppert – Aye; Sachs – Aye; Showalter – Aye; Stipes – Aye.

- B. Budget Amendment for FY 2018-2019.

Finance Director Val Tweedie provided Council with a copy of the proposed budget amendment and offered an overview of the four amendments totaling \$312,075. Councilman Showalter questioned the source of funds reallocated for furniture at the rescue squad in the amount of \$24,000. Ms. Tweedie confirmed the \$24,000 were revenue recovery funds, and Mr. Showalter noted it was his understanding that Council's intent was that revenue recovery funds would subsidize the general fund for emergency services only, not building improvements and furnishings. Ms. Tweedie noted that rescue squad renovations were paid for with revenue recovery funds. Assistant Town Manager Warren provided a copy of the Revenue Recovery Policy adopted by Council that provided for use of the funds for emergency services capital improvements. Ms. Tweedie recalled that Council, during initial discussions, stressed that the revenue recovery fund not supplant the general fund, and that general funds

not be reduced for the rescue department because of the addition of revenue recovery funds. Councilman Stipes and Councilman Collins both noted that they were comfortable with revenue recovery funds being used for rescue squad renovations, and Councilman Bishop expressed interest in reviewing initial discussions and reviewing the policy as written. Councilwoman Sachs expressed interest in a policy review in this matter. Councilman Showalter made a motion to approve the budget amendment for FY 2019-2020, with the modification that revenue recovery funds be used for improvements to the rescue squad building and the general fund used for purchase of furnishings. Council voted on the motion as follows: Bishop – Aye; Collins – Aye; Huppert – Nay; Sachs – Aye; Showalter – Aye; Stipes – Aye. Town Manager Wingfield will provide Council with a copy of the revenue recovery policy for review and possible amendment.

- C. Invoices for Marketing on Main dated November 2017. Goods were received, but invoices were not received for payment until 2019.

Mayor Barber reported that \$3,097 in Marketing on Main invoices to the Town were not submitted in 2017, due to an accounting error, which was prior to owner Merissa Sachs' election to Council. Councilman Stipes made a motion to approve payment of the invoices, seconded by Councilman Collins. Council voted on the motion as follows: Bishop – Aye; Collins – Aye; Huppert – Aye; Sachs – Abstain; Showalter – Aye; Stipes – Aye.

- D. Proposed revisions to the Town Employee Handbook (Town Manager Wingfield).

Council was provided a copy of the proposed revisions and Town Manager Randy Wingfield provided an overview of the changes and offered to answer questions. At Councilman Stipes request, Mr. Wingfield clarified that employee time was tracked using an online time clock, and explained eligibility requirements for compensatory time. Councilman Stipes moved to approve the revised Town Employee Handbook as presented by Town Manager Wingfield, seconded by Councilman Bishop. Council voted on the motion as follows: Bishop – Aye; Collins – Aye; Huppert – Aye; Sachs – Aye; Showalter – Aye; Stipes – Aye.

#### IX. STAFF REPORTS

- A. Town Manager Wingfield:

- April 30, 5:30 P.M. – Special Meeting for a closed work session with the PPEA Committee.
- May 5, 5:30 P.M. – Special Meeting for a work session to discuss the annual budget for FY 19-20.

- B. Town Attorney:

- C. Other Staff:

#### X. COUNCIL REPORTS

- A. Councilwoman Sachs, no report.
- B. Councilman Huppert, no report.
- C. Councilman Stipes called attention to a recent Roanoke Times article by Jacob Demmitt regarding the national attention on Christiansburg for a company's deliveries by drones programs.
- D. Councilman Showalter, no report.

- E. Councilman Bishop, no report.
- F. Councilman Collins, no report.
- G. Mayor Barber noted that Brian Hamilton of the Montgomery County Economic Development Authority was the contact person for questions regarding drone deliveries in Christiansburg. Mayor Barber reported on his, Town Manager Wingfield, and Finance Director Val Tweedie's visit to Abingdon to present at the VML Newly Elected Officials conference, and expressed appreciation for VML's commitment to become more centralized in their programming across the state.

XI. OTHER BUSINESS

XII. ADJOURN

There being no further business to bring before Council, Mayor Barber adjourned the meeting at 7:59 P.M.

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Michele Stipes, Clerk of Council

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D. Michael Barber, Mayor

**CHRISTIANSBURG TOWN COUNCIL  
CHRISTIANSBURG, MONTGOMERY CO., VA.  
SPECIAL MEETING MINUTES  
APRIL 30, 2019 – 5:30 P.M.**

A SPECIAL MEETING OF THE CHRISTIANSBURG TOWN COUNCIL, MONTGOMERY COUNTY, CHRISTIANSBURG, VA., WITH THE PPEA COMMITTEE, WAS HELD AT CHRISTIANSBURG TOWN HALL, 100 EAST MAIN STREET, CHRISTIANSBURG, VIRGINIA, ON APRIL 30, 2019 AT 5:30 P.M.

COUNCIL MEMBERS PRESENT: Mayor D. Michael Barber; Vice-Mayor Steve Huppert; Samuel M. Bishop; Harry Collins; Henry Showalter; Bradford J. Stipes. ABSENT: Merissa Sachs.

PPEA COMMITTEE MEMBERS PRESENT: Town Manager Randy Wingfield; Assistant Town Manager Andrew Warren; Director of Engineering Wayne Nelson; Finance Director Val Tweedie; Director of Parks and Recreation Brad Epperley; Parks and Recreation Advisory Commission Representative Cord Hall. Also present was PPEA Committee consultant Kevin Wills, MBP. ABSENT: Clerk of Council Michele Stipes.

I. CALL TO ORDER

II. CLOSED MEETING

1. Councilman Huppert made a motion to enter into a Closed Meeting in accordance with Code of Virginia § 2.2-3711(A)(6) for the discussion or consideration of the investment of public funds where competition or bargaining is involved, where, if made public initially, the financial interest of the governmental unit would be adversely affected; and § 2.2-3711(A)(29) for the discussion of the award of a public contract involving the expenditure of public funds, including interviews of bidders or offerors, and discussion of the terms or scope of such contract, where discussion in an open session would adversely affect the bargaining position or negotiating strategy of the public body. The purpose of the meeting is to review proposals for the regional park located on the former Truman Wilson property on Peppers Ferry Road NW. Councilman Showalter seconded the motion and Council voted as follows: Bishop – Aye; Collins – Aye; Huppert – Aye; Sachs – Absent; Showalter – Aye; Stipes – Aye.

2. Reconvene in Open Meeting.

3. Certification. Councilman Huppert moved to certify that the Town Council of the Town of Christiansburg, meeting in Closed Meeting, to the best of each member's knowledge, discussed only the matters lawfully exempt from open meeting requirements by Virginia Law and only such matters as are identified in the Resolution to enter into Closed Meeting. The motion was seconded by Councilman Showalter and voted upon as follows: Bishop – Aye; Collins – Aye; Huppert – Aye; Sachs – Absent; Showalter – Aye; Stipes - Aye.

4. Council action on the matter. Mayor Barber stated that Council would consider the recommendation of the PPEA Committee at the next council meeting.

III. ADJOURN

There being no further business to bring before Council, Mayor Barber adjourned the meeting at 6:36 P.M.

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Andrew Warren, Asst. Town Manager

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D. Michael Barber, Mayor



**TOWN OF CHRISTIANSBURG  
TOWN COUNCIL  
AGENDA COVER SHEET**

**AGENDA LOCATION:** Consent Agenda      **Meeting Date:** 5-14-2019

**ITEM TITLE:** Exhibit A for federal procurement

**DESCRIPTION:** Updated exhibit A to be used when procuring goods or services with federal funds

**POTENTIAL ACTION:** Approval of new exhibit A

**DEPARTMENT:** Finance

**PRESENTER:** Val Tweedie

**ITEM HISTORY:**

In November of 2017 Council approved our Exhibit A for use when we purchase goods and services with federal funds. Our auditors' have recommended that we update our policy due to several recent updates to the federal rules. These are all additions to the policy and the additions are underlined on the attachment. These provisions come directly from federal law.



## **TOWN OF CHRISTIANBURG PURCHASING POLICY EXHIBIT A**

### **2 CFR 200.110 thru 2 CFR 200.326**

#### **§200.112 Conflict of interest.**

The Federal awarding agency must establish conflict of interest policies for Federal awards. The non-Federal entity must disclose in writing any potential conflict of interest to the Federal awarding agency or pass-through entity in accordance with applicable Federal awarding agency policy.

#### **§200.113 Mandatory disclosures.**

The non-Federal entity or applicant for a Federal award must disclose, in a timely manner, in writing to the Federal awarding agency or pass-through entity all violations of Federal criminal law involving fraud, bribery, or gratuity violations potentially affecting the Federal award. Non-Federal entities that have received a Federal award including the term and condition outlined in Appendix XII—Award Term and Condition for Recipient Integrity and Performance Matters are required to report certain civil, criminal, or administrative proceedings to SAM. Failure to make required disclosures can result in any of the remedies described in §200.338 Remedies for noncompliance, including suspension or debarment. (See also 2 CFR part 180, 31 U.S.C. 3321, and 41 U.S.C. 2313.)

#### **§ 200.302, 200.305 Financial Management**

(a) Each state must expend and account for the Federal award in accordance with state laws and procedures for expending and accounting for the state's own funds. In addition, the state's and the other non-Federal entity's financial management systems, including records documenting compliance with Federal statutes, regulations, and the terms and conditions of the Federal award, must be sufficient to permit the preparation of reports required by general and program-specific terms and conditions; and the tracing of funds to a level of expenditures adequate to establish that such funds have been used according to the Federal statutes, regulations, and the terms and conditions of the Federal award. See also §200.450 Lobbying.

(b) The financial management system of each non-Federal entity must provide for the following (see also §§200.333 Retention requirements for records, 200.334 Requests for

transfer of records, 200.335 Methods for collection, transmission and storage of information, 200.336 Access to records, and 200.337 Restrictions on public access to records):

(1) Identification, in its accounts, of all Federal awards received and expended and the Federal programs under which they were received. Federal program and Federal award identification must include, as applicable, the CFDA title and number, Federal award identification number and year, name of the Federal agency, and name of the pass-through entity, if any.

(2) Accurate, current, and complete disclosure of the financial results of each Federal award or program in accordance with the reporting requirements set forth in §§200.327 Financial reporting and 200.328 Monitoring and reporting program performance. If a Federal awarding agency requires reporting on an accrual basis from a recipient that maintains its records on other than an accrual basis, the recipient must not be required to establish an accrual accounting system. This recipient may develop accrual data for its reports on the basis of an analysis of the documentation on hand. Similarly, a pass-through entity must not require a subrecipient to establish an accrual accounting system and must allow the subrecipient to develop accrual data for its reports on the basis of an analysis of the documentation on hand.

(3) Records that identify adequately the source and application of funds for federally-funded activities. These records must contain information pertaining to Federal awards, authorizations, obligations, unobligated balances, assets, expenditures, income and interest and be supported by source documentation.

(4) Effective control over, and accountability for, all funds, property, and other assets. The non-Federal entity must adequately safeguard all assets and assure that they are used solely for authorized purposes. See §200.303 Internal controls.

(5) Comparison of expenditures with budget amounts for each Federal award.

(6) Written procedures to implement the requirements of §200.305 Payment.

(7) Written procedures for determining the allowability of costs in accordance with Subpart E—Cost Principles of this part and the terms and conditions of the Federal award.

### **§200.303 Internal controls.**

The non-Federal entity must:

(a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United

States or the “Internal Control Integrated Framework”, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

(b) Comply with Federal statutes, regulations, and the terms and conditions of the Federal awards.

(c) Evaluate and monitor the non-Federal entity's compliance with statutes, regulations and the terms and conditions of Federal awards.

(d) Take prompt action when instances of noncompliance are identified including noncompliance identified in audit findings.

(e) Take reasonable measures to safeguard protected personally identifiable information and other information the Federal awarding agency or pass-through entity designates as sensitive or the non-Federal entity considers sensitive consistent with applicable Federal, state, local, and tribal laws regarding privacy and obligations of confidentiality

#### **§200.305 Payment.**

(a) For states, payments are governed by Treasury-State CMIA agreements and default procedures codified at 31 CFR Part 205 “Rules and Procedures for Efficient Federal-State Funds Transfers” and TFM 4A-2000 Overall Disbursing Rules for All Federal Agencies.

(b) For non-Federal entities other than states, payments methods must minimize the time elapsing between the transfer of funds from the United States Treasury or the pass-through entity and the disbursement by the non-Federal entity whether the payment is made by electronic funds transfer, or issuance or redemption of checks, warrants, or payment by other means. See also §200.302 Financial management paragraph (b)(6). Except as noted elsewhere in this part, Federal agencies must require recipients to use only OMB-approved standard government wide information collection requests to request payment.

(1) The non-Federal entity must be paid in advance, provided it maintains or demonstrates the willingness to maintain both written procedures that minimize the time elapsing between the transfer of funds and disbursement by the non-Federal entity, and financial management systems that meet the standards for fund control and accountability as established in this part. Advance payments to a non-Federal entity must be limited to the minimum amounts needed and be timed to be in accordance with the actual, immediate cash requirements of the non-Federal entity in carrying out the purpose of the approved program or project. The timing and amount of advance payments must be as close as is administratively feasible to the actual disbursements by the non-Federal entity for direct program or project costs and the proportionate share of any allowable indirect costs. The non-Federal entity must make timely payment to contractors in accordance with the contract provisions.

(2) Whenever possible, advance payments must be consolidated to cover anticipated cash needs for all Federal awards made by the Federal awarding agency to the recipient.

(i) Advance payment mechanisms include, but are not limited to, Treasury check and electronic funds transfer and must comply with applicable guidance in 31 CFR part 208.

(ii) Non-Federal entities must be authorized to submit requests for advance payments and reimbursements at least monthly when electronic fund transfers are not used, and as often as they like when electronic transfers are used, in accordance with the provisions of the Electronic Fund Transfer Act (15 U.S.C. 1693-1693r).

(3) Reimbursement is the preferred method when the requirements in paragraph (b) cannot be met, when the Federal awarding agency sets a specific condition per §200.207 Specific conditions, or when the non-Federal entity requests payment by reimbursement. This method may be used on any Federal award for construction, or if the major portion of the construction project is accomplished through private market financing or Federal loans, and the Federal award constitutes a minor portion of the project. When the reimbursement method is used, the Federal awarding agency or pass-through entity must make payment within 30 calendar days after receipt of the billing, unless the Federal awarding agency or pass-through entity reasonably believes the request to be improper.

(4) If the non-Federal entity cannot meet the criteria for advance payments and the Federal awarding agency or pass-through entity has determined that reimbursement is not feasible because the non-Federal entity lacks sufficient working capital, the Federal awarding agency or pass-through entity may provide cash on a working capital advance basis. Under this procedure, the Federal awarding agency or pass-through entity must advance cash payments to the non-Federal entity to cover its estimated disbursement needs for an initial period generally geared to the non-Federal entity's disbursing cycle. Thereafter, the Federal awarding agency or pass-through entity must reimburse the non-Federal entity for its actual cash disbursements. Use of the working capital advance method of payment requires that the pass-through entity provide timely advance payments to any subrecipients in order to meet the subrecipient's actual cash disbursements. The working capital advance method of payment must not be used by the pass-through entity if the reason for using this method is the unwillingness or inability of the pass-through entity to provide timely advance payments to the subrecipient to meet the subrecipient's actual cash disbursements.

(5) Use of resources before requesting cash advance payments. To the extent available, the non-Federal entity must disburse funds available from program income (including repayments to a revolving fund), rebates, refunds, contract settlements, audit recoveries, and interest earned on such funds before requesting additional cash payments.

(6) Unless otherwise required by Federal statutes, payments for allowable costs by non-Federal entities must not be withheld at any time during the period of performance unless

the conditions of §§200.207 Specific conditions, Subpart D—Post Federal Award Requirements of this part, 200.338 Remedies for Noncompliance, or one or more of the following applies:

(i) The non-Federal entity has failed to comply with the project objectives, Federal statutes, regulations, or the terms and conditions of the Federal award.

(ii) The non-Federal entity is delinquent in a debt to the United States as defined in OMB Guidance A-129, "Policies for Federal Credit Programs and Non-Tax Receivables." Under such conditions, the Federal awarding agency or pass-through entity may, upon reasonable notice, inform the non-Federal entity that payments must not be made for obligations incurred after a specified date until the conditions are corrected or the indebtedness to the Federal Government is liquidated.

(iii) A payment withheld for failure to comply with Federal award conditions, but without suspension of the Federal award, must be released to the non-Federal entity upon subsequent compliance. When a Federal award is suspended, payment adjustments will be made in accordance with §200.342 Effects of suspension and termination.

(iv) A payment must not be made to a non-Federal entity for amounts that are withheld by the non-Federal entity from payment to contractors to assure satisfactory completion of work. A payment must be made when the non-Federal entity actually disburses the withheld funds to the contractors or to escrow accounts established to assure satisfactory completion of work.

(7) Standards governing the use of banks and other institutions as depositories of advance payments under Federal awards are as follows.

(i) The Federal awarding agency and pass-through entity must not require separate depository accounts for funds provided to a non-Federal entity or establish any eligibility requirements for depositories for funds provided to the non-Federal entity. However, the non-Federal entity must be able to account for the receipt, obligation and expenditure of funds.

(ii) Advance payments of Federal funds must be deposited and maintained in insured accounts whenever possible.

(8) The non-Federal entity must maintain advance payments of Federal awards in interest-bearing accounts, unless the following apply.

(i) The non-Federal entity receives less than \$120,000 in Federal awards per year.

(ii) The best reasonably available interest-bearing account would not be expected to earn interest in excess of \$500 per year on Federal cash balances.

(iii) The depository would require an average or minimum balance so high that it would not be feasible within the expected Federal and non-Federal cash resources.

(iv) A foreign government or banking system prohibits or precludes interest bearing accounts.

(9) Interest earned amounts up to \$500 per year may be retained by the non-Federal entity for administrative expense. Any additional interest earned on Federal advance payments deposited in interest-bearing accounts must be remitted annually to the Department of Health and Human Services Payment Management System (PMS) through an electronic medium using either Automated Clearing House (ACH) network or a Fedwire Funds Service payment. Remittances must include pertinent information of the payee and nature of payment in the memo area (often referred to as “addenda records” by Financial Institutions) as that will assist in the timely posting of interest earned on federal funds. Pertinent details include the Payee Account Number (PAN) if the payment originated from PMS, or Agency information if the payment originated from ASAP, NSF or another federal agency payment system.

#### **§ 200.317 Procurements by states.**

When procuring property and services under a Federal award, a state must follow the same policies and procedures it uses for procurements from its non-Federal funds. The state will comply with § 200.322 Procurement of recovered *materials* and ensure that every purchase order or other contract includes any clauses required by section § 200.326 Contract provisions. All other non-Federal entities, including sub recipients of a state, will follow §§ 200.318 General procurement standards through 200.326 Contract provisions.

#### **§ 200.318 General procurement standards.**

(a) The non-Federal entity must use its own documented procurement procedures which reflect applicable State and local laws and regulations, provided that the procurements conform to applicable Federal law and the standards identified in this section.

(b) Non-Federal entities must maintain oversight to ensure that contractors perform in accordance with the terms, conditions, and specifications of their contracts or purchase orders.

(c)(1) The non-Federal entity must maintain written standards of conduct covering conflicts of interest and governing the performance of its employees engaged in the selection, award and administration of contracts. No employee, officer, or agent must participate in the selection, award, or administration of a contract supported by a Federal award if he or she has a real or apparent conflict of interest. Such a conflict of interest would arise when the

employee, officer, or agent, any member of his or her immediate family, his or her partner, or an organization which employs or is about to employ any of the parties indicated herein, has a financial or other interest in or a tangible personal benefit from a firm considered for a contract. The officers, employees, and agents of the non-Federal entity must neither solicit nor accept gratuities, favors, or anything of monetary value from contractors or parties to subcontracts. However, non-Federal entities may set standards for situations in which the financial interest is not substantial or the gift is an unsolicited item of nominal value. The standards of conduct must provide for disciplinary actions to be applied for violations of such standards by officers, employees, or agents of the non-Federal entity.

(2) If the non-Federal entity has a parent, affiliate, or subsidiary organization that is not a state, local government, or Indian tribe, the non-Federal entity must also maintain written standards of conduct covering organizational conflicts of interest. Organizational conflicts of interest means that because of relationships with a parent company, affiliate, or subsidiary organization, the non-Federal entity is unable or appears to be unable to be impartial in conducting a procurement action involving a related organization.

(d) The non-Federal entity's procedures must avoid acquisition of unnecessary or duplicative items. Consideration should be given to consolidating or breaking out procurements to obtain a more economical purchase. Where appropriate, an analysis will be made of lease versus purchase alternatives, and any other appropriate analysis to determine the most economical approach.

(e) To foster greater economy and efficiency, and in accordance with efforts to promote cost-effective use of shared services across the Federal government, the non-Federal entity is encouraged to enter into state and local intergovernmental agreements or inter-entity agreements where appropriate for procurement or use of common or shared goods and services.

(f) The non-Federal entity is encouraged to use Federal excess and surplus property in lieu of purchasing new equipment and property whenever such use is feasible and reduces project costs.

(g) The non-Federal entity is encouraged to use value engineering clauses in contracts for construction projects of sufficient size to offer reasonable opportunities for cost reductions. Value engineering is a systematic and creative analysis of each contract item or task to ensure that its essential function is provided at the overall lower cost.

(h) The non-Federal entity must award contracts only to responsible contractors possessing the ability to perform successfully under the terms and conditions of a proposed procurement. Consideration will be given to such matters as contractor integrity, compliance with public policy, record of past performance, and financial and technical resources.

(i) The non-Federal entity must maintain records sufficient to detail the history of procurement. These records will include, but are not necessarily limited to the following:

rationale for the method of procurement, selection of contract type, contractor selection or rejection, and the basis for the contract price.

(j)(1) The non-Federal entity may use time and material type contracts only after a determination that no other contract is suitable and if the contract includes a ceiling price that the contractor exceeds at its own risk. Time and material type contract means a contract whose cost to a non-Federal entity is the sum of:

(i) The actual cost of materials; and

(ii) Direct labor hours charged at fixed hourly rates that reflect wages, general and administrative expenses, and profit.

(2) Since this formula generates an open-ended contract price, a time-and-materials contract provides no positive profit incentive to the contractor for cost control or labor efficiency. Therefore, each contract must set a ceiling price that the contractor exceeds at its own risk. Further, the non-Federal entity awarding such a contract must assert a high degree of oversight in order to obtain reasonable assurance that the contractor is using efficient methods and effective cost controls.

(k) The non-Federal entity alone must be responsible, in accordance with good administrative practice and sound business judgment, for the settlement of all contractual and administrative issues arising out of procurements. These issues include, but are not limited to, source evaluation, protests, disputes, and claims. These standards do not relieve the non-Federal entity of any contractual responsibilities under its contracts. The Federal awarding agency will not substitute its judgment for that of the non-Federal entity unless the matter is primarily a Federal concern. Violations of law will be referred to the local, state, or Federal authority having proper jurisdiction.

### **§ 200.319 Competition.**

(a) All procurement transactions must be conducted in a manner providing full and open competition consistent with the standards of this section. In order to ensure objective contractor performance and eliminate unfair competitive advantage, contractors that develop or draft specifications, requirements, statements of work, and invitations for bids or requests for proposals must be excluded from competing for such procurements. Some of the situations considered to be restrictive of competition include but are not limited to:

(1) Placing unreasonable requirements on firms in order for them to qualify to do business;

(2) Requiring unnecessary experience and excessive bonding;

(3) Noncompetitive pricing practices between firms or between affiliated companies;

(4) Noncompetitive contracts to consultants that are on retainer contracts;

(5) Organizational conflicts of interest;

(6) Specifying only a "brand name" product instead of allowing "an equal" product to be offered and describing the performance or other relevant requirements of the procurement; and



- (7) Any arbitrary action in the procurement process.
- (b) The non-Federal entity must conduct procurements in a manner that prohibits the use of statutorily or administratively imposed state or local geographical preferences in the evaluation of bids or proposals, except in those cases where applicable Federal statutes expressly mandate or encourage geographic preference. Nothing in this section preempts state licensing laws. When contracting for architectural and engineering (A/E) services, geographic location may be a selection criterion provided its application leaves an appropriate number of qualified firms, given the nature and size of the project, to compete for the contract.
- (c) The non-Federal entity must have written procedures for procurement transactions. These procedures must ensure that all solicitations:
  - (1) Incorporate a clear and accurate description of the technical requirements for the material, product, or service to be procured. Such description must not, in competitive procurements, contain features which unduly restrict competition. The description may include a statement of the qualitative nature of the material, product or service to be procured and, when necessary, must set forth those minimum essential characteristics and standards to which it must conform if it is to satisfy its intended use. Detailed product specifications should be avoided if at all possible. When it is impractical or uneconomical to make a clear and accurate description of the technical requirements, a “brand name or equivalent” description may be used as a means to define the performance or other salient requirements of procurement. The specific features of the named brand which must be met by offers must be clearly stated; and
  - (2) Identify all requirements which the offerors must fulfill and all other factors to be used in evaluating bids or proposals.
- (d) The non-Federal entity must ensure that all prequalified lists of persons, firms, or products which are used in acquiring goods and services are current and include enough qualified sources to ensure maximum open and free competition. Also, the non-Federal entity must not preclude potential bidders from qualifying during the solicitation period.

#### **§ 200.320 Methods of procurement to be followed.**

The non-Federal entity must use one of the following methods of procurement.

- (a) Procurement by micro-purchases. Procurement by micro-purchase is the acquisition of supplies or services, the aggregate dollar amount of which does not exceed \$3,000 (or \$2,000 in the case of acquisitions for construction subject to the Davis-Bacon Act). To the extent practicable, the non-Federal entity must distribute micro-purchases equitably among qualified suppliers. Micropurchases may be awarded without soliciting competitive quotations if the non-Federal entity considers the price to be reasonable.
- (b) Procurement by small purchase procedures. Small purchase procedures are those relatively simple and informal procurement methods for securing services, supplies, or other

property that do not cost more than the Simplified Acquisition Threshold. If small purchase procedures are used, price or rate quotations must be obtained from an adequate number of qualified sources.

(c) Procurement by sealed bids (formal advertising). Bids are publicly solicited and a firm fixed price contract (lump sum or unit price) is awarded to the responsible bidder whose bid, conforming with all the material terms and conditions of the invitation for bids, is the lowest in price. The sealed bid method is the preferred method for procuring construction, if the conditions in paragraph (c)(1) of this section apply.

(1) In order for sealed bidding to be feasible, the following conditions should be present:

- (i) A complete, adequate, and realistic specification or purchase description is available;
- (ii) Two or more responsible bidders are willing and able to compete effectively for the business; and
- (iii) The procurement lends itself to a firm fixed price contract and the selection of the successful bidder can be made principally on the basis of price.

(2) If sealed bids are used, the following requirements apply:

- (i) The invitation for bids will be publicly advertised and bids must be solicited from an adequate number of known suppliers, providing them sufficient response time prior to the date set for opening the bids;
- (ii) The invitation for bids, which will include any specifications and pertinent attachments, must define the items or services in order for the bidder to properly respond;
- (iii) All bids will be publicly opened at the time and place prescribed in the invitation for bids;
- (iv) A firm fixed price contract award will be made in writing to the lowest responsive and responsible bidder. Where specified in bidding documents, factors such as discounts, transportation cost, and life cycle costs must be considered in determining which bid is lowest. Payment discounts will only be used to determine the low bid when prior experience indicates that such discounts are usually taken advantage of; and
- (v) Any or all bids may be rejected if there is a sound documented reason.

(d) Procurement by competitive proposals. The technique of competitive proposals is normally conducted with more than one source submitting an offer, and either a fixed price or cost reimbursement type contract is awarded. It is generally used when conditions are not appropriate for the use of sealed bids. If this method is used, the following requirements apply:

- (1) Requests for proposals must be publicized and identify all evaluation factors and their relative importance. Any response to publicized requests for proposals must be considered to the maximum extent practical;
- (2) Proposals must be solicited from an adequate number of qualified sources;
- (3) The non-Federal entity must have a written method for conducting technical evaluations of the proposals received and for selecting recipients;
- (4) Contracts must be awarded to the responsible firm whose proposal is most advantageous to the program, with price and other factors considered; and
- (5) The non-Federal entity may use competitive proposal procedures for qualifications-based procurement of architectural/engineering (A/E) professional services whereby competitors' qualifications are evaluated and the most qualified competitor is selected, subject to negotiation of fair and reasonable compensation. The method, where price is not used as a selection factor, can only be used in procurement of A/E professional services. It cannot be used to purchase other types of services though A/E firms are a potential source to perform the proposed effort.

(e) [Reserved]

(f) Procurement by noncompetitive proposals. Procurement by noncompetitive proposals is procurement through solicitation of a proposal from only one source and may be used only when one or more of the following circumstances apply:

- (1) The item is available only from a single source;
- (2) The public exigency or emergency for the requirement will not permit a delay resulting from competitive solicitation;
- (3) The Federal awarding agency or pass-through entity expressly authorizes noncompetitive proposals in response to a written request from the non-Federal entity; or
- (4) After solicitation of a number of sources, competition is determined inadequate.

#### **§ 200.321 Contracting with small and minority businesses, women's business enterprises, and labor surplus area firms.**

(a) The non-Federal entity must take all necessary affirmative steps to assure that minority businesses, women's business enterprises, and labor surplus area firms are used when possible.

(b) Affirmative steps must include:

- (1) Placing qualified small and minority businesses and women's business enterprises on solicitation lists;
- (2) Assuring that small and minority businesses, and women's business enterprises are solicited whenever they are potential sources;

- (3) Dividing total requirements, when economically feasible, into smaller tasks or quantities to permit maximum participation by small and minority businesses, and women's business enterprises;
- (4) Establishing delivery schedules, where the requirement permits, which encourage participation by small and minority businesses, and women's business enterprises;
- (5) Using the services and assistance, as appropriate, of such organizations as the Small Business Administration and the Minority Business Development Agency of the Department of Commerce; and
- (6) Requiring the prime contractor, if subcontracts are to be let, to take the affirmative steps listed in paragraphs (1) through (5) of this section.

#### **§ 200.322 Procurement of recovered materials.**

A non-Federal entity that is a state agency or agency of a political subdivision of a state and its contractors must comply with section 6002 of the Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act. The requirements of Section 6002 include procuring only items designated in guidelines of the Environmental Protection Agency (EPA) at 40 CFR part 247 that contain the highest percentage of recovered materials practicable, consistent with maintaining a satisfactory level of competition, where the purchase price of the item exceeds \$10,000 or the value of the quantity acquired by the preceding fiscal year exceeded \$10,000; procuring solid waste management services in a manner that maximizes energy and resource recovery; and establishing an affirmative procurement program for procurement of recovered materials identified in the EPA guidelines.

#### **§ 200.323 Contract cost and price.**

- (a) The non-Federal entity must perform a cost or price analysis in connection with every procurement action in excess of the Simplified Acquisition Threshold including contract modifications. The method and degree of analysis is dependent on the facts surrounding the particular procurement situation, but as a starting point, the non-Federal entity must make independent estimates before receiving bids or proposals.
- (b) The non-Federal entity must negotiate profit as a separate element of the price for each contract in which there is no price competition and in all cases where cost analysis is performed. To establish a fair and reasonable profit, consideration must be given to the complexity of the work to be performed, the risk borne by the contractor, the contractor's investment, the amount of subcontracting, the quality of its record of past performance, and industry profit rates in the surrounding geographical area for similar work.

(c) Costs or prices based on estimated costs for contracts under the Federal award are allowable only to the extent that costs incurred or cost estimates included in negotiated prices would be allowable for the non-Federal entity under Subpart E—Cost Principles of this part. The non-Federal entity may reference its own cost principles that comply with the Federal cost principles.

(d) The cost plus a percentage of cost and percentage of construction cost methods of contracting must not be used.

**§ 200.324 Federal awarding agency or pass-through entity review.**

(a) The non-Federal entity must make available, upon request of the Federal awarding agency or pass through entity, technical specifications on proposed procurements where the Federal awarding agency or pass through entity believes such review is needed to ensure that the item or service specified is the one being proposed for acquisition. This review generally will take place prior to the time the specification is incorporated into a solicitation document. However, if the non-Federal entity desires to have the review accomplished after a solicitation has been developed, the Federal awarding agency or pass-through entity may still review the specifications, with such review usually limited to the technical aspects of the proposed purchase.

(b) The non-Federal entity must make available upon request, for the Federal awarding agency or pass through entity pre-procurement review, procurement documents, such as requests for proposals or invitations for bids, or independent cost estimates, when:

(1) The non-Federal entity's procurement procedures or operation fails to comply with the procurement standards in this part;

(2) The procurement is expected to exceed the Simplified Acquisition Threshold and is to be awarded without competition or only one bid or offer is received in response to a solicitation;

(3) The procurement, which is expected to exceed the Simplified Acquisition Threshold, specifies a "brand name" product;

(4) The proposed contract is more than the Simplified Acquisition Threshold and is to be awarded to other than the apparent low bidder under a sealed bid procurement; or

(5) A proposed contract modification changes the scope of a contract or increases the contract amount by more than the Simplified Acquisition Threshold.

(c) The non-Federal entity is exempt from the pre-procurement review in paragraph (b) of this section if the Federal awarding agency or pass-through entity determines that its procurement systems comply with the standards of this part.

(1) The non-Federal entity may request that its procurement system be reviewed by the Federal awarding agency or pass-through entity to determine whether its system meets these standards in order for its system to be certified. Generally, these

reviews must occur where there is continuous high-dollar funding, and third party contracts are awarded on a regular basis;

(2) The non-Federal entity may self certify its procurement system. Such self-certification must not limit the Federal awarding agency's right to survey the system. Under a self-certification procedure, the Federal awarding agency may rely on written assurances from the non-Federal entity that it is complying with these standards. The non-Federal entity must cite specific policies, procedures, regulations, or standards as being in compliance with these requirements and have its system available for review.

#### **§ 200.325 Bonding requirements.**

For construction or facility improvement contracts or subcontracts exceeding the Simplified Acquisition Threshold, the Federal awarding agency or pass-through entity may accept the bonding policy and requirements of the non-Federal entity provided that the Federal awarding agency or pass through entity has made a determination that the Federal interest is adequately protected. If such a determination has not been made, the minimum requirements must be as follows:

(a) A bid guarantee from each bidder equivalent to five percent of the bid price. The "bid guarantee" must consist of a firm commitment such as a bid bond, certified check, or other negotiable instrument accompanying a bid as assurance that the bidder will, upon acceptance of the bid, execute such contractual documents as may be required within the time specified.

(b) A performance bond on the part of the contractor for 100 percent of the contract price. A "performance bond" is one executed in connection with a contract to secure fulfillment of all the contractor's obligations under such contract.

(c) A payment bond on the part of the contractor for 100 percent of the contract price. A "payment bond" is one executed in connection with a contract to assure payment as required by law of all persons supplying labor and material in the execution of the work provided for in the contract.

#### **§ 200.326 Contract provisions.**

The non-Federal entity's contracts must contain the applicable provisions described in Appendix II to Part 200— Contract Provisions for non-Federal Entity Contracts Under Federal Awards.

Performance and Financial Monitoring and Reporting

#### **§200.327 Financial reporting.**

Unless otherwise approved by OMB, the Federal awarding agency may solicit only the standard, OMB-approved government wide data elements for collection of financial

information (at time of publication the Federal Financial Report or such future collections as may be approved by OMB and listed on the OMB Web site). This information must be collected with the frequency required by the terms and conditions of the Federal award, but no less frequently than annually nor more frequently than quarterly except in unusual circumstances, for example where more frequent reporting is necessary for the effective monitoring of the Federal award or could significantly affect program outcomes, and preferably in coordination with performance reporting.

#### **§200.328 Monitoring and reporting program performance.**

(a) Monitoring by the non-Federal entity. The non-Federal entity is responsible for oversight of the operations of the Federal award supported activities. The non-Federal entity must monitor its activities under Federal awards to assure compliance with applicable Federal requirements and performance expectations are being achieved. Monitoring by the non-Federal entity must cover each program, function or activity. See also §200.331 Requirements for pass-through entities.

(b) Non-construction performance reports. The Federal awarding agency must use standard, OMB-approved data elements for collection of performance information (including performance progress reports, Research Performance Progress Report, or such future collections as may be approved by OMB and listed on the OMB Web site).

(1) The non-Federal entity must submit performance reports at the interval required by the Federal awarding agency or pass-through entity to best inform improvements in program outcomes and productivity. Intervals must be no less frequent than annually nor more frequent than quarterly except in unusual circumstances, for example where more frequent reporting is necessary for the effective monitoring of the Federal award or could significantly affect program outcomes. Annual reports must be due 90 calendar days after the reporting period; quarterly or semiannual reports must be due 30 calendar days after the reporting period. Alternatively, the Federal awarding agency or pass-through entity may require annual reports before the anniversary dates of multiple year Federal awards. The final performance report will be due 90 calendar days after the period of performance end date. If a justified request is submitted by a non-Federal entity, the Federal agency may extend the due date for any performance report.

(2) The non-Federal entity must submit performance reports using OMB-approved government wide standard information collections when providing performance information. As appropriate in accordance with above mentioned information collections, these reports will contain, for each Federal award, brief information on the following unless other collections are approved by OMB:

(i) A comparison of actual accomplishments to the objectives of the Federal award established for the period. Where the accomplishments of the Federal award can be

quantified, a computation of the cost (for example, related to units of accomplishment) may be required if that information will be useful. Where performance trend data and analysis would be informative to the Federal awarding agency program, the Federal awarding agency should include this as a performance reporting requirement.

(ii) The reasons why established goals were not met, if appropriate.

(iii) Additional pertinent information including, when appropriate, analysis and explanation of cost overruns or high unit costs.

(c) Construction performance reports. For the most part, onsite technical inspections and certified percentage of completion data are relied on heavily by Federal awarding agencies and pass-through entities to monitor progress under Federal awards and subawards for construction. The Federal awarding agency may require additional performance reports only when considered necessary.

(d) Significant developments. Events may occur between the scheduled performance reporting dates that have significant impact upon the supported activity. In such cases, the non-Federal entity must inform the Federal awarding agency or pass-through entity as soon as the following types of conditions become known:

(1) Problems, delays, or adverse conditions which will materially impair the ability to meet the objective of the Federal award. This disclosure must include a statement of the action taken, or contemplated, and any assistance needed to resolve the situation.

(2) Favorable developments which enable meeting time schedules and objectives sooner or at less cost than anticipated or producing more or different beneficial results than originally planned.

(e) The Federal awarding agency may make site visits as warranted by program needs.

(f) The Federal awarding agency may waive any performance report required by this part if not needed.

### **§200.329 Reporting on real property.**

The Federal awarding agency or pass-through entity must require a non-Federal entity to submit reports at least annually on the status of real property in which the Federal Government retains an interest, unless the Federal interest in the real property extends 15 years or longer. In those instances where the Federal interest attached is for a period of 15 years or more, the Federal awarding agency or pass-through entity, at its option, may require the non-Federal entity to report at various multi-year frequencies (e.g., every two years or every three years, not to exceed a five-year reporting period; or a Federal awarding agency or pass-through entity may require annual reporting for the first three years of a Federal award and thereafter require reporting every five years).



## **Subrecipient Monitoring and Management**

### **§200.330 Subrecipient and contractor determinations.**

The non-Federal entity may concurrently receive Federal awards as a recipient, a subrecipient, and a contractor, depending on the substance of its agreements with Federal awarding agencies and pass-through entities. Therefore, a pass-through entity must make case-by-case determinations whether each agreement it makes for the disbursement of Federal program funds casts the party receiving the funds in the role of a subrecipient or a contractor. The Federal awarding agency may supply and require recipients to comply with additional guidance to support these determinations provided such guidance does not conflict with this section.

(a) Subrecipients. A subaward is for the purpose of carrying out a portion of a Federal award and creates a Federal assistance relationship with the subrecipient. See §200.92 Subaward. Characteristics which support the classification of the non-Federal entity as a subrecipient include when the non-Federal entity:

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

(b) Contractors. A contract is for the purpose of obtaining goods and services for the non-Federal entity's own use and creates a procurement relationship with the contractor. See §200.22 Contract. Characteristics indicative of a procurement relationship between the non-Federal entity and a contractor are when the contractor:

- (1) Provides the goods and services within normal business operations;
- (2) Provides similar goods or services to many different purchasers;
- (3) Normally operates in a competitive environment;
- (4) Provides goods or services that are ancillary to the operation of the Federal program; and

(5) Is not subject to compliance requirements of the Federal program as a result of the agreement, though similar requirements may apply for other reasons.

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

[78 FR 78608, Dec. 26, 2013, as amended at 80 FR 54409, Sept. 10, 2015]

#### §200.331 Requirements for pass-through entities.

All pass-through entities must:

(a) Ensure that every subaward is clearly identified to the subrecipient as a subaward and includes the following information at the time of the subaward and if any of these data elements change, include the changes in subsequent subaward modification. When some of this information is not available, the pass-through entity must provide the best information available to describe the Federal award and subaward. Required information includes:

(1) Federal Award Identification.

(i) Subrecipient name (which must match the name associated with its unique entity identifier);

(ii) Subrecipient's unique entity identifier;

(iii) Federal Award Identification Number (FAIN);

(iv) Federal Award Date (see §200.39 Federal award date) of award to the recipient by the Federal agency;

(v) Subaward Period of Performance Start and End Date;

(vi) Amount of Federal Funds Obligated by this action by the pass-through entity to the subrecipient;

(vii) Total Amount of Federal Funds Obligated to the subrecipient by the pass-through entity including the current obligation;

(viii) Total Amount of the Federal Award committed to the subrecipient by the pass-through entity;

(ix) Federal award project description, as required to be responsive to the Federal Funding Accountability and Transparency Act (FFATA);

(x) Name of Federal awarding agency, pass-through entity, and contact information for awarding official of the Pass-through entity;

(xi) CFDA Number and Name; the pass-through entity must identify the dollar amount made available under each Federal award and the CFDA number at time of disbursement;

(xii) Identification of whether the award is R&D; and

(xiii) Indirect cost rate for the Federal award (including if the de minimis rate is charged per §200.414 Indirect (F&A) costs).

(2) All requirements imposed by the pass-through entity on the subrecipient so that the Federal award is used in accordance with Federal statutes, regulations and the terms and conditions of the Federal award;

(3) Any additional requirements that the pass-through entity imposes on the subrecipient in order for the pass-through entity to meet its own responsibility to the Federal awarding agency including identification of any required financial and performance reports;

(4) An approved federally recognized indirect cost rate negotiated between the subrecipient and the Federal Government or, if no such rate exists, either a rate negotiated between the pass-through entity and the subrecipient (in compliance with this part), or a de minimis indirect cost rate as defined in §200.414 Indirect (F&A) costs, paragraph (f);

(5) A requirement that the subrecipient permit the pass-through entity and auditors to have access to the subrecipient's records and financial statements as necessary for the pass-through entity to meet the requirements of this part; and

(6) Appropriate terms and conditions concerning closeout of the subaward.

(b) Evaluate each subrecipient's risk of noncompliance with Federal statutes, regulations, and the terms and conditions of the subaward for purposes of determining the appropriate subrecipient monitoring described in paragraphs (d) and (e) of this section, which may include consideration of such factors as:

(1) The subrecipient's prior experience with the same or similar subawards;

(2) The results of previous audits including whether or not the subrecipient receives a Single Audit in accordance with Subpart F—Audit Requirements of this part, and the extent to which the same or similar subaward has been audited as a major program;

(3) Whether the subrecipient has new personnel or new or substantially changed systems; and

(4) The extent and results of Federal awarding agency monitoring (e.g., if the subrecipient also receives Federal awards directly from a Federal awarding agency).

(c) Consider imposing specific subaward conditions upon a subrecipient if appropriate as described in §200.207 Specific conditions.

(d) Monitor the activities of the subrecipient as necessary to ensure that the subaward is used for authorized purposes, in compliance with Federal statutes, regulations, and the terms and conditions of the subaward; and that subaward performance goals are achieved. Pass-through entity monitoring of the subrecipient must include:

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

(2) Following-up and ensuring that the subrecipient takes timely and appropriate action on all deficiencies pertaining to the Federal award provided to the subrecipient from the pass-through entity detected through audits, on-site reviews, and other means.

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

(e) Depending upon the pass-through entity's assessment of risk posed by the subrecipient (as described in paragraph (b) of this section), the following monitoring tools may be useful for the pass-through entity to ensure proper accountability and compliance with program requirements and achievement of performance goals:

(1) Providing subrecipients with training and technical assistance on program-related matters; and

(2) Performing on-site reviews of the subrecipient's program operations;

(3) Arranging for agreed-upon-procedures engagements as described in §200.425 Audit services.

(f) Verify that every subrecipient is audited as required by Subpart F—Audit Requirements of this part when it is expected that the subrecipient's Federal awards expended during the respective fiscal year equaled or exceeded the threshold set forth in §200.501 Audit requirements.

(g) Consider whether the results of the subrecipient's audits, on-site reviews, or other monitoring indicate conditions that necessitate adjustments to the pass-through entity's own records.

(h) Consider taking enforcement action against noncompliant subrecipients as described in §200.338 Remedies for noncompliance of this part and in program regulations.

[78 FR 78608, Dec. 26, 2013, as amended at 79 FR 75885, Dec. 19, 2014; 80 FR 54409, Sept. 10, 2015]

### **§200.333 Retention requirements for records.**

Financial records, supporting documents, statistical records, and all other non-Federal entity records pertinent to a Federal award must be retained for a period of three years from the date of submission of the final expenditure report or, for Federal awards that are renewed quarterly or annually, from the date of the submission of the quarterly or annual financial report, respectively, as reported to the Federal awarding agency or pass-through entity in the case of a subrecipient. Federal awarding agencies and pass-through entities must not impose any other record retention requirements upon non-Federal entities. The only exceptions are the following:

(a) If any litigation, claim, or audit is started before the expiration of the 3-year period, the records must be retained until all litigation, claims, or audit findings involving the records have been resolved and final action taken.

(b) When the non-Federal entity is notified in writing by the Federal awarding agency, cognizant agency for audit, oversight agency for audit, cognizant agency for indirect costs, or pass-through entity to extend the retention period.

(c) Records for real property and equipment acquired with Federal funds must be retained for 3 years after final disposition.

(d) When records are transferred to or maintained by the Federal awarding agency or pass-through entity, the 3-year retention requirement is not applicable to the non-Federal entity.

(e) Records for program income transactions after the period of performance. In some cases recipients must report program income after the period of performance. Where there is such a requirement, the retention period for the records pertaining to the earning of the program income starts from the end of the non-Federal entity's fiscal year in which the program income is earned.

(f) Indirect cost rate proposals and cost allocations plans. This paragraph applies to the following types of documents and their supporting records: indirect cost rate computations or proposals, cost allocation plans, and any similar accounting computations of the rate at which a particular group of costs is chargeable (such as computer usage chargeback rates or composite fringe benefit rates).

(1) If submitted for negotiation. If the proposal, plan, or other computation is required to be submitted to the Federal Government (or to the pass-through entity) to form the basis for negotiation of the rate, then the 3-year retention period for its supporting records starts from the date of such submission.

(2) If not submitted for negotiation. If the proposal, plan, or other computation is not required to be submitted to the Federal Government (or to the pass-through entity) for negotiation purposes, then the 3-year retention period for the proposal, plan, or computation and its

supporting records starts from the end of the fiscal year (or other accounting period) covered by the proposal, plan, or other computation.

#### **§200.403 Factors affecting allowability of costs.**

Except where otherwise authorized by statute, costs must meet the following general criteria in order to be allowable under Federal awards:

- (a) Be necessary and reasonable for the performance of the Federal award and be allocable thereto under these principles.
- (b) Conform to any limitations or exclusions set forth in these principles or in the Federal award as to types or amount of cost items.
- (c) Be consistent with policies and procedures that apply uniformly to both federally-financed and other activities of the non-Federal entity.
- (d) Be accorded consistent treatment. A cost may not be assigned to a Federal award as a direct cost if any other cost incurred for the same purpose in like circumstances has been allocated to the Federal award as an indirect cost.
- (e) Be determined in accordance with generally accepted accounting principles (GAAP), except, for state and local governments and Indian tribes only, as otherwise provided for in this part.
- (f) Not be included as a cost or used to meet cost sharing or matching requirements of any other federally-financed program in either the current or a prior period. See also §200.306 Cost sharing or matching paragraph (b).
- (g) Be adequately documented. See also §§200.300 Statutory and national policy requirements through 200.309 Period of performance of this part.

#### **§200.404 Reasonable costs.**

A cost is reasonable if, in its nature and amount, it does not exceed that which would be incurred by a prudent person under the circumstances prevailing at the time the decision was made to incur the cost. The question of reasonableness is particularly important when the non-Federal entity is predominantly federally-funded. In determining reasonableness of a given cost, consideration must be given to:

- (a) Whether the cost is of a type generally recognized as ordinary and necessary for the operation of the non-Federal entity or the proper and efficient performance of the Federal award.

(b) The restraints or requirements imposed by such factors as: sound business practices; arm's-length bargaining; Federal, state, local, tribal, and other laws and regulations; and terms and conditions of the Federal award.

(c) Market prices for comparable goods or services for the geographic area.

(d) Whether the individuals concerned acted with prudence in the circumstances considering their responsibilities to the non-Federal entity, its employees, where applicable its students or membership, the public at large, and the Federal Government.

(e) Whether the non-Federal entity significantly deviates from its established practices and policies regarding the incurrence of costs, which may unjustifiably increase the Federal award's cost.

[78 FR 78608, Dec. 26, 2013, as amended at 79 FR 75885, Dec. 19, 2014]

#### **§200.405 Allocable costs.**

(a) A cost is allocable to a particular Federal award or other cost objective if the goods or services involved are chargeable or assignable to that Federal award or cost objective in accordance with relative benefits received. This standard is met if the cost:

(1) Is incurred specifically for the Federal award;

(2) Benefits both the Federal award and other work of the non-Federal entity and can be distributed in proportions that may be approximated using reasonable methods; and

(3) Is necessary to the overall operation of the non-Federal entity and is assignable in part to the Federal award in accordance with the principles in this subpart.

(b) All activities which benefit from the non-Federal entity's indirect (F&A) cost, including unallowable activities and donated services by the non-Federal entity or third parties, will receive an appropriate allocation of indirect costs.

(c) Any cost allocable to a particular Federal award under the principles provided for in this part may not be charged to other Federal awards to overcome fund deficiencies, to avoid restrictions imposed by Federal statutes, regulations, or terms and conditions of the Federal awards, or for other reasons. However, this prohibition would not preclude the non-Federal entity from shifting costs that are allowable under two or more Federal awards in accordance with existing Federal statutes, regulations, or the terms and conditions of the Federal awards.

(d) Direct cost allocation principles. If a cost benefits two or more projects or activities in proportions that can be determined without undue effort or cost, the cost must be allocated to the projects based on the proportional benefit. If a cost benefits two or more projects or activities in proportions that cannot be determined because of the interrelationship of the

work involved, then, notwithstanding paragraph (c) of this section, the costs may be allocated or transferred to benefitted projects on any reasonable documented basis. Where the purchase of equipment or other capital asset is specifically authorized under a Federal award, the costs are assignable to the Federal award regardless of the use that may be made of the equipment or other capital asset involved when no longer needed for the purpose for which it was originally required. See also §§200.310 Insurance coverage through 200.316 Property trust relationship and 200.439 Equipment and other capital expenditures.

(e) If the contract is subject to CAS, costs must be allocated to the contract pursuant to the Cost Accounting Standards. To the extent that CAS is applicable, the allocation of costs in accordance with CAS takes precedence over the allocation provisions in this part.

[78 FR 78608, Dec. 26, 2013, as amended at 79 FR 75885, Dec. 19, 2014]

#### **§200.406 Applicable credits.**

(a) Applicable credits refer to those receipts or reduction-of-expenditure-type transactions that offset or reduce expense items allocable to the Federal award as direct or indirect (F&A) costs. Examples of such transactions are: purchase discounts, rebates or allowances, recoveries or indemnities on losses, insurance refunds or rebates, and adjustments of overpayments or erroneous charges. To the extent that such credits accruing to or received by the non-Federal entity relate to allowable costs, they must be credited to the Federal award either as a cost reduction or cash refund, as appropriate.

(b) In some instances, the amounts received from the Federal Government to finance activities or service operations of the non-Federal entity should be treated as applicable credits. Specifically, the concept of netting such credit items (including any amounts used to meet cost sharing or matching requirements) must be recognized in determining the rates or amounts to be charged to the Federal award. (See §§200.436 Depreciation and 200.468 Specialized service facilities, for areas of potential application in the matter of Federal financing of activities.)

[78 FR 78608, Dec. 26, 2013, as amended at 79 FR 75885, Dec. 19, 2014]

#### **§200.407 Prior written approval (prior approval).**

Under any given Federal award, the reasonableness and allocability of certain items of costs may be difficult to determine. In order to avoid subsequent disallowance or dispute based on unreasonableness or nonallocability, the non-Federal entity may seek the prior written approval of the cognizant agency for indirect costs or the Federal awarding agency in advance of the incurrence of special or unusual costs. Prior written approval should include the timeframe or scope of the agreement. The absence of prior written approval on



any element of cost will not, in itself, affect the reasonableness or allocability of that element, unless prior approval is specifically required for allowability as described under certain circumstances in the following sections of this part:



**TOWN OF CHRISTIANSBURG  
TOWN COUNCIL  
AGENDA COVER SHEET**

**AGENDA LOCATION:**

Consent Agenda

**Meeting Date:**

May 14, 2019

**ITEM TITLE:** Engineering Contract for Roanoke Street Sidewalks at Rte. 460 By-Pass

**DESCRIPTION:** Engineering Contract with Hurt and Proffitt to design a sidewalk extension from near the Falling Branch Intersection to Hubbell Drive NW.

**POTENTIAL ACTION:** Approval of Contract in the amount of \$140,734.68 and provide authorization for the Town Manager to execute this Contract, subject to Town Attorney final review and approval.

**DEPARTMENT:**

Engineering

**PRESENTER:**

Wayne Nelson

**ITEM HISTORY:**

The Roanoke Street Sidewalks at 460 By-Pass project is an extension of the sidewalk that is being constructed with the Falling Branch Intersection project. This sidewalk will extend under Rt 460 By-Pass and terminates at Hubbell Dr. NW. The Project will include signalized, pedestrian accommodations to cross the ramps on the North side of the interchange. The Project is funded mostly by VDOT with Transportation Alternative Funds and HSIP Funds. Current estimate for the entire project is at \$801,885 with a maximum reimbursement from VDOT totaling \$732,542.

**Information Provided:**

Contract for Approval

<https://christiansburg.box.com/s/edzqr3qbdkdplnkv6kb1qm2nbxyw89lg>



**TOWN OF CHRISTIANSBURG  
TOWN COUNCIL  
AGENDA COVER SHEET**

**AGENDA LOCATION:**  
DISCUSSION & ACTION

**Meeting Date:**  
May 14, 2019

**ITEM TITLE:**  
Real Estate Purchase Contract

**DESCRIPTION:**  
The Real Estate Purchase Contract sets out terms and conditions for moving towards the sale of 5 parcels (6.82 acres) from Community Housing Partners to the Town. The land is designated as the site for the future regional passenger rail station. The sale price stated in the agreement is \$200,000. Town Council previously approved a budget amendment on January 8, 2019 to allocate \$220,000 for land acquisition for this purpose. The contract provides a 120 day period from the date of acceptance for due diligence prior to the closing.

**POTENTIAL ACTION:**  
Action by Town Council

**DEPARTMENT(S):**  
Town Manager's Office

**PRESENTER:**  
Randy Wingfield, Town Manager

**Information Provided:**

- Draft Real Estate Purchase Agreement  
<https://christiansburg.box.com/s/mwiqxxe3be59l4rf0cz34m9gxetn2us>
- Property Map  
<https://christiansburg.box.com/s/tglj3jf5pi81nrwukhagenz5sye5cier>