

# **LAKE LURE TOWN COUNCIL REGULAR MEETING PACKET**

Tuesday, February 11, 2014



**Mayor Bob Keith**

**Commissioner John Moore**

**Commissioner Mary Ann Silvey**

**Commissioner Diane Barrett**

**Commissioner Bob Cameron**



## REGULAR MEETING OF THE LAKE LURE TOWN COUNCIL

*February 11, 2014*

*6:00 p.m.*

*Lake Lure Municipal Center*

### AGENDA

1. Call to Order Mayor  
Bob Keith
2. Invocation (*Please rise and remain standing*) Attorney  
Chris Callahan
3. Pledge of Allegiance
4. Approve the Agenda Council
5. Public Forum: *The public is invited to speak on any non-agenda and/or consent agenda topics. Comments should be limited to less than five minutes.*
6. Staff Reports
7. Council Liaison Reports & Comments
8. Consent Agenda:
  - a. Approve Minutes of the January 14, 2014 Regular Meeting
  - b. Approve a Contract Between the Town of Lake Lure and Martin Starnes & Associates, CPAs, P.A. to Audit Accounts for the Town of Lake Lure for Year Ended June 30, 2014
9. Unfinished Business
  - a. Other Unfinished Business
10. New Business:
  - a. Consider Adoption of Resolution No. 14-02-11 Expressing Appreciation as a Recipient of the 2013 Facebook-Rutherford Community Action Grant

**Page 2 – Town Council Meeting Agenda**  
**February 11, 2014**

- b. Consider Adoption of Resolution No. 14-02-11A Supporting Lake Lure and Expressing the Value of Retaining the Existing Local Soil Erosion and Sedimentation Control Program
  - c. Appoint a Representative to Serve on the Isothermal Planning and Development Commission's Board of Directors
  - d. Consider Extension of the Golf Course Operation Lease Agreement
  - e. Consider Approval of a Request Submitted by Shea Williams on Behalf of Larkin's on the Lake to Allow a Bonfire on the Beach and Suspend the Town Alcohol Ordinance for an Event Being Held on May 18, 2014
  - f. Discussion Concerning Large Estate Lots and Principal Residential Buildings
  - g. Discussion Concerning Capital Improvement Projects
  - h. Review and Discussion of the Town's Water/Sewer Fund
11. Adjournment

***Agenda Item: 8a***



**MINUTES OF THE REGULAR MEETING OF THE LAKE LURE TOWN COUNCIL  
HELD TUESDAY, JANUARY 14, 2014, 6:00 P.M. AT THE LAKE LURE MUNICIPAL  
CENTER**

**PRESENT:** Mayor Bob Keith  
Commissioner John W. Moore  
Commissioner Mary Ann Silvey  
Commissioner Bob Cameron  
Commissioner Diane Barrett

Christopher Braund, Town Manager  
J. Christopher Callahan, Town Attorney

**ABSENT:** N/A

**CALL TO ORDER**

Mayor Bob Keith called the meeting to order at 6:00 p.m.

**INVOCATION**

Attorney Chris Callahan gave the invocation.

**PLEDGE OF ALLEGIANCE**

Council members led the pledge of allegiance.

**APPROVE THE AGENDA**

Commissioner Diane Barrett made a motion to approve the agenda as presented.  
Commissioner Mary Ann Silvey seconded the motion and the vote of approval was unanimous.

**PUBLIC FORUM**

## **Page 2- Minutes of the January 14, 2014 Regular Council Meeting**

Mayor Bob Keith invited the audience to speak on any non-agenda items and/or consent agenda topics.

No one requested to speak.

### **STAFF REPORTS**

Town Manager Chris Braund presented the town manager's report dated January 14, 2014 including annual departmental recaps for calendar year 2013. (Copy of the town manager's report is attached.)

### **COUNCIL LIAISON REPORTS & COMMENTS**

Commissioner Diane Barrett reported the activities of the Parks and Recreation Board.

Commissioner John Moore reported the activities of the Zoning and Planning Board.

Commissioner Mary Ann Silvey reported the activities of the Lake Lure ABC Board, the Lake Advisory Board and the Lake Lure Classical Academy School Board.

Commissioner Bob Cameron reported the activities of the Lake Lure Board of Adjustment/Lake Structures Appeal Board.

### **CONSENT AGENDA**

Mayor Bob Keith presented the consent agenda and asked if any items should be removed before calling for action.

Commissioner Bob Cameron made a motion to approve the consent agenda as presented. Commissioner Mary Ann Silvey seconded the motion and the vote of approval was unanimous. Therefore, the consent agenda incorporating the following items was unanimously approved:

- a. minutes of the December 10, 2013 regular meeting and the December 17, 2013 joint recessed meeting.

**End of Consent Agenda.**

### **UNFINISHED BUSINESS:**

#### **a. OTHER UNFINISHED BUSINESS**

**Page 3- Minutes of the January 14, 2014 Regular Council Meeting**

There was no other unfinished business.

**NEW BUSINESS:**

**a. CONSIDER ADOPTION OF RESOLUTION NO. 14-01-14 CONCERNING PARKS  
AND RECREATION BOARD MEMBER ATTENDANCE**

Ed Dittmer, chairman of the Parks and Recreation Board, explained that the Parks and Recreation Board has been experiencing low attendance and that the board would like for town council to consider adoption of proposed Resolution No. 14-01-14. Mr. Dittmer explained that the attendance policy in the proposed resolution was similar to the attendance policy adopted for the Lake Advisory Board in 2010.

Commission Mary Ann Silvey suggested that a note be added to the board application explaining the importance board member commitment and attendance when they volunteer to serve on a board.

After discussion, Commissioner John Moore made a motion to adopt Resolution No. 14-01-14 as presented. Commissioner Diane Barrett seconded the motion and the vote of approval was unanimous.

**RESOLUTION NO. 14-01-14**

**A RESOLUTION TO AMEND RESOLUTION NO. 00-01-11, PARKS AND  
RECREATION BOARD; ADDING A PROVISION FOR ATTENDANCE**

**WHEREAS**, the aforesaid Resolution No. 00-01-11 was duly adopted by the Town Council of Lake Lure, North Carolina on January 11, 2000 in order to establish a Parks and Recreation Board; and

**WHEREAS**, at the recommendation of the Parks and Recreation Board, the Town Council has reviewed and the provisions of Resolution No. 00-01-11, Resolution No. 06-07-11A and Resolution No. 11-09-13 and finds it desirable to add a provision for attendance for the Parks and Recreation Board.

**NOW, THEREFORE, BE IT RESOLVED** BY THE TOWN COUNCIL OF THE TOWN OF LAKE LURE, NORTH CAROLINA:

**SECTION 1.** . That Section 1 of Resolution No. 00-01-11, Resolution No. 06-07-11A, Resolution No. 10-02-09A and Resolution No. 11-09-13 is hereby amended as follows:

**Page 4- Minutes of the January 14, 2014 Regular Council Meeting**

**Section 1. Members; Terms; Vacancies; Attendance.**

The Parks and Recreation Board shall consist of seven regular members appointed by Town Council. Appointments shall be for a term of three years, expiring on December 31 of the third year, and terms shall be staggered. Not more than four member's terms shall expire in any one year. Any vacancy shall be filled for the unexpired term in the same manner as the initial appointment. Any board member who is absent from three consecutive regularly scheduled meetings in a calendar year, and/or a total of four meetings in a calendar year may be subject to removal off the Parks and Recreation Board by Town Council.

{ADDITIONS TO TEXT ARE UNDERLINED; DELETIONS ARE STRUCK THROUGH}

**SECTION 2. Effective date.**

This resolution shall be effective upon its adoption.

Adopted this 14<sup>th</sup> day of January, 2014.

**NEW BUSINESS:**

**b. APPOINTMENT –PARKS AND RECREATION BOARD**

Pamela Buckingham, a candidate to be considered to serve on the Parks and Recreation Board, introduced herself and explained that she recently moved to Lake Lure and that she felt serving on the Parks and Recreation Board would be a good way for her to get involved in the community and give back to the community.

Commissioner Mary Ann Silvey encouraged the applicants to attend board meetings and be involved in the meeting and potentially be appointed at a later date.

Council members voted by written ballot and Town Manager Chris Braund announced the following results:

Jessica Kendall was appointed to fill the remainder of Todd Dunnuck's regular position on the Parks and Recreation Board with a term expiring on December 31, 2015.

**NEW BUSINESS:**

**c. CONSIDER APPROVAL OF A REQUEST FROM FIRST BANK, OWNERS OF THE LAGO VISTA SUBDIVISION ASKING THE TOWN TO TAKE OWNERSHIP OF AN INSTALLED WATER DISTRIBUTION SYSTEM**

Town Manager Chris Braund presented information regarding a request from First Bank, owners of the Lago Vista Subdivision, asking the Town to take ownership of an installed water distribution system. Mr. Braund explained that town staff recommends that the council defer action on this request until the property is sold and suggested that the new owners can make their own request for water system dedication to the town.

Council members discussed the request and agreed to defer action on the request.

Mr. Braund agreed to write a letter to the property owner to inform them of council's decision.

**d. DISCUSSION OF SECTION 92.158 (E) OF LAKE LURE ZONING REGULATIONS  
CONCERNING DIRECTIONAL SIGNS**

Town Manager Chris Braund presented information concerning a request from staff asking town council to direct the Zoning and Planning Board to review and potentially prepare proposed amendments concerning off premise signs.

After discussion, Commissioner Bob Cameron stated that this recommendation fits well with the town's efforts to attract and support businesses. Mr. Cameron made a motion to commission the Zoning and Planning Board to review Section 92.158(E) of the Lake Lure Zoning Regulations of the Town of Lake Lure concerning directional signs and draft potential amendments to the ordinance to allow additional sign area and/or flexibility relative to these types of signs.

**ADJOURN THE MEETING**

With no further items of discussion, Commissioner Bob Cameron made a motion to adjourn the meeting at 6:50 p.m. Commissioner John Moore seconded the motion and the vote of approval was unanimous.

ATTEST:

\_\_\_\_\_  
Andrea H. Calvert

\_\_\_\_\_  
Mayor Bob Keith

**Page 6- Minutes of the January 14, 2014 Regular Council Meeting**

Town Clerk

***Agenda Item: 8b***

# MARTIN ♦ STARNES & ASSOCIATES, CPAs, P.A.

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*"A Professional Association of Certified Public Accountants and Management Consultants"*

January 16, 2014

Sam Karr, Finance Director  
Town of Lake Lure  
2948 Memorial Highway  
Lake Lure, NC 28746

Dear Sam:

Enclosed are *two copies* of the Contract to Audit Accounts for the Town of Lake Lure for the Year Ended June 30, 2014, along with an attached copy of our firm's peer review letter.

Please have the Mayor sign and date the contract in the spaces provided. You also need to sign and date the Preaudit Certificate, where indicated. The Local Government Commission also **requires** the date when the governing board approved the contract to be completed. Please return **one copy** of the signed contract to our office in the enclosed, self-addressed envelope and keep **one copy** for your records. The Local Government Commission will notify you via email once the audit contract has been approved.

Thank you for your prompt attention to this matter. If you have any questions, please feel free to contact our office.

Sincerely,

*Martin Starnes & Associates, CPAs, P.A.*

Martin Starnes & Associates, CPAs, P.A.

Enclosures

# CONTRACT TO AUDIT ACCOUNTS

Of Town of Lake Lure, NC  
Governmental Unit

On this 16th day of January, 2014, Martin Starnes & Associates, CPAs, P.A.  
Auditor

730 13th Avenue Drive SE, Hickory, NC 28602

Mailing Address

\_\_\_\_\_, hereinafter referred to as

the Auditor, and Town Council of Town of Lake Lure, NC, hereinafter referred  
Governing Board Governmental Unit

to as the Governmental Unit, agree as follows:

1. The Auditor shall audit all statements and disclosures required by generally accepted accounting principles (GAAP) and additional required legal statements and disclosures of all funds and/or divisions of the Governmental Unit for the period beginning July 1, 2013, and ending June 30, 2014. The non-major combining, and individual fund statements and schedules shall be subjected to the auditing procedures applied in the audit of the basic financial statements and an opinion will be rendered in relation to (as applicable) the governmental activities, the business-type activities, the aggregate discretely presented component units, each major governmental and enterprise fund, and the aggregate remaining fund information (non-major government and enterprise funds, the internal service fund type, and the fiduciary fund types).
2. At a minimum, the Auditor shall conduct his/her audit and render his/her report in accordance with generally accepted auditing standards. The Auditor shall perform the audit in accordance with *Government Auditing Standards* if required by the State Single Audit Implementation Act, as codified in G.S. 159-34. If required by OMB Circular A-133 and the State Single Audit Implementation Act, the Auditor shall perform a Single Audit. This audit and all associated workpapers may be subject to review by Federal and State agencies in accordance with Federal and State laws, including the staffs of the Office of State Auditor (OSA) and the Local Government Commission (LGC). If the audit and/or workpapers are found in this review to be substandard, the results of the review may be forwarded to the North Carolina State Board of CPA Examiners (NC CPA Board).
3. This contract contemplates an unqualified opinion being rendered. If financial statements are not prepared in accordance with GAAP, or the statements fail to include all disclosures required by GAAP, please provide an explanation for that departure from GAAP in an attachment.
4. This contract contemplates an unqualified opinion being rendered. The audit shall include such tests of the accounting records and such other auditing procedures as are considered by the Auditor to be necessary in the circumstances. Any limitations or restrictions in scope which would lead to a qualification should be fully explained in an attachment to this contract
5. If this audit engagement is subject to the standards for audit as defined in *Government Auditing Standards*, 2011 revisions, issued by the Comptroller General of the United States, then by accepting this engagement, the Auditor warrants that he has met the requirements for a peer review and continuing education as specified in *Government Auditing Standards*. The Auditor agrees to provide a copy of their most recent peer review report regardless of the date of the prior peer review report to the Governmental Unit and the Secretary of the LGC prior to the execution of the audit contract (See Item 22). If the audit firm received a peer review rating other than pass, the Auditor shall not contract with the Governmental Unit without first contacting the Secretary of the LGC for a peer review analysis that may result in additional contractual requirements.  
  
If the audit engagement is not subject to *Government Accounting Standards*, the Auditor shall provide an explanation as to why in an attachment.
6. It is agreed that time is of the essence in this contract. All audits are to be performed and the report of audit submitted to the State and Local Government Finance Division (SLGFD) within four months of fiscal year end. Audit report is due on: October 31, 2014. If it becomes necessary to amend this due date or the audit fee, an amended contract along with a written explanation of the delay must be submitted to the Secretary of the LGC for approval.
7. It is agreed that generally accepted auditing standards include a review of the Governmental Unit's systems of internal control and accounting as same relates to accountability of funds and adherence to budget and law requirements applicable thereto; that the Auditor will make a written report, which may or may not be a part of the written report of audit, to the Governing Board setting forth his findings, together with his recommendations for improvement. That written report must include all matters defined as "significant deficiencies and material weaknesses" in AU-C 265 of the *AICPA Professional Standards (Clarified)*. The Auditor shall file a copy of that report with the Secretary of the LGC.
8. All local government and public authority contracts for audit or audit-related work require the approval of the Secretary of the LGC. This includes annual or special audits, agreed upon procedures related to internal controls, bookkeeping or other assistance necessary to prepare the Governmental Unit's records for audit, financial statement preparation, any finance-related investigations, or any other audit-related work in the State of North Carolina. Invoices for services rendered under these contracts shall not be paid by the Governmental Unit until the invoice has been approved by the Secretary of the LGC. (This also includes any progress billings.) [G.S. 159-34 and 115C-447] The process for

**Contract to Audit Accounts (cont.)**

Town of Lake Lure, NC

(Name of Governmental Unit)

invoice approval has changed. All invoices for Audit work must be submitted by email in PDF format to the Secretary of the LGC for approval. The invoices must be sent through the portal at: <http://nctreasurer.slgfd.leapfile.net>. Subject line should read "Invoice - only. The PDF invoice marked 'approved' with approval date will be returned by email to the Auditor for them to present to the Governmental Unit for payment. Approval is not required on contracts and invoices for system improvements and similar services of a non-auditing nature.

9. In consideration of the satisfactory performance of the provisions of this contract, the Governmental Unit shall pay to the Auditor, upon approval by the Secretary of the LGC, the following fee, which includes any cost the Auditor may incur from work paper or peer reviews or any other quality assurance program required by third parties (Federal and State grantor and oversight agencies or other organizations) as required under the Federal and State Single Audit Acts:

**Year-end bookkeeping assistance – [For audits subject to Government Auditing Standards, this is limited to bookkeeping services permitted by revised Independence Standards]** \_\_\_\_\_

Audit \$19,250 \_\_\_\_\_

**Preparation of the annual financial statements \$3,400** \_\_\_\_\_

Prior to submission of the completed audited financial report, applicable compliance reports and amended contract (if required) the Auditor may submit invoices for approval for services rendered, not to exceed 75% of the total of the stated fees above. If the current contracted fee is not fixed in total, invoices for services rendered may be approved for up to 75% of the prior year audit fee. **The 75% cap for interim invoice approval for this audit contract is \$ 16,987.50** \_\_\_\_\_

10. If the Governmental Unit has outstanding revenue bonds, the Auditor shall include documentation either in the notes to the audited financial statements or as a separate report submitted to the SLGFD along with the audit report, a calculation demonstrating compliance with the revenue bond rate covenant. Additionally, the Auditor should be aware that any other bond compliance statements or additional reports required in the authorizing bond documents need to be submitted to the SLGFD simultaneously with the Governmental Unit's audited financial statements unless otherwise specified in the bond documents.
11. After completing the audit, the Auditor shall submit to the Governing Board a written report of audit. This report shall include but not be limited to the following information: (a) Management's Discussion and Analysis, (b) the financial statements and notes of the Governmental Unit and all of its component units prepared in accordance with GAAP, (c) supplementary information requested by the client or required for full disclosure under the law, and (d) the Auditor's opinion on the material presented. The Auditor shall furnish the required number of copies of the report of audit to the Governing Board as soon as practical after the close of the accounting period.
12. If the audit firm is required by the NC CPA Board or the Secretary of the LGC to have a pre-issuance review of their audit work, there must be a statement added to the engagement letter specifying the pre-issuance review including a statement that the Governmental Unit will not be billed for the pre-issuance review. The pre-issuance review must be performed **prior** to the completed audit being submitted to the LGC. The pre-issuance report must accompany the audit report upon submission to the LGC.
13. The Auditor shall electronically submit the report of audit to the LGC when (or prior to) submitting the invoice for services rendered. The report of audit, as filed with the Secretary of the LGC, becomes a matter of public record for inspection, review and copy in the offices of the SLGFD by any interested parties. Any subsequent revisions to these reports must be sent to the Secretary of the LGC. These audited financial statements are used in the preparation of official statements for debt offerings (the Auditors' opinion is not included), by municipal bond rating services, to fulfill secondary market disclosure requirements of the Securities and Exchange Commission, and other lawful purposes of the Governmental Unit, without subsequent consent of the Auditor. If it is determined by the LGC that corrections need to be made to the Governmental Unit's financial statements, they should be provided within three days of notification unless, another time frame is agreed to by the LGC.

The LGC's process for submitting contracts, audit reports and Invoices are subject to change. Auditors should use the submission process in effect at the time of submission. The most current instructions will be found on our website: <https://www.nctreasurer.com/slg/Pages/Audit-Forms-and-Resources.aspx>

In addition, if the OSA designates certain programs to be audited as major programs, a turnaround document and a representation letter addressed to the OSA shall be submitted to the LGC.

14. Should circumstances disclosed by the audit call for a more detailed investigation by the Auditor than necessary under ordinary circumstances, the Auditor shall inform the Governing Board in writing of the need for such additional investigation and the additional compensation required therefore. Upon approval by the Secretary of the LGC, this contract may be varied or changed to include the increased time and/or compensation as may be agreed upon by the Governing Board and the Auditor.
15. If an approved contract needs to be varied or changed for any reason, the change must be made in writing, signed and dated by all parties and pre-audited if the change includes a change in audit fee. This document and a written explanation of the change must be submitted by email in PDF format to the Secretary of the LGC for approval. The portal address to upload your amended contract and letter of explanation documents is <http://nctreasurer.slgfd.leapfile.net> **No change shall be effective unless approved by the Secretary of the LGC, the Governing Board, and the Auditor.**

**Contract to Audit Accounts (cont.)**

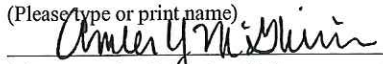
Town of Lake Lure, NC

(Name of Governmental Unit)

16. Whenever the Auditor uses an engagement letter with the Governmental Unit, Item 17 is to be completed by referencing the engagement letter and attaching a copy of the engagement letter to the contract to incorporate the engagement letter into the contract. In case of conflict between the terms of the engagement letter and the terms of this contract, the terms of this contract will control. Engagement letter terms are deemed to be void unless the conflicting terms of this contract are specifically deleted in Item 23 of this contract. Engagement letters containing indemnification clauses will not be approved by the LGC.
17. Special provisions should be limited. Please list any special provisions in an attachment.
18. A separate contract should not be made for each division to be audited or report to be submitted. A separate contract must be executed for each component unit which is a local government and for which a separate audit report is issued.
19. The contract must be executed, pre-audited, physically signed by all parties and submitted in PDF format including Governmental Unit and Auditor signatures to the Secretary of the LGC. The current portal address to upload your contractual documents is <http://nctreasurer.slgfd.leapfile.net>. Electronic signatures are not accepted at this time. Included with this contract are instructions to submit contracts and invoices for approval as of September 4, 2013. These instructions are subject to change. Please check the NC Treasurer's web site at [www.nctreasurer.com](http://www.nctreasurer.com) for the most recent instructions.
20. The contract is not valid until it is approved by the LGC Secretary. The staff of the LGC shall notify the Governmental Unit and Auditor of contract approval by email. The audit should not be started before the contract is approved.
21. There are no other agreements between the parties hereto and no other agreements relative hereto that shall be enforceable unless entered into in accordance with the procedure set out herein and approved by the Secretary of the LGC.
22. The Auditor acknowledges that any private employer transacting business in this State who employs 25 or more employees in this State must, when hiring an employee to work in the United States, use E Verify to verify the work authorization of the employee in accordance with N.C.G.S. §64-26(a). The Auditor acknowledges further that any such private employer and its subcontractors must comply with all of the requirements of Article 2 of Chapter 64 of the North Carolina General Statutes (North Carolina's E-verify law), and that such private employer has a duty under the law to ensure compliance by its subcontractors. The Auditor further acknowledges that this contract is of the type governed by S.L. 2013-418, which makes it unlawful for a local government to enter into certain types of contracts unless the contractor and its subcontractors comply with North Carolina's E-verify law, and that failure to comply with such law could render this contract void. The Auditor hereby covenants, warrants and represents for itself and its subcontractors that with respect to this contract the Auditor and its subcontractors shall comply with the provisions of North Carolina's E-verify law and that failure to comply with such law shall be deemed a breach of this contract and may render this contract void.
23. All of the above paragraphs are understood and shall apply to this contract, except the following numbered paragraphs shall be deleted: (See Item 16.)
24. **All communications regarding audit contract requests for modification or official approvals will be sent to the email addresses provided in the spaces below.**

**Audit Firm Signature:**Firm Martin Starnes & Associates, CPAs, P.A.By Amber Y. McGhinnis, Audit Manager

(Please type or print name)



(Signature of authorized audit firm representative)

Email Address of Audit Firm:amcghinnis@martinstarnes.comDate January 16, 2014**Governmental Unit Signatures:**By Bob Keith, Mayor

(Please type or print name and title)

(Signature of Mayor/Chairperson of governing board)

Date \_\_\_\_\_

Date Governing Body Approved Audit Contract - G.S. 159-34(a)

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

**Unit Signatures (to be filled in):**By N/A

(Chair of Audit Committee- please type or print name)

(Signature of Audit Committee Chairperson)

Date N/A

(If Governmental Unit has no audit committee, this section should be marked "N/A.")

This instrument has been preaudited in the manner required by The Local Government Budget and Fiscal Control Act or by the School Budget and Fiscal Control Act. Additionally, the following date is the date this audit contract was approved by the governing body.

Sam Karr, Finance Officer

Governmental Unit Finance Officer (Please type or print name)

(Signature)

Email Address of Finance Officerfindir@townoflakelure.com

Date \_\_\_\_\_

(Preaudit Certificate must be dated.)



**Koonce, Wooten & Haywood, LLP**  
CERTIFIED PUBLIC ACCOUNTANTS

## SYSTEM REVIEW REPORT

May 22, 2012

Martin, Starnes & Associates, CPAs, PA and the  
Peer Review Committee, North Carolina Association  
of Certified Public Accountants

We have reviewed the system of quality control for the accounting and auditing practice of Martin, Starnes & Associates, CPAs, PA (the firm) in effect for the year ended December 31, 2011. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants. The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review. The nature, objectives, scope, limitations of, and the procedures performed in a System Review are described in the standards at [www.aicpa.org/prsummary](http://www.aicpa.org/prsummary).

As required by the standards, engagements selected for review included engagements performed under the *Government Auditing Standards* and audits of employee benefit plans.

In our opinion, the system of quality control for the accounting and auditing practice of Martin, Starnes & Associates, CPAs, PA, in effect for the year ended December 31, 2011, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. Martin, Starnes & Associates, CPAs, PA has received a peer review rating of *pass*.

*Koonce, Wooten & Haywood, LLP*

Koonce, Wooten & Haywood, LLP

**Raleigh**  
4060 Barrett Drive  
Post Office Box 17806  
Raleigh, North Carolina 27619

919 782 9265  
919 783 8937 FAX

**Durham**  
3511 Shannon Road  
Suite 100  
Durham, North Carolina 27707

919 354 2584  
919 489 8183 FAX

**Pittsboro**  
10 Sanford Road  
Post Office Box 1399  
Pittsboro, North Carolina 27312

919 542 6000  
919 542 5764 FAX

# CONTRACT TO AUDIT ACCOUNTS

Of Town of Lake Lure, NC  
Governmental Unit

On this 16th day of January, 2014, Martin Starnes & Associates, CPAs, P.A.  
Auditor

730 13th Avenue Drive SE, Hickory, NC 28602

Mailing Address

, hereinafter referred to as

the Auditor, and Town Council of Town of Lake Lure, NC, hereinafter referred  
Governing Board Governmental Unit  
to as the Governmental Unit, agree as follows:

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If the audit engagement is not subject to *Government Accounting Standards*, the Auditor shall provide an explanation as to why in an attachment.

6. It is agreed that time is of the essence in this contract. All audits are to be performed and the report of audit submitted to the State and Local Government Finance Division (SLGFD) within four months of fiscal year end. Audit report is due on: October 31, 2014. If it becomes necessary to amend this due date or the audit fee, an amended contract along with a written explanation of the delay must be submitted to the Secretary of the LGC for approval.
7. It is agreed that generally accepted auditing standards include a review of the Governmental Unit's systems of internal control and accounting as same relates to accountability of funds and adherence to budget and law requirements applicable thereto; that the Auditor will make a written report, which may or may not be a part of the written report of audit, to the Governing Board setting forth his findings, together with his recommendations for improvement. That written report must include all matters defined as "significant deficiencies and material weaknesses" in AU-C 265 of the *AICPA Professional Standards (Clarified)*. The Auditor shall file a copy of that report with the Secretary of the LGC.
8. All local government and public authority contracts for audit or audit-related work require the approval of the Secretary of the LGC. This includes annual or special audits, agreed upon procedures related to internal controls, bookkeeping or other assistance necessary to prepare the Governmental Unit's records for audit, financial statement preparation, any finance-related investigations, or any other audit-related work in the State of North Carolina. Invoices for services rendered under these contracts shall not be paid by the Governmental Unit until the invoice has been approved by the Secretary of the LGC. (This also includes any progress billings.) [G.S. 159-34 and 115C-447] The process for

**Contract to Audit Accounts (cont.)**

Town of Lake Lure, NC

(Name of Governmental Unit)

invoice approval has changed. All invoices for Audit work must be submitted by email in PDF format to the Secretary of the LGC for approval. The invoices must be sent through the portal at: <http://nctreasurer.slgfd.leapfile.net>. Subject line should read "Invoice - only. The PDF invoice marked 'approved' with approval date will be returned by email to the Auditor for them to present to the Governmental Unit for payment. Approval is not required on contracts and invoices for system improvements and similar services of a non-auditing nature.

9. In consideration of the satisfactory performance of the provisions of this contract, the Governmental Unit shall pay to the Auditor, upon approval by the Secretary of the LGC, the following fee, which includes any cost the Auditor may incur from work paper or peer reviews or any other quality assurance program required by third parties (Federal and State grantor and oversight agencies or other organizations) as required under the Federal and State Single Audit Acts:

**Year-end bookkeeping assistance – [For audits subject to Government Auditing Standards, this is limited to bookkeeping services permitted by revised Independence Standards]** \_\_\_\_\_

Audit \$19,250

**Preparation of the annual financial statements** \$3,400

Prior to submission of the completed audited financial report, applicable compliance reports and amended contract (if required) the Auditor may submit invoices for approval for services rendered, not to exceed 75% of the total of the stated fees above. If the current contracted fee is not fixed in total, invoices for services rendered may be approved for up to 75% of the prior year audit fee. **The 75% cap for interim invoice approval for this audit contract is \$ 16,987.50**

10. If the Governmental Unit has outstanding revenue bonds, the Auditor shall include documentation either in the notes to the audited financial statements or as a separate report submitted to the SLGFD along with the audit report, a calculation demonstrating compliance with the revenue bond rate covenant. Additionally, the Auditor should be aware that any other bond compliance statements or additional reports required in the authorizing bond documents need to be submitted to the SLGFD simultaneously with the Governmental Unit's audited financial statements unless otherwise specified in the bond documents.
11. After completing the audit, the Auditor shall submit to the Governing Board a written report of audit. This report shall include but not be limited to the following information: (a) Management's Discussion and Analysis, (b) the financial statements and notes of the Governmental Unit and all of its component units prepared in accordance with GAAP, (c) supplementary information requested by the client or required for full disclosure under the law, and (d) the Auditor's opinion on the material presented. The Auditor shall furnish the required number of copies of the report of audit to the Governing Board as soon as practical after the close of the accounting period.
12. If the audit firm is required by the NC CPA Board or the Secretary of the LGC to have a pre-issuance review of their audit work, there must be a statement added to the engagement letter specifying the pre-issuance review including a statement that the Governmental Unit will not be billed for the pre-issuance review. The pre-issuance review must be performed **prior** to the completed audit being submitted to the LGC. The pre-issuance report must accompany the audit report upon submission to the LGC.
13. The Auditor shall electronically submit the report of audit to the LGC when (or prior to) submitting the invoice for services rendered. The report of audit, as filed with the Secretary of the LGC, becomes a matter of public record for inspection, review and copy in the offices of the SLGFD by any interested parties. Any subsequent revisions to these reports must be sent to the Secretary of the LGC. These audited financial statements are used in the preparation of official statements for debt offerings (the Auditors' opinion is not included), by municipal bond rating services, to fulfill secondary market disclosure requirements of the Securities and Exchange Commission, and other lawful purposes of the Governmental Unit, without subsequent consent of the Auditor. If it is determined by the LGC that corrections need to be made to the Governmental Unit's financial statements, they should be provided within three days of notification unless, another time frame is agreed to by the LGC.

The LGC's process for submitting contracts, audit reports and Invoices are subject to change. Auditors should use the submission process in effect at the time of submission. The most current instructions will be found on our website: <https://www.nctreasurer.com/slg/Pages/Audit-Forms-and-Resources.aspx>

In addition, if the OSA designates certain programs to be audited as major programs, a turnaround document and a representation letter addressed to the OSA shall be submitted to the LGC.

14. Should circumstances disclosed by the audit call for a more detailed investigation by the Auditor than necessary under ordinary circumstances, the Auditor shall inform the Governing Board in writing of the need for such additional investigation and the additional compensation required therefore. Upon approval by the Secretary of the LGC, this contract may be varied or changed to include the increased time and/or compensation as may be agreed upon by the Governing Board and the Auditor.
15. If an approved contract needs to be varied or changed for any reason, the change must be made in writing, signed and dated by all parties and pre-audited if the change includes a change in audit fee. This document and a written explanation of the change must be submitted by email in PDF format to the Secretary of the LGC for approval. The portal address to upload your amended contract and letter of explanation documents is <http://nctreasurer.slgfd.leapfile.net> **No change shall be effective unless approved by the Secretary of the LGC, the Governing Board, and the Auditor.**

**Contract to Audit Accounts (cont.)**

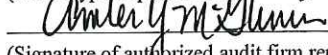
Town of Lake Lure, NC

(Name of Governmental Unit)

16. Whenever the Auditor uses an engagement letter with the Governmental Unit, Item 17 is to be completed by referencing the engagement letter and attaching a copy of the engagement letter to the contract to incorporate the engagement letter into the contract. In case of conflict between the terms of the engagement letter and the terms of this contract, the terms of this contract will control. Engagement letter terms are deemed to be void unless the conflicting terms of this contract are specifically deleted in Item 23 of this contract. Engagement letters containing indemnification clauses will not be approved by the LGC.
17. Special provisions should be limited. Please list any special provisions in an attachment.
18. A separate contract should not be made for each division to be audited or report to be submitted. A separate contract must be executed for each component unit which is a local government and for which a separate audit report is issued.
19. The contract must be executed, pre-audited, physically signed by all parties and submitted in PDF format including Governmental Unit and Auditor signatures to the Secretary of the LGC. The current portal address to upload your contractual documents is <http://nctreasurer.slgfd.leapfile.net>. Electronic signatures are not accepted at this time. Included with this contract are instructions to submit contracts and invoices for approval as of September 4, 2013. These instructions are subject to change. Please check the NC Treasurer's web site at [www.nctreasurer.com](http://www.nctreasurer.com) for the most recent instructions.
20. The contract is not valid until it is approved by the LGC Secretary. The staff of the LGC shall notify the Governmental Unit and Auditor of contract approval by email. The audit should not be started before the contract is approved.
21. There are no other agreements between the parties hereto and no other agreements relative hereto that shall be enforceable unless entered into in accordance with the procedure set out herein and approved by the Secretary of the LGC.
22. The Auditor acknowledges that any private employer transacting business in this State who employs 25 or more employees in this State must, when hiring an employee to work in the United States, use E Verify to verify the work authorization of the employee in accordance with N.C.G.S. §64 26(a). The Auditor acknowledges further that any such private employer and its subcontractors must comply with all of the requirements of Article 2 of Chapter 64 of the North Carolina General Statutes (North Carolina's E-verify law), and that such private employer has a duty under the law to ensure compliance by its subcontractors. The Auditor further acknowledges that this contract is of the type governed by S.L. 2013-418, which makes it unlawful for a local government to enter into certain types of contracts unless the contractor and its subcontractors comply with North Carolina's E-verify law, and that failure to comply with such law could render this contract void. The Auditor hereby covenants, warrants and represents for itself and its subcontractors that with respect to this contract the Auditor and its subcontractors shall comply with the provisions of North Carolina's E-verify law and that failure to comply with such law shall be deemed a breach of this contract and may render this contract void.
23. All of the above paragraphs are understood and shall apply to this contract, except the following numbered paragraphs shall be deleted: (See Item 16.)
24. **All communications regarding audit contract requests for modification or official approvals will be sent to the email addresses provided in the spaces below.**

**Audit Firm Signature:**Firm Martin Starnes & Associates, CPAs, P.A.By Amber Y. McGhinnis, Audit Manager

(Please type or print name)



(Signature of authorized audit firm representative)

Email Address of Audit Firm:amcghinnis@martinstarnes.comDate January 16, 2014**Governmental Unit Signatures:**By Bob Keith, Mayor

(Please type or print name and title)

(Signature of Mayor/Chairperson of governing board)

Date \_\_\_\_\_

Date Governing Body Approved Audit Contract - G.S. 159-34(a)

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

**Unit Signatures (continued):**By N/A

(Chair of Audit Committee- please type or print name)

(Signature of Audit Committee Chairperson)

Date N/A

(If Governmental Unit has no audit committee, this section should be marked "N/A.")

This instrument has been preaudited in the manner required by The Local Government Budget and Fiscal Control Act or by the School Budget and Fiscal Control Act. Additionally, the following date is the date this audit contract was approved by the governing body.

Sam Karr, Finance Officer

Governmental Unit Finance Officer (Please type or print name)

(Signature)

Email Address of Finance Officerfindir@townoflakelure.com

Date \_\_\_\_\_

(Preaudit Certificate must be dated.)



**Koonce, Wooten & Haywood, LLP**  
CERTIFIED PUBLIC ACCOUNTANTS

## SYSTEM REVIEW REPORT

May 22, 2012

Martin, Starnes & Associates, CPAs, PA and the  
Peer Review Committee, North Carolina Association  
of Certified Public Accountants

We have reviewed the system of quality control for the accounting and auditing practice of Martin, Starnes & Associates, CPAs, PA (the firm) in effect for the year ended December 31, 2011. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants. The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review. The nature, objectives, scope, limitations of, and the procedures performed in a System Review are described in the standards at [www.aicpa.org/prsummary](http://www.aicpa.org/prsummary).

As required by the standards, engagements selected for review included engagements performed under the *Government Auditing Standards* and audits of employee benefit plans.

In our opinion, the system of quality control for the accounting and auditing practice of Martin, Starnes & Associates, CPAs, PA, in effect for the year ended December 31, 2011, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. Martin, Starnes & Associates, CPAs, PA has received a peer review rating of *pass*.

*Koonce, Wooten & Haywood, LLP*

Koonce, Wooten & Haywood, LLP

**Raleigh**

4060 Barrett Drive  
Post Office Box 17806  
Raleigh, North Carolina 27619

919 782 9265  
919 783 8937 FAX

**Durham**

3511 Shannon Road  
Suite 100  
Durham, North Carolina 27707

919 354 2584  
919 489 8183 FAX

**Pittsboro**

10 Sanford Road  
Post Office Box 1399  
Pittsboro, North Carolina 27312

919 542 6000  
919 542 5764 FAX

***Agenda Item: 10a***

**RESOLUTION NO. 14-02-11**

**TOWN OF LAKE LURE  
RESOLUTION OF APPRECIATION AS A RECIPIENT OF THE 2013  
FACEBOOK-RUTHERFORD COMMUNITY ACTION GRANT**

**WHEREAS**, Facebook's mission is to give people the power to share and make the world more open and connected; and

**WHEREAS**, Facebook awarded \$15,000 in grant support for the Lake Lure Police Department to replace obsolete Mobile Data Terminals (MDT's); and

**WHEREAS**, the Town of Lake Lure values the safety and security of its citizens and employees; and

**WHEREAS**, the Facebook grant will provide Lake Lure Police Department easier, faster and more reliable access to remote database systems, resulting in improved officer safety and enhanced communications capabilities.

**NOW, THEREFORE, BE IT RESOLVED** that the Town Council of the Town of Lake Lure extends their appreciation and special tribute to Facebook for its support of the Lake Lure Police Department and the citizens of the Lake Lure. The Council commends Facebook for their continuing commitment to their mission and to Rutherford County.

Adopted this 11<sup>th</sup> day of February, 2014.

ATTEST:

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Andrea Calvert  
Town Clerk

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Mayor Bob Keith

***Agenda Item: 10b***



**Planning Board**  
**MEMORANDUM**

**TO:** Mayor and Town Council

**FROM:** Ric Thurlby, Planning Board Vice-Chair

**SUBJECT:** Supporting Lake Lure Soil Erosion Sedimentation Control Program

**DATE:** February, 5 2014

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The Planning Board, at its January 28, 2014 meeting, voted unanimously to support Town Council adopting the attached resolution. Planning Board member Bruce Barrett and others have worked diligently with members of the NC House of Representatives to ensure Lake Lure retains its authority to control soil erosion and sedimentation according to standards adopted at the town level.

Once you adopt the resolution, it will be forwarded to Representatives Make Hager and others for their use and reference as they work on our behalf to retain our current level of authority. Again, the Planning Board recommends the attached resolution to you for your review and approval.

## **RESOLUTION NO. 14-02-11A**

### **A RESOLUTION SUPPORTING LAKE LURE AND EXPRESSING THE VALUE OF RETAINING THE EXISTING LOCAL SOIL EROSION AND SEDIMENTATION CONTROL PROGRAM**

**WHEREAS**, a vision and plans to feature both Chimney Rock and Lake Lure as a premier Mountain Lake Resort approximately fourteen square miles in size was created in 1920's; and

**WHEREAS**, the monolith known as "Chimney Rock" rests solely within the corporate boundary of the Town of Lake Lure; and

**WHEREAS**, the Town of Lake Lure owns Lake Lure, the impoundment created in 1925 on the Rocky Broad River, and considers it a primary asset and economic driver for the town and Rutherford County; and

**WHEREAS**, the State of North Carolina purchased Chimney Rock Park and created a master plan calling for the primary entrance through the Town of Lake Lure into the Park and through Chimney Rock Village; and

**WHEREAS**, Chimney Rock State Park, Town of Lake Lure, and Chimney Rock Village seek to partner and develop a regional economic engine built on outdoor adventure and eco-tourism; and

**WHEREAS**, the Town of Lake Lure has, in places, poor soils with steep topography resulting in sedimentation requiring dredging operations as early as the 1950's to keep navigational channels open; and

**WHEREAS**, sedimentation has been a historical threat to the health of the lake and will become an even greater threat to operational capabilities both for navigation and hydroelectric impoundment capacity with the increase in development and land disturbance; and

**WHEREAS**, in 2005, the North Carolina General Assembly authorized the Town of Lake Lure to conduct a local Sedimentation and Erosion Control program consisting of delegated authority to enforce state regulations and the authority to enact local regulations necessary to address the Town's unique conditions and risks; and

**WHEREAS**, this program has been highly effective at protecting the Town's main economic asset while also enabling growth and development in the area; and

**WHEREAS**, the North Carolina General Legislature is considering legislation that could result in a diminishment of Lake Lure's authority to enact and enforce the sedimentation and erosion control measures that are so vital to our region's economy; and

**NOW THEREFORE BE IT RESOLVED, BY THE TOWN COUNCIL OF THE TOWN OF LAKE LURE** that the Town requests the North Carolina General Assembly, in taking any action regarding local environmental regulations, ensures that the Town will retain its delegated Soil Erosion and Sedimentation Control Program complete with any standards and specifications implemented by the local governing board.

Adopted this date, February 11, 2014 at Lake Lure, North Carolina.

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Bob Keith, Mayor

**ATTEST:**

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Andrea H. Calvert  
Town Clerk



## **Lake Lure: The Value of Having a Local Soil Erosion and Sedimentation Control Program**

For years, land disturbance in the Town of Lake Lure was governed only by state regulations and oversight. Prior to adoption of the Town of Lake Lure Soil Erosion and Sedimentation Control Program, on more than one instance, there were significant water quality impacts from large land development projects in town under direct state supervision. Moreover, town officials recognized that smaller, single family projects not subject to state review (in terms of a sediment control plan requirements), were individually and collectively creating large sedimentation issues in town as well. Town officials also realized that DENR's state regional office of Land Quality was simply not staffed to provide the frequent inspection needed to ensure the all the sites stayed in compliance with standards. Securing compliance before the town's local program was in place was almost completely complaint driven and that was only when regional office personnel were available to respond. With cutbacks in personnel, enforcement was even more difficult in the areas without local programs.

As a result of these circumstances, the town pursued the authority to enforce soil erosion and sedimentation control regulations by developing and adopting a local program. The town's first attempt came in 2002, when the town passed a local ordinance requiring all development projects secure land disturbance permits from the town. Under this ordinance, the town was able to collect permit fees and require a plan for land disturbance. However, the town was able to enforce compliance when violations occurred because the ordinance did not align with state parameters for a delegated local program. At the town's request, in 2005, after the town upgraded its ordinance to comply the state model and minimum requirements, the state delegated soil erosion and sedimentation control enforcement authority to the Town Lake Lure. The town created the position of Erosion Control Officer to oversee the land disturbance activity in its own jurisdiction.

In recognition of the town's unique environmental conditions and threats, the Town of Lake Lure has, over time, enacted ordinances with the specific intent of protecting property values in town, protecting the waters of its namesake, which incidentally is the primary driver of the local economy and a significant contributor to the economy of Rutherford County and the region as a whole.

Prior to the development of the town's local program, the '96 Flood demonstrated that sedimentation could very easily be the death knell for Lake Lure. A group of citizens and partners (stakeholders) came together to form the Upper Broad River Watershed Protection Committee. The sole purpose of the committee was to create a program that could deal with the sedimentation affecting the Broad River by identifying the various sediment sources, providing cost share funds for property owners to make repairs to sedimentation sources, and protect important riparian areas. The resulting program used grant monies from CWMTF and NC 319 to provide financial aid to over 100 property owners for the sole purpose of reducing sedimentation in the watershed. At one time, Henderson, Buncombe, and Rutherford Counties all contributed funds to this program. The program was not an enforcement program but was designed to work with state and local programs to repair existing sites and stop soil erosion and sedimentation.

The Town of Lake Lure's soil erosion and sedimentation control regulations are more stringent than state or federal law/rules like in many mountain towns in North Carolina. The town's local soil erosion and sedimentation control regulations exceed state standards as far as requirements for securing a permit for projects less than an acre. The town also requires that measures be designed to accommodate the 25-yr storm which exceeds the state standard except for areas designated as High Quality Water. The town has also adopted steep slope regulations due to issues with landslides, unsafe and unsustainable development practices in areas with poor or thin soils, or conditions unsuitable for septic systems.

Clearly, local programs with stricter standards compliment state efforts because they take into account projects that may otherwise go unnoticed by the state. Local programs provide state officials more boots and eyes on the ground and can respond to community concerns more effectively and efficiently than state officials. Complaint-driven enforcement occurs after the fact and when the sedimentation damage is already done, rather than taking a more preventive approach with closer, local oversight and more frequent inspections.

Because the town's regulations have been developed from input and guidance through public hearings and appointed boards, and implemented by local elected officials, the community as a whole typically supports the standards called for in the local ordinance. The stricter standards were created to address specific needs of the Lake Lure Community and to afford a specific protection not provided under the state law/rules.

Some of the consequences of not allowing more stringent local environmental ordinances are:

- Property values, natural resources, rare and endangered species, and recreational resources are threatened.
- Doors are opened for development to negatively impact the local economy heavily dependant upon on tourism, recreation, and outdoor resources (Lake Lure being the best example). If there is no local oversight for development projects in the Town Lake Lure, the town's primary resource would simply disappear over time. Already, the town spends hundreds of thousands of dollars yearly to remove sediment that comes into our lake from upstream areas. Some of the upstream areas are actually under local programs of other local jurisdictions. If those other local programs were not in place, the costs would balloon exponentially. A shrinking lake means a shrinking local tax base and receding tourism dollars which feed the Rutherford County coffers. This, in turn, will increase the negative elements that have stagnated growth in one of the most economically depressed counties in the state.
- Problems are generated from single family home construction, particularly on steep slopes in poor soils where most of the problems will occur. Many mountain aquatic systems have been affected by this type of activity, even before the development boom. Stricter regulation is the way to reduce sediment from these smaller projects which typically go largely unnoticed by state enforcement officials because they don't require any type of plan submittal. Under the local program, the town secures the opportunity to approve these projects with conditions that call for better construction methods, better site location of structures, and better education for property owners that may otherwise make mistakes costing them and their neighbors in the long-run. The town typically receives very little negative feedback from people who want to develop in Lake Lure because they understand the need to protect the town's greatest asset, the lake.
- Infrequent inspections relative to large projects (over an acre) may result in noncompliance. Right now, large projects are pretty well regulated and have specific BMPs (Best Management Practices) that are typically applied without much deviation. There are not as many significant impacts with these projects as long as frequent inspections occur.
- Significance of Lake Lure:
  - Lake Lure is designated as Class B, Trout waters by the Environmental Management Commission and was classified as such in the 1960s. Class B is the recreational standard which recognizes the primary use of Lake Lure which is indeed recreation (swimming, boating, water sports, skin

diving, etc). The lake's classification as Trout waters suggests that the water quality is such that it should be able to sustain trout.

- Sampling of the waters of Lake Lure began about 15 years ago as part of the Volunteer Water Information Network to collect useful data regarding the water quality of Lake Lure, the Broad River and its tributaries in the Upper Broad Watershed. Streams in the watershed and Lake Lure itself have typically received "good" to "excellent" ratings based on the VWIN standards. This is due to the lack of industrialization and overall lack of development within the watershed. It has always been known, despite the good rating, that sediment does impact water quality in the watershed and the lake. Additional sampling by the Environmental Quality Institute (EQI) determined that the watershed has substantial sedimentation issues that, while not having a direct affect on the other parameters, reduce overall water quality in the streams and the lake. The sediment problems typically stem from poor soils with steep topography, disturbance from natural disasters, poor logging practices in the past two centuries, and improper or impractical construction in areas not suited for such activity.
- Lake Lure is the driver for the Town of Lake Lure's economy and therefore a driver of the Rutherford County and even the regional economy. Dr. Morse knew this when he and his partners created the Chimney Rock Mountains Incorporated, the development company that created Lake Lure and integrated it and Chimney Rock into a scenic resort town. Dr. Morse and partners knew well what types of attractions would bring people to this area.
- Lake Lure, because of the lake and our ownership of it, give the town the ability to shape its own destiny. Revenues generated from the sale of boat permits pays for our Lake Operations Department for the sole purpose of protecting the water quality and use of the lake. This includes sedimentation. Our local program is critical in this purpose and the town must keep sediment out of the lake. In addition to paying staff salaries and department expenses, those same fees pay for improving the fishery (which is dependent on water quality) and sediment removal. For the last five years, Town Council has appropriated about \$100,000 (in total) annually for dredging. \$50,000 of that comes from the sale of boat permits and \$50,000 comes from hydroelectric generation. The true cost of dredging annually, in order to keep up with the amount of ongoing sedimentation, would likely cost between \$500,000 and \$1 million.
- If Lake Lure fills in with sediment the end result will be an economically depressed town. Right now the tourism dollars generated from the Town

of Lake Lure, Chimney Rock Village, and Chimney Rock State Park are helping to keep Rutherford County afloat, financially. If tourism dollars disappear because one of two major attractions is rendered inaccessible, Rutherford County would suffer major financial loss.

Here are a few questions and answers for consideration.....

- **How many NOV's (Notices of Violation) were issued to developers, homeowners, etc. over the last 5-10 years per year?**

|            |            |
|------------|------------|
| 2005....7  | 2010....11 |
| 2006....10 | 2011....2  |
| 2007....21 | 2012....2  |
| 2008....17 | 2013....6  |
| 2009....10 |            |

Total of 86 since 2005

- **How many permits were issued over the last 5-10 years per year?**

|             |            |
|-------------|------------|
| 2005....28  | 2010....40 |
| 2006....137 | 2011....42 |
| 2007....112 | 2012....36 |
| 2008....53  | 2013....52 |
| 2009.... 41 |            |

Total of 541 since 2005

- **How much sediment (cubic yards) flowing into the lake from the Rocky Broad River?** Unfortunately, the town does not have this information. It has never been calculated. However if we make comparisons to other associated bodies of water in the Broad River Basin, we can have somewhat of an idea as to what likely comes into Lake Lure. Cove Creek, which is located downstream of Lake Lure, is the closest USGS gauging station to Lake Lure. Sediment loads have been calculated at 396 cu tons of sediment per mile for that stream. Estimates would put the Rocky Broad somewhere in the neighborhood of 200 to 400 cu tons per mile based on land use, soils, and topography.
- **How many times has the lake been excavated?** Lake Lure began filling in with sediment the moment the water was impounded. There are photographs and historical records that show the sediment plume that began to form after the lake was impounded. As early as the 1950's dredging became necessary to keep navigational channels open. During the 1970's and 80's significant dredging took place that resulted in the creation of the peninsula where Morse Park and town

government facilities are located today. In 1996, a historic flood event deposited several hundred thousand cubic yards of sediment into the lake. In 1997, the town contracted with Glover Construction to remove as much material as possible. The town with the aid of FEMA was able to remove approximately 250,000 cubic yards of sediment for a cost of \$1.4 million. Since '96, the town has dredged 14 times.

- **How much sediment (cubic yards) has been removed from the lake to date?** The town's data is incomplete, but since '96 the town has removed an estimated 320,500 cubic yards at a cost of \$3.2 million.
- **How much sediment needs to be removed from the lake?** Currently, the town needs to remove somewhere between 350,000 and 500,000 cubic yards if the lake were to be dredged to what are believed to be historic depths. Costs for dredging this amount would be much higher than in '96 and FEMA actually helped foot the bill after the '96 event. That will not likely be the case in the event of future catastrophes.
- **How fast is the lake filling in and losing depth?** On average we are looking at 1 to 2 feet per year and we see the plume advance further into the lake each year. Currently it extends nearly ½ mile into the lake, most of which is unrecoverable without significant excavation and hydraulic dredging.
- **What does a well-maintained lake do for those down stream in Rutherford County?** Lake Lure is a giant sediment trap. It is an unfortunate reality. The Upper Broad Watershed, due to its steep slopes and highly erodible soils, naturally contributes significant amounts of sediment into the river system. This is only exacerbated through human land use activities. Before the Lake Lure Dam was constructed, the Great Flood of 1916 did significant damage to downstream communities in Rutherford and Cleveland Counties and deposited massive amounts of sediment in the floodplains downstream. Lake Lure provides significant relief to downstream communities by being able to control release volumes during flood events by anticipating storms and running the hydroelectric plant to lower the lake level without unnecessarily spilling water through the floodgates while providing recreation opportunities. These were the exact same principals behind the creation of the nation's Tennessee Valley Authority (TVA). As a matter of fact, the primary designer of Lake Lure, Earle S. Draper, was appointed by federal government in the 1930's to oversee a major section of the TVA. As water levels rise and the hydro-electric plant can no longer keep up, we can slowly raise gates but keep downstream flooding to a minimum. To say that Lake Lure prevents downstream sedimentation is an understatement. In fact, a two-mile section of river is essentially sediment starved. No sediment can actually have as much of a negative impact on fish populations as too much sediment. Sediment inputs into the lake not only

reduce the town's ability to generate electricity, but can threaten the integrity of the dam itself. Granted it would take a significant amount of sediment and several decades for that much sediment to come into Lake Lure, but if there were no proactive steps taken to minimize and mitigate the sediment load, it will happen eventually.

- **How is wildlife impacted by sediment filling in the lake?** Sediment reduces dissolved oxygen levels making it difficult for fish to survive. Sediment also impacts aquatic macroinvertebrates, creating an interruption in the food chain. It clogs the gills of fish and filter feeding organisms such as mussels and covers gravel substrate which is preferred spawning areas for fish, particularly trout.
- **How is recreation impacted by sediment filling in the lake?** If the lake fills in, navigation is severely impacted because sediment creates problems for boats. Sediment impairs the fishery as noted above. It impacts areas such as the public beaches of the lake by reducing depth and adding muck to the bottom which negatively impacts visitors' experience. Lake Lure primary function is recreation and that is why so many tourists come to Lake Lure. Lake Lure's water quality is such (right now) that it could be used as a drinking water source. Sedimentation can have significant impacts on water supply reservoirs. Lake Lure currently does not have this need. However, should the town decide in the future that this would be an appropriate use of the lake, sediment loads would impair the use of the lake as a drinking supply source similar to the manner which Lake Adger is impaired in neighboring Polk County. Hydroelectric generation is a secondary use of Lake Lure. However, generating capacity is reduced when the volume of water in the lake is reduced.

Revised 1-17-14/9:10 pm

***Agenda Item: 10c***



**ISOTHERMAL  
PLANNING AND DEVELOPMENT COMMISSION**

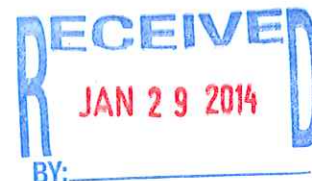
111 West Court Street  
P. O. Box 841  
Rutherfordton, North Carolina 28139-0841  
Phone: (828) 287-2281 • Fax: (828) 287-2735  
Website: [www.regionc.org](http://www.regionc.org) • E-mail: [ipdc@regionc.org](mailto:ipdc@regionc.org)

**EXECUTIVE COMMITTEE**

Charles Abernathy  
Jimmy Clay  
G. Wesley Lawson  
Kathleen McMillian  
Bobby Rogers  
Jack Shytte

**DEAN BUFF**  
Chairman

**JAMES B. EDWARDS**  
Executive Director



January 24, 2014

Bob Keith, Mayor  
Town of Lake Lure  
153 Allen Drive  
Lake Lure, NC 28746

Dear Mayor Keith:

This is to notify you that Bob Cameron's term on our Board of Directors will expire in April ~~2010~~ <sup>2014</sup>. The Commissioners may appoint a representative for a new 3 year term.

Thanks for your attention to this matter. When the Commissioners have made the appointment, I would appreciate a letter for our file. If you have any questions, please contact me at 828-287-2281, ext. 1229 or [jedwards@regionc.org](mailto:jedwards@regionc.org).

Sincerely,

James B. Edwards  
Executive Director

cc: Dean Buff, IPDC Board Chairman  
Andrea Calvert, Clerk

JBE/jml

***Agenda Item: 10d***

**Andi Calvert**

---

**From:** Lake Lure Town Manager [townmgr@townoflakelure.com]  
**Sent:** Thursday, January 30, 2014 10:12 AM  
**To:** 'Chris Callahan'; Bob Cameron; Bob Cameron (town); Bob Keith; 'Bob Keith (town)'; Diane Barrett; Diane Barrett (town); 'John W. Moore'; John W. Moore (town); Mary Ann Dotson; Mary Ann Silvey (town)  
**Cc:** 'Sam Karr'; 'Andi Calvert'; 'Ed Dittmer'; 'Valerie Hoffman'; 'Blaine Cox'; Ustabearmy@aol.com  
**Subject:** Golf Course Lease Extension  
**Attachments:** 2014 Lease Extension Agreement.doc

Since all of the council have expressed support for extending our relationship with the Minicks operating the golf course, we've prepared an agreement to renew the current golf course operations lease. Our two-year lease expires in April, but has a provision for a 5-year renewal. Please review the extension agreement to see the terms that we are proposing in partnership with the Minicks. It commits us to two more years of subsidy at the \$75,000 rate and leaves the subsidy amounts in years 3-5 left to be determined.

This will be on the agenda in the upcoming February council meeting.

Thanks -

**Chris Braund**

*Town Manager*

**2948 Memorial Highway**  
**Lake Lure, NC 28746**  
**Office:** 828.625.9983, Ext. 101  
**Web:** [townoflakelure.com](http://townoflakelure.com)



## AMENDMENT AND RENEWAL OF LEASE AGREEMENT

The operating lease of the Town of Lake Lure Municipal Golf Course, between the Town and Lake Lure Golf Management, Inc., was entered into on April 10, 2012 and has an initial 2-year term expiring on April 9<sup>th</sup>, 2014.

In accordance with section 3 (a) (ii) of the lease agreement, Lake Lure Golf Management, Inc., has notified the town in writing of their exercise of the option to extend the lease for a five (5) year period beginning April 10, 2014.

It is the desire of both parties to renew this lease with a revised subsidy fee schedule in accordance with section 8 (b).

| <u>Period</u>                  | <u>Operating Subsidy</u>                       |
|--------------------------------|------------------------------------------------|
| April 10, 2014 – June 30, 2014 | Remaining balance of \$75,000 budgeted in FY14 |
| July 1, 2014 – June 30, 2015   | \$75,000                                       |
| July 1, 2015 – June 30, 2016   | \$75,000                                       |
| July 1, 2016 – June 30, 2017   | TBD based on profitability                     |
| July 1, 2017 – June 30, 2018   | TBD based on profitability                     |
| July 1, 2018 – April 9, 2019   | TBD based on profitability                     |

Payments of the annual subsidies will be aligned with the Town's annual fiscal year budget and on a schedule agreed upon between the Town Manager and Lessee. Subsidy amounts (if any) in FY '17 and beyond are to be determined after 2015.

TOWN OF LAKE LURE

ATTEST:

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

By: \_\_\_\_\_  
Town Clerk

By: \_\_\_\_\_  
Town Manager

LAKE LURE GOLF MANAGEMENT, INC.

By: \_\_\_\_\_  
Dale Minick

***Agenda Item: 10e***

# LARKIN'S ON THE LAKE

---



February 7, 2014

To Whom It May Concern

Larkin's On The Lake would like to be on the February town council meeting's agenda for 2 permits. We will need a beer/wine permit and a bonfire permit for a wedding reception on Sunday May 18, 2014. The bride and groom have rented the gazebo through the town and have hired Larkin's On The Lake for their catering. Please let me know if you need any additional information for this request.

Sincerely

Shea Williams  
Manager  
Catering and Events Coordinator  
Larkin's On The Lake  
Work Phone: 828-625-4075  
Cell Phone: 828-817-5260  
Fax: 828-625-1041  
E-mail: [shea@larkinsonthelake.com](mailto:shea@larkinsonthelake.com)

***Agenda Item: 10f***



**Community Development**  
**MEMORANDUM**

**TO:** Mayor and Town Council

**FROM:** Shannon Baldwin, Department Director

**SUBJECT:** Chimney Rock Ridge Draft Ordinance

**DATE:** February, 5 2014

---

Please know staff has thoroughly reviewed the attached draft ordinance and recommends Town Council commission the Planning Board to review it and make a recommendation back to Council relative to review and approval.

**BRANDENBURG & ASSOCIATES, P.A.**

11891 U.S. Highway One, Suite 100  
North Palm Beach, Florida 33408  
(561) 799-1414  
www.BrandenburgPA.com

**Gary M. Brandenburg**

Gary@BrandenburgPA.com

ATTORNEY AT LAW

**TO:** *Town of Lake Lure  
Mayor & Town Council Members*

**FROM:** *Gary Brandenburg*

**DATE:** *January 30, 2014*

**SUBJECT:** *Request from Residents in the Chimney Rock Ridge  
Subdivision to Change Zoning Code*

Chimney Rock Ridge is located on Proctor Road behind the Lake Lure Inn. The subdivision was created in 1988 by John Proctor and contains 17 lots. The lots range in size from 3.5 acres to 270 acres. Fourteen lots are ten acres or more in size.

Chimney Rock Ridge's deed restrictions allow two principal residential homes to be built on each lot. Several lot owners purchased their lots with the expectation that they could build two houses. Consequently, some have relied on the idea of building a small initial home as a second or vacation home, with the concept that they could later build a retirement home. Others would like to have two homes so members of their family, parents, kids, can live in close proximity to them.

Although the Town's zoning allows one home per acre, the Code also restricts each single lot to one home.

The attached ordinance would allow lots that are more than 10 acres to have two homes, if they execute a Unity of Title, requiring the lot to remain under one ownership. This would be a much lower density than the maximum allowed in the RIB district and would preserve the character of the subdivision and the environment. This proposal has been reviewed by your staff.

We would appreciate your consideration of this ordinance.

Cc: Mike Ham, President, HOA  
Andy Bell, Board Member, HOA  
Henry Jacques, Board Member, HOA  
Frank Plummer, Secretary, HOA



ORDINANCE NUMBER \_\_\_\_\_

**AN ORDINANCE CONCERNING § 92.027, R-1B, RESIDENTIAL DISTRICT,  
AND § 92.107, ONE PRINCIPAL BUILDING ON A LOT;  
ALLOWING LOTS ZONED R-1B THAT ARE 10 ACRES OR MORE  
TO HAVE TWO PRINCIPAL RESIDENTIAL BUILDINGS**

**WHEREAS**, N.C.G.S. 160A-381 authorizes municipalities to adopt zoning ordinances regulating, among other things, "the location and use of buildings, structures, and land"; and

**WHEREAS**, Town Council finds that this Ordinance is not consistent, or is inconsistent, with the 2007-2027 Town of Lake Lure Comprehensive Plan; and

**WHEREAS**, Town Council further finds that enactment of this Ordinance is reasonable and in the public interest in that it provides opportunities for preserving the Town's community appearance and promoting Low Density Development in the R-1B District by allowing large lots of 10 acres or more to be used for two single-family structures, allowing multiple generations of a family to live together, and support each other, while ensuring that such lots are not subsequently divided; and

**WHEREAS**, the Lake Lure Town Council, after due notice, conducted a public hearing on \_\_\_\_\_, 20\_\_ upon the question of amending the Zoning Regulations in this respect.

**NOW, THEREFORE, BE IT ORDAINED BY THE TOWN COUNCIL OF THE TOWN OF LAKE LURE, NORTH CAROLINA, MEETING IN REGULAR SESSION AND WITH A MAJORITY OF THE COUNCIL MEMBERS VOTING IN THE AFFIRMATIVE:**

**SECTION ONE.** This ordinance is enacted pursuant to the grants of authority contained in Section 160A-381 of the North Carolina General Statutes.

**SECTION TWO.** Section 92.027 of the Zoning Regulations of the Town of Lake Lure, is hereby amended by adding the following paragraph (D) "Large Lot Estates":

(D) LARGE ESTATE LOTS

Lots that are in the R-1B zoning district that are 10 acres or more shall be allowed two single-family principal buildings, see, § 92.107, provided the owner executes and records a Unity of Title satisfactory to the Town Attorney.

[ADDITIONS TO TEXT ARE UNDERLINED; DELETIONS ARE ~~STRUCK THROUGH~~.]

**SECTION THREE.** Section 92.107 of the Zoning Regulations of the Town of Lake Lure, is hereby amended as follows":

92.107 ONE PRINCIPAL BUILDING ON A LOT.

Every building hereafter erected or moved shall be located on a lot, and in no case shall there be more than one (1) principal building and its accessory buildings on a lot except as provided in § 92.048 (**Ord. passed 1-22-91**) ~~Penalty see § 92.999~~ and in the R-1B Single-Family District, § 92.027(D) (**Ord. passed \_\_\_\_\_**)

[ADDITIONS TO TEXT ARE UNDERLINED; DELETIONS ARE ~~STRUCK THROUGH~~.]

**SECTION FOUR.** Section 92.005 of the Zoning Regulations of the Town of Lake Lure is hereby amended to add in alphabetical sequence the following.

Unity of Title: A document recorded in the Official Property Records of Rutherford County, North Carolina, stipulating that a lot, lots or parcels of land shall be held under single ownership, shall not be eligible for further subdivision, and shall not be transferred, conveyed, or sold in any unit other than in its entirety.

**SECTION FIVE.** All ordinances or parts of ordinances in conflict with this ordinance are hereby repealed to the extent of such conflict.

Ordinance No. \_\_\_\_\_  
\_\_\_\_\_, 2013  
Page 3

**SECTION SIX.** If any section, subsection, paragraph, sentence, clause, phrase or portion of this ordinance is for any reason held invalid or unconstitutional by any court of competent jurisdiction, such portion shall be deemed severable and such holding shall not affect the validity of the remaining portions hereof.

**SECTION SEVEN.** The enactment of this ordinance shall in no way affect the running of any amortization provisions or enforcement actions, or otherwise cure any existing zoning violations.

**SECTION EIGHT.** This ordinance shall be in full force and effect from and after its enactment.

Enacted this \_\_\_\_ day of \_\_\_\_\_, 20\_\_.

\_\_\_\_\_  
Bob Keith, Mayor

ATTEST:

\_\_\_\_\_  
Andi Calvert, Town Clerk

Approved as to content & form:

\_\_\_\_\_  
Tom McKay  
Zoning & Planning Board Chairman

\_\_\_\_\_  
Michael Egan  
Community Development Attorney

***Agenda Item: 10g***

# Town of Lake Lure

## Proposed Capital Projects 2014

*PREPARED FOR:*



**Town of Lake Lure**  
P.O. Box 225  
Lake Lure, NC 28746  
January 2014  
Project # 09055/FY2013/14



*Prepared by:*



Brown Consultants, PA  
30 Ben Lippen School Road  
Asheville, NC 28806  
828.350.7683  
828.350.7684 fax

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### **The Town of Lake Lure**

**Capital Projects 2014  
Lake Lure  
Rutherford County, NC**

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## **I. General Background**

The Town of Lake Lure owns and operates a public water system, and a public collection system and sewer treatment plant. Brown Consultants has been working with Town Staff to develop a list of water distribution and sewer projects where improvements are needed.

The water distribution projects were identified from the following:

- Town Staff needs, understanding of system problems
- Citizen input
- Brown Consultants 2009 PER

The following water projects were identified and will be discussed in more detail in the attached sections.

- Washburn Reservoir
- Luremont Water Quality
- Fire Fly Cove interconnect
- Luremont Area-Galvanized Water Lines

The sewer treatment system has been under a Consent Agreement from the State of North Carolina since 2012. The Agreement was established to allow the Town of Lake Lure to trial tests and various operations at the Town sewer plant in order to identify and recommend improved plant process in order to achieve effluent discharge compliance.

Based upon the plant findings, a four (4) phase project was identified and recommended by Brown Consultants and Byers Environmental. The first phase is recognized in this budget for funding.

A second sewer project was identified based upon citizen need and Town need. Currently there does not exist a public sewer along Buffalo Shoals Road, between the Dam and Memorial Highway. The new sewer line would service the Point of View Restaurant, the Dam Marina, the Town Lake Operations Center, and other homes. This project was identified and included in this budget as well.

Included in Section IV of this Report is a summary of the Project(s) Budget.

## **II. Water Project Specifics**

This Section of the report addresses and identifies the project purpose to include the need, justification, a project description and expected outcome. Project Costs are shown as referenced in the previous section of this report.

### **A. Priority No. 1: Washburn Road Reservoir Repair**

#### **Purpose:**

It was discovered in the fall of 2013 that the existing 80,000 gallon concrete water storage tank had a leak. The leak was estimated to be draining from under the tank foundation at a rate of 10 gpm. In order to indentify the location of the leak, two methods would be used:

1. Divers would dive into the tank, dye the water and determine if and where the water was leaking from the tank.
2. A contractor would be hired to excavate fill from under the tank foundation to a safe distance to determine if the was leaking from the tank or the tank feed line.

The combined results of the two exercises yielded that the existing tank feed line, which runs from the center of the tank , under the tank foundation and then to the system, was leaking and was so corroded it should be capped off inside the tank and a new feed/fill line be constructed.

#### **Project Description:**

Install a new tank drain/fill line, install stainless steel plate of the old leaking flange inside the tank, replace the outside operating 6-inch gate valve.

#### **Project Steps:**

This Project is deemed an Emergency Repair Project by the Town staff and NCDENR, therefore the work that has been completed to date includes the Engineering and Design, NCDENR Permit has been obtained, the project was Bid informally and a Recommendation has been issued and the Project Awarded to Steppe Construction.

**Expected Outcome:**

The expected outcome of the project is the tank leak will be repaired, which will end unnecessary running of the well pumps, reduce water loss and power savings on pump run time.

**Project Budget: See Below**

| <b>Item</b>                                   | <b>Description</b> | <b>Unit of Measure</b> | <b>Quantity</b> | <b>Unit Cost</b> | <b>Total Cost</b> |
|-----------------------------------------------|--------------------|------------------------|-----------------|------------------|-------------------|
| 1                                             | Lump sum           | LS                     | N/A             | N/A              | 8,600             |
| <b>Sub-Total Construction Cost of Project</b> |                    |                        |                 |                  | <b>\$8,600</b>    |
| Engineering & Permitting                      |                    |                        |                 |                  | \$1,920           |
| Construction Observation                      |                    |                        |                 |                  | \$1,590           |
| Surveying                                     |                    |                        |                 |                  | \$0               |
| Contingency                                   |                    |                        |                 |                  | \$1,000           |
| <b>Sub-Total Administration</b>               |                    |                        |                 |                  | <b>\$3,510</b>    |
| <b>Total Project Cost</b>                     |                    |                        |                 |                  | <b>\$13,110</b>   |
| <b>Recommended Water Budget</b>               |                    |                        |                 |                  | <b>\$14,000</b>   |

# Town of Lake Lure Water System



## Legend

Water Lines  
— call other values

## DIAMETER

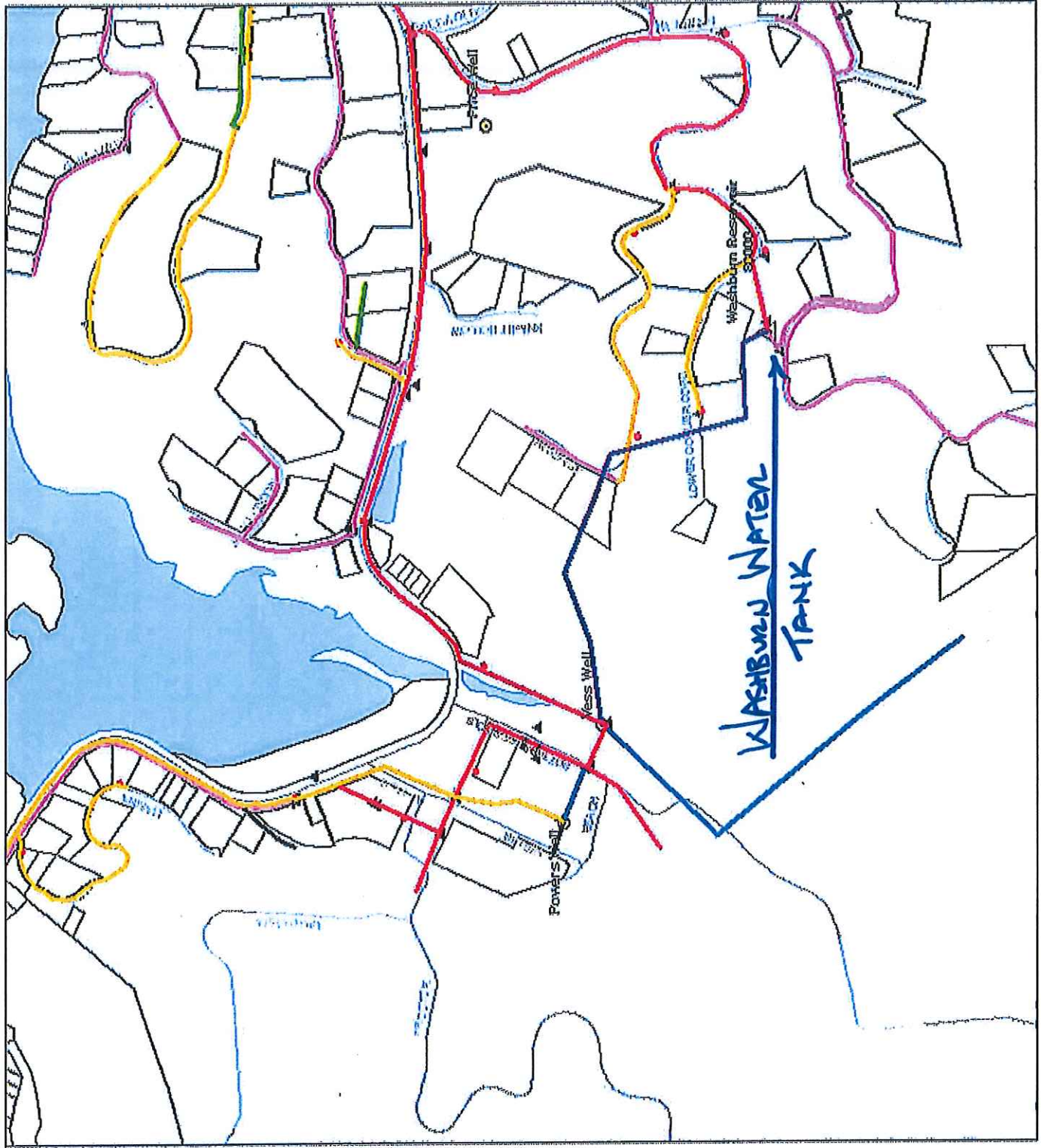
- 1" —
- 2" —
- 3" —
- 4" —
- 6" —
- 8" —
- 12" —

- Hydrants
- Wells
- Water Storage
- Interconnects
- Valves

watercustomers\_2011

1 inch = 500 feet

This map is prepared for the quantity of the water systems in the Town of Lake Lure. The location of the water lines on this map are approximate. The Town of Lake Lure assumes no legal responsibility for the information contained on this map. For the most part, the information shown on this map is not necessarily owned and/or maintained by the Town of Lake Lure.



## **B. Priority No. 2: Improve Water Supply and Water Quality at Asa Gray Road**

### **Purpose:**

The purpose of this project is to replace the existing 3-inch galvanized iron pipe with a new 4-inch PVC pipe.

### **Project Description:**

There have been a number of customer complaints/issues with low pressure, low flow, and water quality concerns such as color and odor. The Luremont area of Town is supplied from the Vess Well behind the Public Works building. The well pumps water directly to the Washburn Road Water Tank via an existing 1,600 l.f. 3-inch galvanized pipe. The galvanized pipe is old and rusted, and is a highly probable cause of the low pressures and flows, and water quality issues such as odor and color.

The project includes connecting a 2-inch PVC loop along the dead-end portion of Asa Grey Road so that there are no longer any dead end water lines serving the residents along Asa Grey Road.

The project also moves the treatment system to the Vess well head with new chemical feed pumps and controls.

### **Project Steps:**

The following steps on this project include:

- Design and Permitting
- Bidding of the work
- Award of Project
- Construction
- Certification of Completion

This project has not been released for design.

### **Expected Outcome:**

This project will result in improved pressure, flow, operation and water quality. The elimination of existing galvanized water line, improved pipe diameter will reduce headloss, reduce maintenance and operational issues. The new 2-inch line (looped) will improve water quality for the residents along Asa Grey, as the line will no longer be a "dead-end" line.

The project will reduce costs as it pertains to chemical use, pump run time, repair and maintenance costs, and save on water, as leaks are eliminated.

**Project Budget Estimates:**

**Asa Gray Road Water Quality Improvement**

|    | Description          | Unit  | Amount | Unit Cost | Total       |
|----|----------------------|-------|--------|-----------|-------------|
| 1  | mobilization         | LS    |        | 5%        | \$2,200.00  |
| 2  | tie to ex system     | each  | 2      | 1200      | \$2,400.00  |
| 3  | new 4 inch pvc w.l.  | LF    | 1400   | 12        | \$16,800.00 |
| 4  | new 2 inch pvc w.l.  | LF    | 200    | 6         | \$1,200.00  |
| 4  | chlorine feed system | LS    | 1      | 5000      | \$5,000.00  |
| 4a | pumps                | each  | 2      | 800       | \$1,600.00  |
| 4b | tanks                | each  | 2      | 1200      | \$2,400.00  |
| 4c | heat/ventilation     | ls    | 1      | 2000      | \$2,000.00  |
| 5  | building             | sq ft | 64     | 75        | \$4,800.00  |
| 6  | valves               | LS    | 1      | 3600      | \$3,600.00  |
| 7  | electrical           | LS    | 1      | 4200      | \$4,200.00  |

sub total \$46,200.00

contingency 15% \$6,930.00

total construction \$53,130.00

permitting \$0.00

survey \$0.00

engineering \$3,927.00

Bidding \$1,300.00

inspection \$2,633.40

closeout \$1,000

total \$61,990.40

**Recommended  
Budget \$62,000.00**

ASA GRAY ROAD

# Town of Lake Lure Water System



## Legend

### Water Lines

— all other values

### DIAMETER

1"

2"

3"

4"

6"

8"

12"

Hydrants

Wells

Water Storage

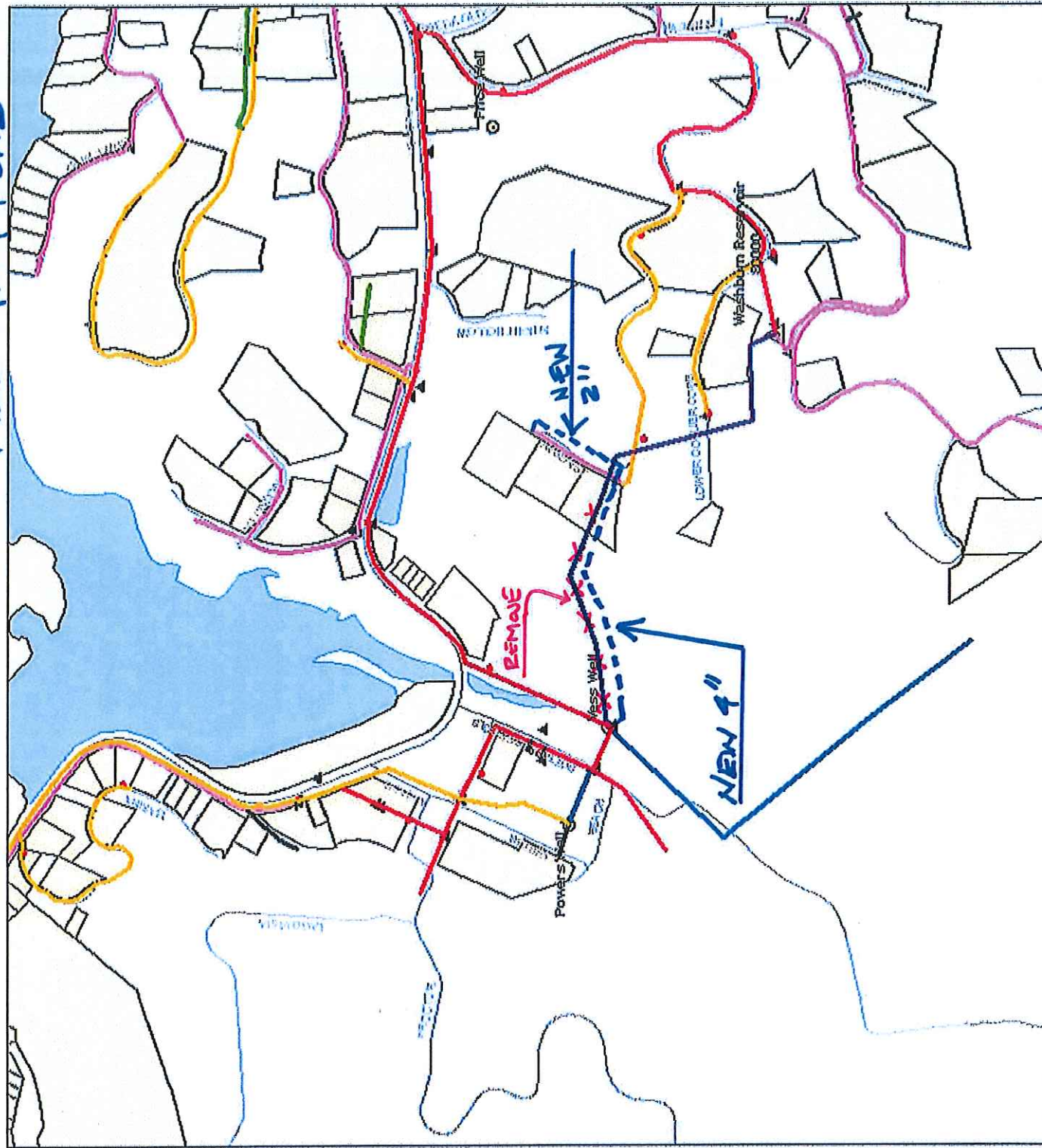
Interconnects

Valves

watercustomers\_2011

1 inch = 500 feet

This map is prepared for the benefit of the water systems in the Town of Lake Lure. The locations of features named on this map are approximate. The Town of Lake Lure assumes no legal responsibility for the information contained on this map. Further more, information shown on this map is not necessarily current and/or maintained by the Town of Lake Lure.



### **C. Priority No. 3: System Improvements at Fire Fly Cove**

#### **Purpose:**

The purpose of this project is to install a new booster pump station, connecting Town of Lake Lure water system to Fire Fly Cove.

#### **Project Description:**

The Fire Fly Cove development is served from a well water system, which is owned and operated by the Town of Lake Lure. The system operates independently from the Lake Lure water system. The existing wells have had regulatory compliance issues with the radiological parameters as set forth by NC Public Water Supply and EPA. This project will connect the Town's system to the Fire Fly Cove system.

The proposed new pump station will be located just inside the Fire Fly Cove development, and will be designed to use the existing pumps, currently being used at the Fire Fly Cove Wells. The project will include:

- Relocation of the existing well pumps. The existing pump houses at the well heads will no longer be used for well water pumping operations.
- Construction of a New Pump house and appurtenances so that the existing pumps can be placed and operated at the New Pump house.
- Connection the New Pump House to the existing Lake Lure water system to provide Lake Lure Town water to the Fire Fly Cove Tank and Community.
- Capping of the Existing two (2) Fire Fly Cove wells.

#### **Project Steps:**

The following steps on this project include:

- Design and Permitting
- Bidding of the work
- Award of Project
- Construction
- Certification of Completion

This project has not been released for design

**Expected Outcome:**

This project will result in the following:

- Improved water quality for Fire Fly Cove
- Will allow for reduced monitoring and reporting costs, as the Fire Fly Cove wells will be capped and no longer in service
- Improved Lake Lure Water system as the Fire Fly Cove water tank will be tied to the
- Allow for greater system storage capacity, system-wide.

**Project Budget: Estimates:****Fire Fly Cove pump station**

|   | Description                  | Unit  | Amount | Unit Cost/unit | Total       |
|---|------------------------------|-------|--------|----------------|-------------|
| 1 | mobilization                 | LS    |        | 5%             | \$2,387.50  |
| 2 | tie to ex system             | each  | 1      | 1500           | \$1,500.00  |
| 3 | relocate existing pumps      | LS    | 1      | 3500           | \$3,500.00  |
| 4 | relocate controls/electrical | each  | 1      | 10,000         | \$10,000.00 |
| 5 | pump station                 | LS    | 1      | 12000          | \$12,000.00 |
| 6 | building                     | sq ft | 170    | 75             | \$12,750.00 |
| 7 | pipng -prv, valves           | LS    | 1      | 6500           | \$6,500.00  |
| 6 | clean up                     | LS    | 1      | 1500           | \$1,500.00  |

sub total \$50,137.50

contingency 15% \$7,520.63

total construction \$57,658.13

permitting \$800.00

survey \$1,000.00

engr \$6,016.50

Bidding \$1,040.00

inspection \$3,760.31

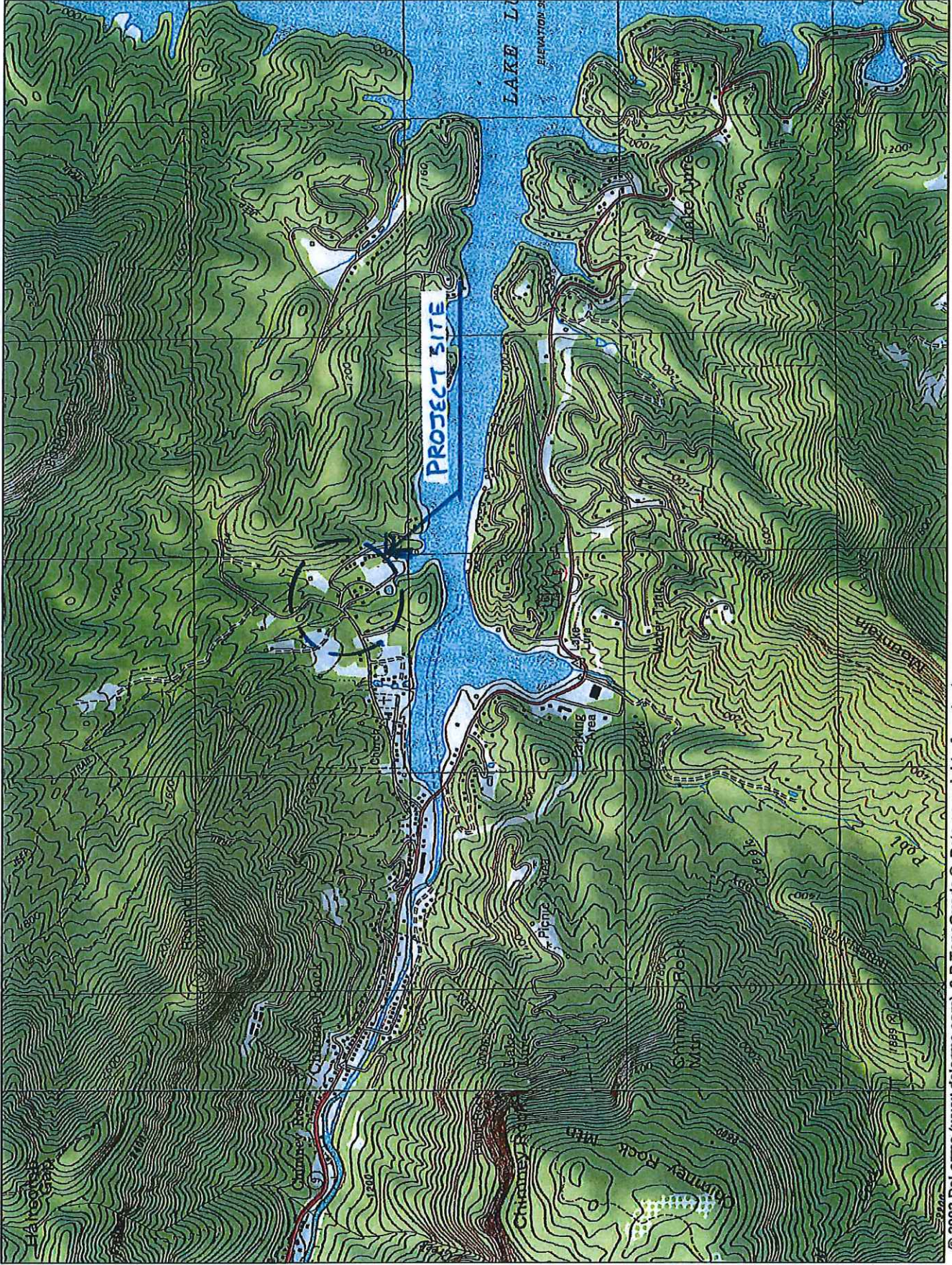
closeout \$1,500

total \$71,774.94

**Recommended Budget \$72,000.00**

# FIRE FLY COVE

47



© 2002 DeLorme (www.delorme.com). 3-D TopoQuads ©. Data copyright of content owner.  
Scale: 1 : 24,000 Map Rotation: 0° Magnetic Declination: 0.0°E

SCALE 1"=2000'

#### **D. Priority No.4: Luremont Area-Galvanized Water Line Replacement**

##### **Purpose:**

The purpose of this project is to replace the existing 3-inch galvanized iron pipe along Washburn Road with a new 2-inch PVC waterline.

##### **Project Description:**

There have been a number of customer complaints/issues with low pressure, low flow, and water quality concerns. The galvanized pipe is old and rusted, and is a highly probable cause of the low pressures and flows, and water quality issues.

The existing 3-inch galvanized pipe runs east for approximately 1,600 linear feet from the Washburn Road Water Tank to the intersection with Mistle Toe Park Road. This entire section has been identified for replacement.

##### **Project Steps:**

The following steps on this project include:

- Design and Permitting
- Bidding of the work
- Award of Project
- Construction
- Certification of Completion

This project has not been released for design.

##### **Expected Outcome:**

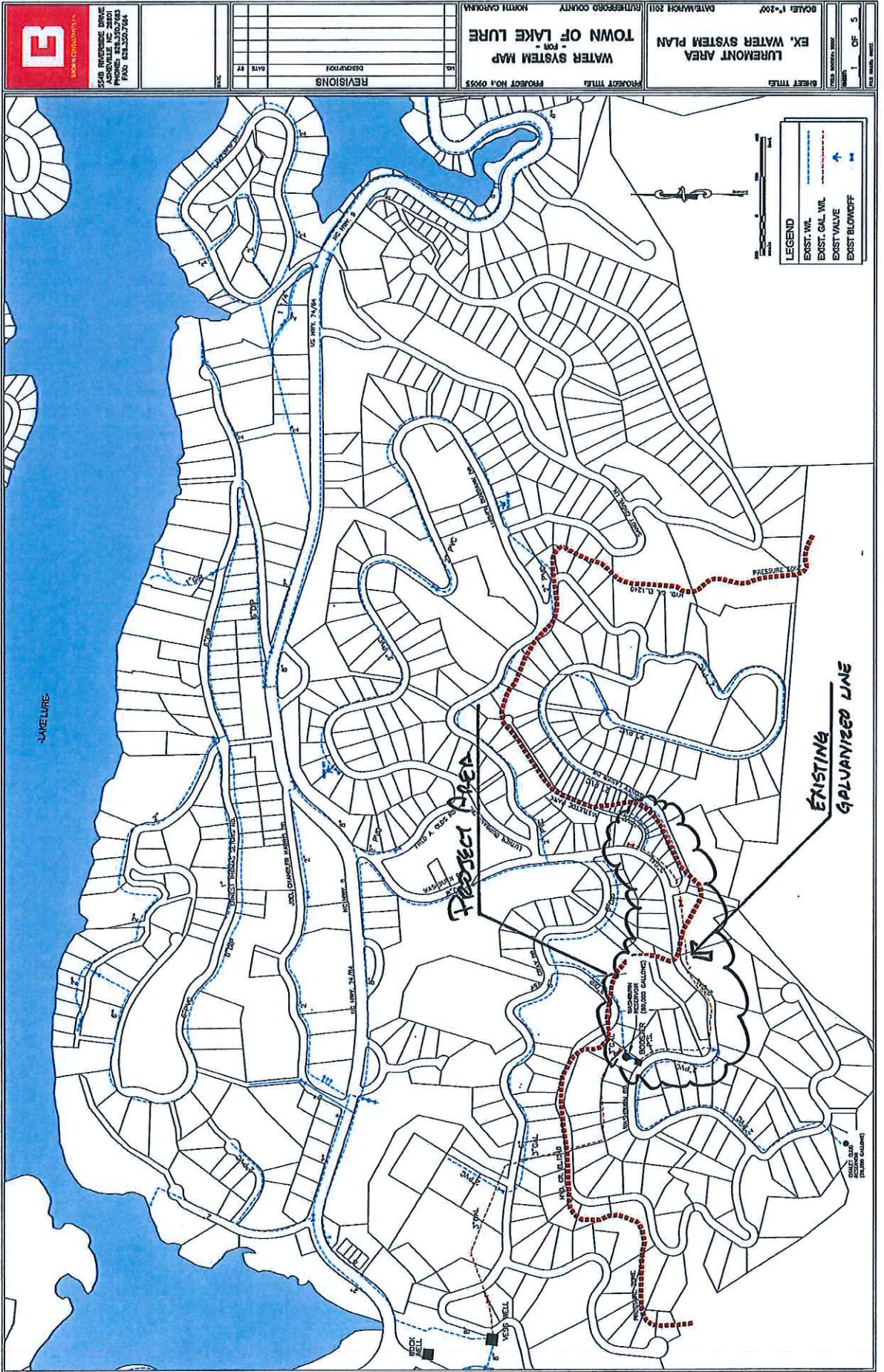
This project will result in improved pressure, flow, operation and water quality. The elimination of existing galvanized water line, improved pipe diameter will reduce headloss, reduce maintenance and operational issues.

At the completion of this Project, there will no longer be any galvanized water line pipe in the Luremont Area of Town. Please refer to the attached location map.

**Project Budget Estimates:**

**Luremont Water Galvanized Waterline Replacement - Project Budget**

| <b>Item</b>                                   | <b>Description</b>  | <b>Unit of Measure</b> | <b>Quantity</b> | <b>Unit Cost</b> | <b>Total Cost</b> |
|-----------------------------------------------|---------------------|------------------------|-----------------|------------------|-------------------|
| 1                                             | Mobilization        | LS                     | N/A             | N/A              | 11,500            |
| 3                                             | 2" PVC Waterline    | LF                     | 1400            | 10               | 14,000            |
| 5                                             | Service Connection  | EA                     | 5               | 500              | 2,500             |
| 6                                             | Fittings            | LBS                    | 5100            | 1.50             | 7,650             |
| 7                                             | Compacted ABC Stone | TON                    | 500             | 20               | 10,000            |
| 8                                             | Asphalt Road Repair | TON                    | 50              | 90               | 4,500             |
| <b>Sub-Total Construction Cost of Project</b> |                     |                        |                 |                  | <b>\$50,150</b>   |
| Engineering & Permitting                      |                     |                        |                 |                  | \$5,015           |
| Construction Observation                      |                     |                        |                 |                  | \$3,260           |
| Surveying                                     |                     |                        |                 |                  | \$1,505           |
| Contingency                                   |                     |                        |                 |                  | \$7,523           |
| <b>Sub-Total Administration</b>               |                     |                        |                 |                  | <b>\$17,302</b>   |
| <b>Total Project Cost</b>                     |                     |                        |                 |                  | <b>\$67,452</b>   |
| <b>Recommended Water Budget</b>               |                     |                        |                 |                  | <b>\$68,000</b>   |



### **III. Sewer Project Specifics**

#### **A. Priority No.1 Waste Water Treatment Plant Phase I: Improvements**

##### **Purpose:**

The purpose of this project is to provide improved plant facilities for better operation and maintenance of solids handling, and to provide improvements to plant effluent compliance.

##### **Project Description:**

**History:** The compliance issues at the plant have been primarily the effluent parameters for TSS, Ammonia (NH<sub>3</sub>), and occasional high fecal. The plant has been operated as a hybrid Physical-Chemical plant since the late 1990's. The Town of Lake Lure has undergone a yearlong pilot study at the plant, including converting the operations to a biological plant. The study has been successful in that the plant problems with TSS, NH<sub>3</sub>, and fecal have been reduced to primarily a NH<sub>3</sub> issue.

##### **Findings and Results:**

As a result of the yearlong analysis, it was determined that operating the plant as a biological plant can be done, and is more affordable than a physical-chemical treatment operation.

However, due to the plant's age, and broken components, non-existing treatment units, and undersized treatment units, the plant continues to be non-compliant with its NH<sub>3</sub> limit, and in periods of excessive flow, non-compliance with its TSS limit.

The study determined that use of the existing plant site is feasible, however, in order to be compliant with the WWTP NPDES permit, the existing treatment units must be upgraded and new units added.

Brown Consultants and the study recognize that there is consideration to interconnect a sewer pipe to either Spindale or Rutherfordton, and eventually mothballing the sewer plant. It is recommended that only the first phase of the projects be implemented at this time.

The first phase FY 13/14 addresses the immediate needs for solids handling. Currently the solids handling program is a temporary operation, established in order to pilot a geotube dewatering operation. There are two 22 yard trash roll-offs parked within the WWTP fencing with temporary piping placed in order to discharge sludge from the digester and piping to collect the decant from the geotubes. The geotubes have proven to

be an efficient treatment unit, as well as a cost efficient unit. We are recommending that a permanent geotube dewatering, sludge handling facility be installed. The permanent installation includes concrete pads, permanent piping in order to collect, dewater, decant and remove the spent geotubes from the site in a more efficient, permanent method. This sludge handling unit will be designed to double the size of the pilot study as the solids in the plant contribute to high NH<sub>3</sub>, and reduced plant capacity. A permanent solids handling removal facility is to design to handle a more efficient and larger solids removal process than is currently in place.

Also recommended in the first phase of work is to provide permanent plant chemical piping. As stated prior, the plant is being run as a biological plant, however due to treatment unit limitations, and the physical properties of the influent sewer, some chemical additions are being made in order to improve treatment efficiency.

Chemical addition is required for pH, TSS removal (settling), Chlorine disinfection, and dechlorination. The current plant chemical piping includes plastic tubing running above ground from the head of the plant to end of the plant. Tubing was used in the pilot study because of the ease of relocating injection points. The con of using above ground tubing is that it is exposed to weather (hot and freezing), and has been a maintenance issue. Now that the process, and location of injection points have been determined, permanent buried piping is recommended so that general cold, freezing, weather does not affect the piping and chemical distribution.

The first phase also identifies the need to repair the leak in the digester, as it being used as both a digester and a batch aeration unit. The tank needs to be repaired in order to use its full capacity.

The following is summary of the total recommendations, including the first phase of work. The subsequent phases identify a permanent solution with upgraded/new treatment units, which will be needed for a long-term compliance, if the sewer line to Rutherfordton/Spindale is not made.

The Study recommended four phased project approach:

- FY 13/14      Permanent GeoTube Structure (solids)  
                    Plant Piping: Solids and Chemical  
                    Repair Digester
  
- FY 14/15      New Clarifier  
                    New Digester  
                    New Transfer (RAS) Pump  
                    New CL<sub>2</sub> Chamber  
                    Plant Piping for FY 14/15 Improvements

- FY 15/16      New Influent Static Screens  
Settling Tank/Aeration Tank  
Plant Piping for FY 15/16
- FY 16/17      New Air Blowers  
New Air Piping  
New Floor in Chemical Room  
Disk Filter/ Plant Polish Unit

**Project Steps:**

The following steps on this project include:

- Apply and Secure SRF Loan from NCDENR
- Design and Permitting
- Bidding of the work
- Award of Project
- Construction
- Certification of Completion

This project application has been completed and submitted to NCDENR-DWI –SRF and has been deemed complete. Brown Consultants is working with the staff at NCDENR-DWI-SRF to secure the final financial package and offer for the Town to consider for acceptance. We will continue to work with the Town Manager in updating of the process and any financing timelines.

**Expected Outcome:**

This project will result in improved sludge handling, utilization of full digester capacity, and will eliminate the temporary piping (chemical and sludge piping) that is now in place.

**Project Budget Estimates:**

We have attached the Project Budget Estimate as submitted to NCDENR-DWI-SRF

**Town of Lake Lure WWTP Improvements 2014**

|   | Description              | Unit | Amount | Unit Cost | Total       |
|---|--------------------------|------|--------|-----------|-------------|
| 1 | mobilization             | LS   |        | 5%        | \$3,338.75  |
| 2 | Geotube Structure        | LS   | 4      | 7500      | \$30,000.00 |
| 3 | Sludge Piping            | LF   | 200    | 35        | \$7,000.00  |
| 4 | sludge valves            | each | 12     | 1200      | \$14,400.00 |
| 5 | sludge fittings          | #    | 250    | 3.5       | \$875.00    |
| 6 | Chemical Piping          | LF   | 300    | 12        | \$3,600.00  |
| 7 | chemical valves          | each | 16     | 25        | \$400.00    |
| 8 | chemical piping fittings | LS   | 1      | 2000      | \$2,000.00  |
| 9 | Repair Digester          | LS   | 1      | 8500      | \$8,500.00  |

sub total \$70,113.75

contingency 15% \$10,517.06

total construction **\$80,630.81**

permitting \$1,612.62

Grant/Loan Admin \$10,000.00

angry \$5,959.67

Bidding \$1,300.00

inspection \$3,645.92

total \$103,149.01

**Recommended Budget \$ 104,000.00**

## **B. Priority No.2 Buffalo Shoals Sewer Extension**

### **Purpose:**

The purpose of this project is to provide public sewer along Buffalo Shoals Road from the Dam to Memorial Highway.

### **Project Description:**

The project is intended to provide for public sewer along Buffalo Shoals Road, as the current sewer available is only private septic tanks. The project would provide the Dam Marina, Point of View Restaurant, Town Lake Operations, and other homes in the vicinity center with public sewer.

The project includes the installation of approximately 1,200 l.f. of new 2 and 4-inch force main, three small grinder pump stations to collect the sewer and discharge it below the dam at the Sewer Plant Pump Station.

### **Project Steps:**

The following steps on this project include:

- Apply and Secure SRF Loan from NCDENR
- Design and Permitting
- Bidding of the work
- Award of Project
- Construction
- Certification of Completion

This project application has been completed and submitted to NCDENR-DWI –SRF and has been deemed complete. Brown Consultants is working with the staff at NCDENR-DWI-SRF to secure the final financial package and offer for the Town to consider for acceptance. We will continue to work with the Town Manager in updating of the process and any financing timelines.

### **Expected Outcome:**

This project will eliminate three (3) existing septic tanks, two (2) of which are within 100 feet of the lake.

**Project Budget Estimates:**

| <b>Budget for Entire Interconnect</b> |                                  |                        |                 |                  |                   |
|---------------------------------------|----------------------------------|------------------------|-----------------|------------------|-------------------|
| <b>Item</b>                           | <b>Description</b>               | <b>Unit of Measure</b> | <b>Quantity</b> | <b>Unit Cost</b> | <b>Total Cost</b> |
| 1                                     | 2" pvc FM                        | LF                     | 800             | \$20             | \$16,000          |
| 2                                     | 4" DIP FM                        | LF                     | 300             | \$40             | \$12,000          |
| 3                                     | support piers                    | LS                     | 5               | \$4,000          | \$20,000          |
| 4                                     | Pump Station                     | EA                     | 4               | \$7,500          | \$30,000          |
| 5                                     | connection to dam/supports       | LS                     | 4               | \$4,000          | \$16,000          |
| 6                                     | grassing                         | LS                     | N/A             | N/A              | \$8,000           |
| <b>Total Construction:</b>            |                                  |                        |                 |                  | <b>\$102,000</b>  |
| <b>Other</b>                          |                                  |                        |                 |                  |                   |
| 6                                     | Engineering (8.5%):              |                        |                 |                  | \$8,670           |
| 8                                     | Permitting:                      |                        |                 |                  | \$6,000           |
| 9                                     | Construction Observation (5.2%): |                        |                 |                  | \$5,304           |
| 10                                    | Surveying - Allowance:           |                        |                 |                  | \$2,400           |
| 11                                    | Contingency (5%):                |                        |                 |                  | \$5,100           |
| <b>Total Other:</b>                   |                                  |                        |                 |                  | <b>\$27,474</b>   |
| <b>Total Project:</b>                 |                                  |                        |                 |                  | <b>\$129,474</b>  |
| <b>Total Project Budget:</b>          |                                  |                        |                 |                  | <b>\$129,474</b>  |

#### **IV. Dam Access Road Repair**

##### **Purpose:**

The purpose of this project is to repair various locations on the Dam Access Road (Old Hwy 20.), from US Hwy 64 to the base of the Dam.

##### **Project Description:**

The Dam Access Road (Old State Hwy 20) has numerous sinkholes, potholes, road shoulders that need shoring, water drainage issues, and at the base of the dam, the road is sinking and sloughing off towards the river.

The project identified each problem area along the road, identified description of work to be performed for repair, specifications and details.

##### **Project Steps:**

The following steps on this project included:

- Field Evaluation of Roadway
- Completion of Project Workbook
- Bidding of work
- Construction
- Certification of Completion

This project is currently out to BID. Bids will be opened February 25, 2014 at Town Hall.

##### **Expected Outcome:**

This project will result in an improved Road way, with the elimination of the sinkholes, potholes, cracked asphalt surface, water drainage issues, and the roadway shoulder at the base of the Dam will be repaired such that it will no longer be sinking and sliding into the River.

**Project Budget Estimates:**

| <b>Item</b>              | <b>Description</b>                | <b>Measure</b> | <b>Quantity</b> | <b>Unit Price</b> | <b>Total Price</b> |
|--------------------------|-----------------------------------|----------------|-----------------|-------------------|--------------------|
| 1                        | Mobilization - Demobilization     | LS             | 1               | 5000              | \$ 5,000           |
| 2                        | Overlay approximately 10' x 2200' | LS             | 1               | 40500             | \$ 40,500          |
| 3                        | Exhibit B Sta. 0+40 – 0+56        | LS             | 1               | 1600              | \$ 1,600           |
| 4                        | Exhibit D Sta. 3+00 – 3+45        | LS             | 1               | 4500              | \$ 4,500           |
| 5                        | Exhibit E Sta. 3+60 – 3+75        | LS             | 1               | 2700              | \$ 2,700           |
| 6                        | Exhibit F Sta. 4+15 – 4+35        | LS             | 1               | 2200              | \$ 2,200           |
| 7                        | Exhibit G Sta. 5+05 – 5+27        | LS             | 1               | 1500              | \$ 1,500           |
| 8                        | Exhibit H Sta. 5+85 + 6+12        | LS             | 1               | 2700              | \$ 2,700           |
| 9                        | Exhibit J Sta. 17+87 – 18+30      | LS             | 1               | 12500             | \$ 12,500          |
| 10                       | Exhibit L Sta. 21+21 – 22+10      | LS             | 1               | 70000             | \$ 70,000          |
| <b>Construction Cost</b> |                                   |                |                 | <b>\$</b>         | <b>143,200</b>     |

Bid Package/Workbook \$4,200.00

Construction Approvals \$3,200.00

total \$ 150,600

**Project Budget \$ 151,000**

## V. Project Finances

Please note the following Capital Improvement Projects Estimated Costs and source of funding below.

### Capital Improvement Projects - 2014

| Item | Project Name                        | Estimated Project Cost | Funding Source                                                        | 2014 Expenditure |
|------|-------------------------------------|------------------------|-----------------------------------------------------------------------|------------------|
| 1    | Washburn reservoir repair           | \$14,000               | General Fund - 3 cent capital improvement appropriation               | \$14,000         |
| 2    | Asa Gray - Water Quality            | \$62,000               | General Fund - 3 cent capital improvement appropriation               | \$60,000         |
| 3    | Fire Fly Cove Interconnect          | \$72,000               | General Fund - 3 cent capital improvement appropriation               | \$70,000         |
| 4    | WWTP Improvements                   | \$104,000              | 20-year loan - payments from 3 cent capital improvement appropriation | \$7,488          |
| 5    | Buffalo Shoals Sewer Extension      | \$130,000              | 20-year loan - payments from 3 cent capital improvement appropriation | \$9,360          |
| 6    | Luremont - replace galvanized lines | \$68,000               |                                                                       | \$68,000         |

|       |           |           |
|-------|-----------|-----------|
| Total | \$450,000 | \$228,848 |
|-------|-----------|-----------|

| Item | Project Name           | Estimated Project Cost | Funding Source     | 2014 Expenditure |
|------|------------------------|------------------------|--------------------|------------------|
| 1    | Dam Access Road Repair | \$151,000              | Hydroelectric Fund | \$151,000        |

Please Note that the Loan amounts listed above are based upon the NCSRF Loan Program Amortization Tables, 20 years at 2.2% interest. The loan payment only reflects the year one payment. We have attached below the Amortization Tables:

The WWTP Plant Loan Amortization Table is based upon a 20 year loan at 2.2 %.

**Payment Calculator      WWTP**

| Year | Loan Amount  | Principle Payment | Interest Payment              | Total Payment              |
|------|--------------|-------------------|-------------------------------|----------------------------|
| 1    | \$104,000.00 | \$5,200.00        | \$2,288.00                    | \$7,488.00                 |
| 2    | \$98,800.00  | \$5,200.00        | \$2,173.60                    | \$7,373.60                 |
| 3    | \$93,600.00  | \$5,200.00        | \$2,059.20                    | \$7,259.20                 |
| 4    | \$88,400.00  | \$5,200.00        | \$1,944.80                    | \$7,144.80                 |
| 5    | \$83,200.00  | \$5,200.00        | \$1,830.40                    | \$7,030.40                 |
| 6    | \$78,000.00  | \$5,200.00        | \$1,716.00                    | \$6,916.00                 |
| 7    | \$72,800.00  | \$5,200.00        | \$1,601.60                    | \$6,801.60                 |
| 8    | \$67,600.00  | \$5,200.00        | \$1,487.20                    | \$6,687.20                 |
| 9    | \$62,400.00  | \$5,200.00        | \$1,372.80                    | \$6,572.80                 |
| 10   | \$57,200.00  | \$5,200.00        | \$1,258.40                    | \$6,458.40                 |
| 11   | \$52,000.00  | \$5,200.00        | \$1,144.00                    | \$6,344.00                 |
| 12   | \$46,800.00  | \$5,200.00        | \$1,029.60                    | \$6,229.60                 |
| 13   | \$41,600.00  | \$5,200.00        | \$915.20                      | \$6,115.20                 |
| 14   | \$36,400.00  | \$5,200.00        | \$800.80                      | \$6,000.80                 |
| 15   | \$31,200.00  | \$5,200.00        | \$686.40                      | \$5,886.40                 |
| 16   | \$26,000.00  | \$5,200.00        | \$572.00                      | \$5,772.00                 |
| 17   | \$20,800.00  | \$5,200.00        | \$457.60                      | \$5,657.60                 |
| 18   | \$15,600.00  | \$5,200.00        | \$343.20                      | \$5,543.20                 |
| 19   | \$10,400.00  | \$5,200.00        | \$228.80                      | \$5,428.80                 |
| 20   | \$5,200.00   | \$5,200.00        | \$114.40                      | \$5,314.40                 |
|      |              |                   | Total Interest<br>\$24,024.00 | Total Paid<br>\$128,024.00 |

The Buffalo Shoals Sewer Amortization Table is based upon a 20 year loan at 2.2 %.

**Payment Calculator**

**Buffalo Shoals Sewer**

| <b>Year</b> | <b>Loan Amount</b> | <b>Principal Payment</b> | <b>Interest Payment</b>              | <b>Total Payment</b>              |
|-------------|--------------------|--------------------------|--------------------------------------|-----------------------------------|
| 1           | \$130,000.00       | \$6,500.00               | \$2,860.00                           | \$9,360.00                        |
| 2           | \$123,500.00       | \$6,500.00               | \$2,717.00                           | \$9,217.00                        |
| 3           | \$117,000.00       | \$6,500.00               | \$2,574.00                           | \$9,074.00                        |
| 4           | \$110,500.00       | \$6,500.00               | \$2,431.00                           | \$8,931.00                        |
| 5           | \$104,000.00       | \$6,500.00               | \$2,288.00                           | \$8,788.00                        |
| 6           | \$97,500.00        | \$6,500.00               | \$2,145.00                           | \$8,645.00                        |
| 7           | \$91,000.00        | \$6,500.00               | \$2,002.00                           | \$8,502.00                        |
| 8           | \$84,500.00        | \$6,500.00               | \$1,859.00                           | \$8,359.00                        |
| 9           | \$78,000.00        | \$6,500.00               | \$1,716.00                           | \$8,216.00                        |
| 10          | \$71,500.00        | \$6,500.00               | \$1,573.00                           | \$8,073.00                        |
| 11          | \$65,000.00        | \$6,500.00               | \$1,430.00                           | \$7,930.00                        |
| 12          | \$58,500.00        | \$6,500.00               | \$1,287.00                           | \$7,787.00                        |
| 13          | \$52,000.00        | \$6,500.00               | \$1,144.00                           | \$7,644.00                        |
| 14          | \$45,500.00        | \$6,500.00               | \$1,001.00                           | \$7,501.00                        |
| 15          | \$39,000.00        | \$6,500.00               | \$858.00                             | \$7,358.00                        |
| 16          | \$32,500.00        | \$6,500.00               | \$715.00                             | \$7,215.00                        |
| 17          | \$26,000.00        | \$6,500.00               | \$572.00                             | \$7,072.00                        |
| 18          | \$19,500.00        | \$6,500.00               | \$429.00                             | \$6,929.00                        |
| 19          | \$13,000.00        | \$6,500.00               | \$286.00                             | \$6,786.00                        |
| 20          | \$6,500.00         | \$6,500.00               | \$143.00                             | \$6,643.00                        |
|             |                    |                          |                                      |                                   |
|             |                    |                          | <b>Total Interest</b><br>\$30,030.00 | <b>Total Paid</b><br>\$160,030.00 |

***Agenda Item: 10h***

## Andi Calvert

---

**From:** Lake Lure Town Manager [townmgr@townoflakelure.com]  
**Sent:** Thursday, February 06, 2014 5:36 PM  
**To:** Bob Cameron; Bob Cameron (town); Bob Keith; 'Bob Keith (town)'; Diane Barrett; Diane Barrett (town); 'John W. Moore'; John W. Moore (town); Mary Ann Dotson; Mary Ann Silvey (town)  
**Cc:** 'Andi Calvert'; 'Sam Karr'; 'Thadd Hodge'  
**Subject:** Water Rates  
**Attachments:** Water System Analysis 2014.pdf

Commissioners:

Sam and Thadd have prepared you an update on the status of the water/sewer fund and the impact of this year's shortfall in water revenues (since rates were not changed). This will be a review and discussion item for Tuesday night's meeting.

Thanks -

## Chris Braund

*Town Manager*

**2948 Memorial Highway**

**Lake Lure, NC 28746**

**Office:** 828.625.9983, Ext. 101

**Web:** [townoflakelure.com](http://townoflakelure.com)





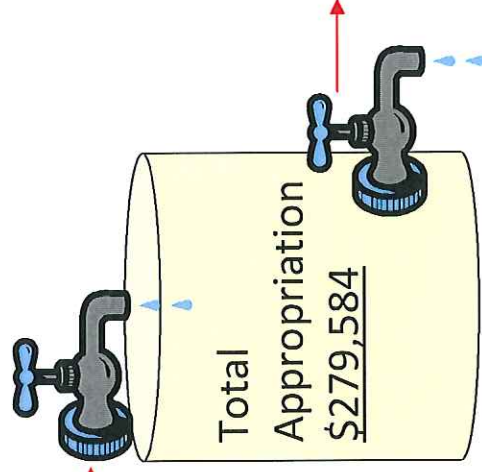
# Water System Analysis



# Water FY 2013-14 Estimated Revenues and Appropriations

\*updated to reflect NO change in water rate for FY 13-14

| SOURCES OF FUNDING                |                  |
|-----------------------------------|------------------|
| Chimney Rock Water Administration | \$15,000         |
| Water Charges and Fees            | \$198,012        |
| Water Tank Rental                 | \$12,000         |
| Duke Antenna Mount                | \$16,926         |
| Transfer from Fund Balance        | \$37,646         |
| <b>TOTAL SOURCES</b>              | <b>\$279,584</b> |



## Water Operations

- 456 customers in 2012
- Customer setup, billing, service
- Maintain 29.71 miles of water lines
- Maintain 11 wells and 2 booster pumps
- Read 589 meters 6 times per year; install & maintain meters
- Treat water with chlorine; lab testing of water quality
- Engineering services
- Maintain vehicles
- Utilities
- Permits, certifications & training
- Administration (Accounting, HR, Management)

## Capital Outlay

- \$16,926- Duke Power Contract and Equipment

## Debt Service

- \$72,721 – detail on Water and Sewer Fund Long-Term Debt slide

## Resources

- (.5) Water System Supervisor
- (.5) Water System Technician
- (.5) Customer Service Supervisor
- 2 trucks

## **Water and Sewer Fund Sources of Revenue**

This fund is designed to be self-supporting as a business enterprise. Utility rates should be set sufficient to cover the cost of operations, capital improvements and the funding of capital reserves.

The sources of revenues for the Water and Sewer Fund are:

- 1) Water Usage Fees
- 2) Sewer Usage Fees
- 3) Tap Fees for Water
- 4) Tap Fees for Sewer
- 5) Grants
- 6) Revenue for the management of the Chimney Rock Village water system
- 7) Other Miscellaneous Revenues such as transfer fees, penalties and interest charges, interest earnings and Water Tower rental (\$12,000)
- 8) Transfers (subsidies) from General and Electric Funds (if any)

# Current Customer Bills Analysis

## Bi-Monthly Figures

| Bi-Monthly                                                                                                                                                                                      |            |                |                 |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|----------------|-----------------|
| Current Rate Structure                                                                                                                                                                          |            |                |                 |
| Water                                                                                                                                                                                           | Usage      | Gallons        | Rate            |
| commercial base rate (\$53)<br>residential base rate (\$44)                                                                                                                                     | Base       | 0-5000         | \$3.68/1000 gal |
|                                                                                                                                                                                                 | Step 1     | 5000-20000     | \$4.20/1000 gal |
|                                                                                                                                                                                                 | Step 2     | >20000         | \$4.73/1000 gal |
| <div> <div>Current Figures</div> <div>                     Average Residential Water Bill \$59.38<br/>                     Average Commercial Water Bill \$120.44                 </div> </div> |            |                |                 |
| Residential                                                                                                                                                                                     |            |                |                 |
| Bill at:                                                                                                                                                                                        | Total Cost | Base Rate Cost | Usage Cost      |
| 0 gal                                                                                                                                                                                           | \$44.00    | \$44.00        | \$0.00          |
| 4000 gal                                                                                                                                                                                        | \$58.72    | \$44.00        | \$14.72         |
| 8000 gal                                                                                                                                                                                        | \$77.60    | \$44.00        | \$33.60         |
| 21,000 gal                                                                                                                                                                                      | \$143.33   | \$44.00        | \$99.33         |

## Monthly Figures

| Monthly                                                                                                                                                                                        |            |                |                 |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|----------------|-----------------|
| Current Rate Structure                                                                                                                                                                         |            |                |                 |
| Water                                                                                                                                                                                          | Usage      | Gallons        | Rate            |
| commercial base rate (\$26.50)<br>residential base rate (\$22)                                                                                                                                 | Base       | 0-5000         | \$1.84/1000 gal |
|                                                                                                                                                                                                | Step 1     | 5000-20000     | \$2.10/1000 gal |
|                                                                                                                                                                                                | Step 2     | >20000         | \$2.37/1000 gal |
| <div> <div>Current Figures</div> <div>                     Average Residential Water Bill \$29.69<br/>                     Average Commercial Water Bill \$60.22                 </div> </div> |            |                |                 |
| Residential                                                                                                                                                                                    |            |                |                 |
| Bill at:                                                                                                                                                                                       | Total Cost | Base Rate Cost | Usage Cost      |
| 0 gal                                                                                                                                                                                          | \$22.00    | \$22.00        | \$0.00          |
| 4000 gal                                                                                                                                                                                       | \$29.36    | \$22.00        | \$7.36          |
| 8000 gal                                                                                                                                                                                       | \$38.80    | \$22.00        | \$16.80         |
| 21,000 gal                                                                                                                                                                                     | \$71.77    | \$22.00        | \$49.77         |

# Our bills compared to others around the state...

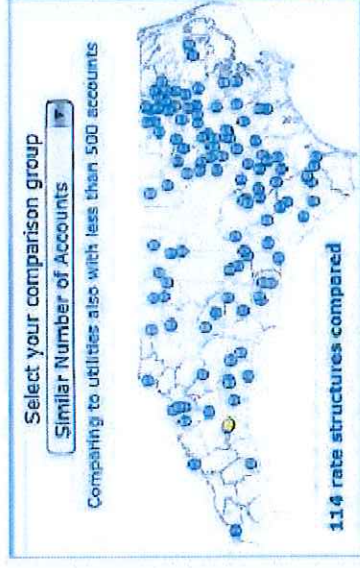
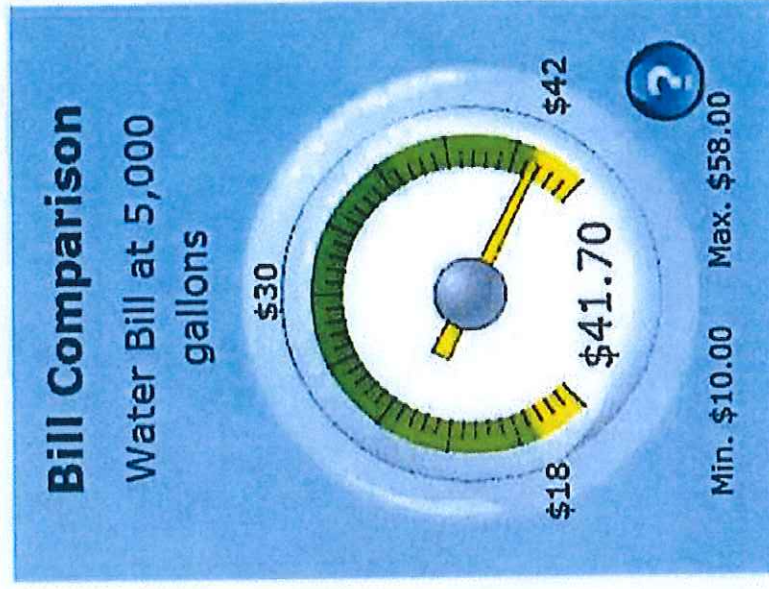
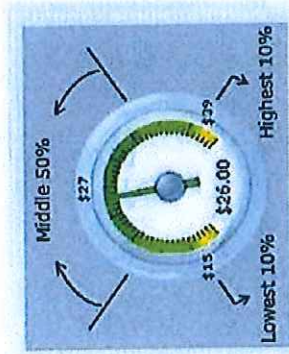
## Water Bills

(with similar number of users; less than 500 accounts)

### Bill as % of Median Household Income:

Lake Lure-.95%  
Saluda-1.11%  
Beech Mountain-.93%  
Robbinsville-2.34%

The image below, shows how to interpret the comparison meters to the right.

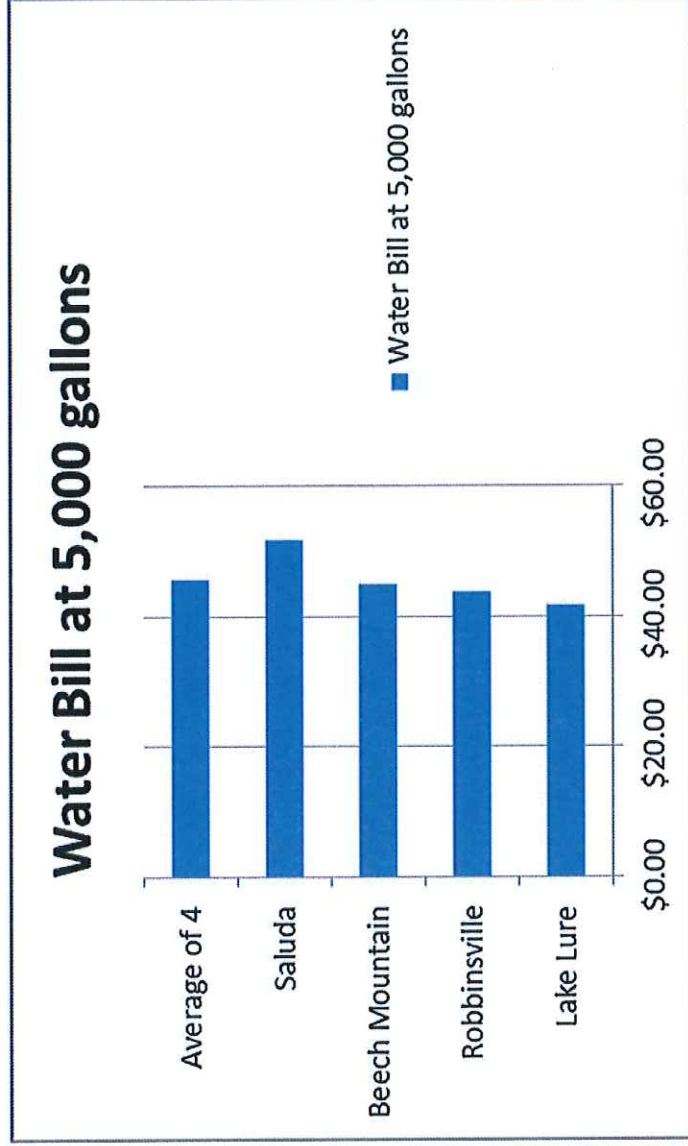


Copyright (c) 2013 Environmental Finance Center at the UNC School of Government. Data sources: EFC / N.C. League of Municipalities Rates Survey, N.C. Local Government Commission, EPA SDWIS, NCDENR PWSS, U.S. Census Bureau, N.C. Department of Commerce, N.C. Rural Center. Funding provided by the U.S. EPA.

# Water bill in comparison to other mountain towns

In comparison to other local mountain towns, Lake Lure's water bill at 5,000 gallons is about average as shown.

|                             | Lake Lure | Robbinsville | Beech Mountain | Saluda  | Average of 4 |
|-----------------------------|-----------|--------------|----------------|---------|--------------|
| Water Bill at 5,000 gallons | \$41.70   | \$43.70      | \$45.00        | \$51.85 | \$45.56      |



# Water System Operating Budget

**Contractual Services include:**

- Water Testing

**Professional Services Include:**

- Studies
- Technical Reviews
- Water Assistance

| <u>Water System - Operating Budget</u> |              |
|----------------------------------------|--------------|
| Salaries                               | \$60,207.00  |
| Overtime                               | \$2,500.00   |
| Benefits                               | \$24,778.00  |
| Contractual Services                   | \$18,000.00  |
| Professional Services                  | \$4,000.00   |
| Utilities                              | \$17,000.00  |
| Repairs & Maint - bldgs                | \$10,100.00  |
| Repairs & Maint - equip                | \$15,000.00  |
| Repairs & Maint - vehicles             | \$4,000.00   |
| Repairs & Maint - lines                | \$13,000.00  |
| Supplies - Fuel                        | \$5,750.00   |
| Supplies - Dept                        | \$7,925.00   |
| Administration Charge                  | \$5,000.00   |
| Travel & Transportation                | \$830.00     |
| Telephone                              | \$800.00     |
| Dues & Subscriptions                   | \$547.00     |
| Equipment Rental                       | \$500.00     |
| Total:                                 | \$189,937.00 |

# Water and Sewer Fund

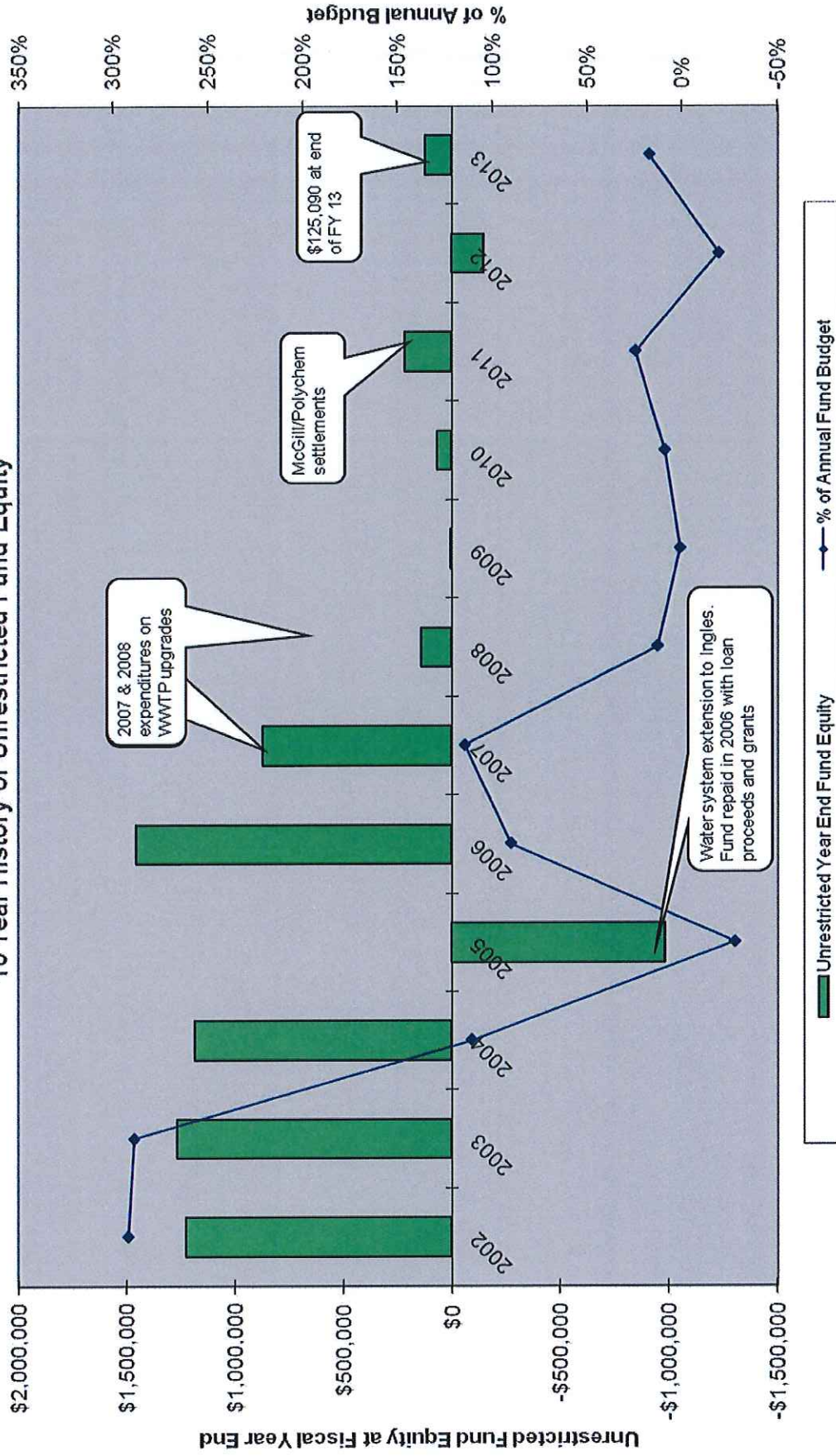
## Long-Term Debt

Long-term debt is used strategically to fund projects that will bring long-lasting benefits to the town without having to bear the full cost in the initial year(s).

| LONG TERM DEBT                                 |                  |               |                              |
|------------------------------------------------|------------------|---------------|------------------------------|
| Project                                        | Payments Through | Interest Rate | Budgeted FY 2013-14 Payments |
| Water Line Extension to Ingles (& Water Tower) | 2025-26          | 2.305%        | \$72,721                     |
| Sewer Joint Wrapping                           | 2030-31          | 0%            | \$63,990                     |
| TOTAL SOURCES                                  |                  |               | <u>\$136,711</u>             |

# Town of Lake Lure, NC Water & Sewer Fund

## 10 Year History of Unrestricted Fund Equity



# Summary of Water and Sewer FY 2013-14

## Estimated Revenues and Budgeted Appropriations

\*updated to reflect NO change in water rate for FY 13-14

| WATER                                              |                   | SEWER                                              | TOTAL                       |
|----------------------------------------------------|-------------------|----------------------------------------------------|-----------------------------|
| <u>Revenues</u>                                    |                   | <u>Revenues</u>                                    |                             |
| Estimated Charges and Fees                         | \$198,012         | Estimated Charges and Fees                         | <u>\$477,050</u>            |
| Water Tank Rental                                  | \$12,000          |                                                    |                             |
| Duke Antenna Mount                                 | \$16,926          |                                                    |                             |
| Chimney Rock Water Administration                  | <u>\$15,000</u>   |                                                    |                             |
| Total                                              | \$241,938         | Total                                              | \$477,050                   |
| <u>Appropriations</u>                              |                   | <u>Appropriations</u>                              |                             |
| Water Operating Expenses                           | \$189,937         | Sewer Operating Expenses                           | \$367,409                   |
| Water Capital Expenses                             | \$16,926          | Sewer Capital Expenses                             | \$25,005                    |
| Water Debt Service                                 | <u>\$72,721</u>   | Sewer Debt Service                                 | <u>\$63,990</u>             |
| Total                                              | \$279,584         | Total                                              | \$456,404                   |
| Total WATER Appropriations over Estimated Revenues | <u>(\$37,646)</u> | Total SEWER Estimated Revenues Over Appropriations | <u>\$20,646</u>             |
|                                                    |                   |                                                    | <u>(\$17,000)*</u>          |
|                                                    |                   |                                                    | *Transfer from Fund Balance |

# W-S fund balance and its dangers...

- Currently, the Water/Sewer fund has a fund balance of \$125,090.00 with an estimated \$17,000.00 of that being used this year. This will leave the fund with a balance of \$108,090.00.
- This year's total expenditures in the water sewer fund are budgeted to be \$735,988.00.
- The balance of \$108,090.00 would only suffice to cover around two months of expenditures. The fund balance is intended to be a savings account for those unexpected major costs of repair that can arise at any time.
- In fact, it should be the towns goal to generate annual surpluses from water and sewer operations to re-build the fund balance.

# Rate Increase to Balance Budget

To the left is a breakdown of current projections of expenditures and revenues in the water/sewer fund, and their anticipated resulting shortfall.

A 9% increase in rates would produce the rate charts below.

| Water/Sewer Fund             |                   |                         |                              |
|------------------------------|-------------------|-------------------------|------------------------------|
|                              | Collected to Date | Projected by year end   | To meet Expenditures         |
| Rural Center Grant           | \$0.00            | \$17,500.00             |                              |
| Chimney Rock Water           | \$7,500.00        | \$15,000.00             |                              |
| Charges for Water            | \$92,545.61       | \$185,091.22            |                              |
| Charges for Sewer            | \$226,205.28      | \$452,410.56            |                              |
| Taps and Connect-Water       | \$6,404.00        | \$6,404.00              |                              |
| Taps and Connect-Sewer       | \$2,102.00        | \$2,102.00              |                              |
| Transfer Fee-Water/Sewer     | \$180.00          | \$180.00                |                              |
| W/S-Penalty and Interest     | \$4,050.00        | \$7,000.00              |                              |
| W/S-Misc.                    | \$0.00            | \$0.00                  |                              |
| Interest Earned on Invest.   | \$17.50           | \$35.00                 |                              |
| Water Tank Rental            | \$7,000.00        | \$12,000.00             |                              |
| Duke Antenna Mount           | \$16,926.00       | \$16,926.00             |                              |
| Transfer fro Capital Reserve | \$0.00            | \$13,000.00             |                              |
|                              | \$362,930.39      | \$727,648.78            | \$735,988.00                 |
|                              |                   | Necessary Rate Increase | Resulting Additional Revenue |
|                              | \$8,339.22        | 9%                      | \$8,339.22                   |
| Projected Shortfall:         | \$193,430.44      |                         |                              |
| New Charges for Water Proj.  |                   |                         |                              |

| Lake Lure Residential Charges |         | Lake Lure Commercial Charges |         | Outside Residential Charges |         | Outside Commercial Charges |          |
|-------------------------------|---------|------------------------------|---------|-----------------------------|---------|----------------------------|----------|
| 9%                            | \$47.96 | 9%                           | \$57.77 | 9%                          | \$97.01 | 9%                         | \$114.45 |
|                               | \$4.02  |                              | \$4.02  |                             | \$8.02  |                            | \$8.02   |
|                               | \$4.58  |                              | \$4.58  |                             | \$9.16  |                            | \$9.16   |
|                               | \$5.16  |                              | \$5.16  |                             | \$10.32 |                            | \$10.32  |

The diagram to the right shows the effect on Bi-monthly bills caused by a 9% rate increase.

|                                | Current Figures | 9% Increase |
|--------------------------------|-----------------|-------------|
| Average Residential Water Bill | \$59.38         | \$64.72     |
| Average Commercial Water Bill  | \$120.44        | \$131.28    |

# 2015 Budget Recommendations

- For the upcoming budget year we suggest scheduling a rate study to restructure our current rates to ensure they accomplish the following:
  - Provide enough revenue to cover operating costs
  - Provide added revenues to build the fund balance
  - Provide added revenues to set aside to fund future capital improvements
  - Remain affordable in comparison to our median household income
  - Allocate the cost burden fairly across all water customers (residential and commercial, large and small consumers)