

ATTACHMENT A

**A RESOLUTION TO AUTHORIZE THE TOWN MANAGER AND TOWN CLERK TO SIGN
AND EXECUTE A CONTRACT WITH THE CITY OF DURHAM FOR THE ALLOCATION
OF FHWA PLANNING (PL) FUNDS, SECTION 104(F), ANY STP-DA [SECTION
133(B)(3)(7)] AND CMAQ FUNDS “FLEXED” TO PLANNING
Resolution No. 38/2005-06**

WHEREAS, the Town of Carrboro is a member of the Durham-Chapel Hill-Carrboro Metropolitan Planning Organization; and

WHEREAS, the City of Durham serves as the Lead Planning Agency for the Durham-Chapel Hill-Carrboro Metropolitan Planning Organization; and

WHEREAS, an Agreement between the Town of Carrboro and the City of Durham has been prepared for the allocation of Federal Highway Administration Planning (PL), Section 104(F), and any STP-DA [Section 133(B)(3)(7)] and CMAQ funds “flexed” to planning.

NOW, THEREFORE, BE IT RESOLVED that the Contract is hereby formally approved by the Board of Aldermen of the Town of Carrboro, and that the Town Manager and Clerk of this Municipality are hereby empowered to sign and execute the required Agreement with the City of Durham.

**CITY OF DURHAM
and
TOWN OF CARRBORO**

**CONTRACT FOR THE ALLOCATION OF
FHWA PLANNING (PL) FUNDS– SECTION 104(F) & ANY STP-DA [SECTION
133(B)(3)(7)] AND CMAQ FUNDS “FLEXED” TO PLANNING**

This is a Contract between the City of Durham, North Carolina municipal corporation (hereinafter “City”) and the Town of Carrboro, a North Carolina municipal corporation (hereinafter “Town”). This Contract is made as an interlocal cooperation agreement pursuant to Part 1, Article 20 of Chapter 160A of the General Statutes of North Carolina. This agreement is for the disbursement and accounting of planning funds to support the Durham-Chapel Hill-Carrboro Metropolitan Planning Organization (DCHC MPO) transportation planning work program as required by federal regulations and specified in an approved Unified Planning Work Program (UPWP). The date of this Contract is December 1, 2005.

For and in consideration of the mutual promises and premises hereinafter set forth, the City and the Town agree as follows:

1. Purpose. The purpose of this Contract is to define the allocation of Section 133(b)(3)(7) planning funds received by the City for the Durham-Chapel Hill-Carrboro Metropolitan Planning organization from the North Carolina Department of Transportation (NCDOT) and the United States Department of Transportation (USDOT) pursuant to *Title 23, U.S. Code*. The tasks to be performed by the Town pursuant to this Contract are described in the approved Unified Planning Work Program (UPWP), as approved by the Durham-Chapel Hill-Carrboro Transportation Advisory Committee, as modified from time to time, and incorporated herein by reference. The Town agrees to perform its work as set out in the UPWP in accordance with all federal and state requirements.
2. Method of Financing. The total amount of Section 133(b)(3)(7) funds available to Durham-Chapel Hill-Carrboro Metropolitan Planning Organization will be determined annually by the North Carolina Department of Transportation (NCDOT). The portion of these funds to be passed through to the Town by the city will be determined annually by the Durham-Chapel Hill-Carrboro Transportation Advisory Committee (TAC) for planning tasks specified in the approved UPWP and consistent with the Prospectus approved by the TAC and NCDOT. The Town will provide a 20% local matching funds to receive the Section 133(b)(3)(7) funds under the federal allocation. The local matching funds must be identified clearly in Town’s budget. The City will reimburse the Town quarterly within thirty (30) days of receipt by the City of the quarterly payment from NCDOT under the Section 133(b)(3)(7), subject to timely submissions by the Town to the City of all necessary reports and statements under the Section 133(b)(3)(7) program.

3. Accounting Records. The Town shall maintain accounting records in full compliance with the provisions of paragraphs (a) through (f) of Section 4 of the Agreement dated July 1, 1993 between the NCDOT and the City of Durham titled *Disbursement and Accounting of Urban Transportation Planning Funds Appropriated Under Section 133(b)(3)(7) Title 23, U.S. Code* and shall also maintain all other document necessary for federal and state audit purposes. Town shall establish a budget code for the planning funds program.

- 3.1 Accounting Procedures

- a. A separate account should be established for the planning funds for each fiscal year and all transactions recorded in accordance with acceptable accounting procedures which are approved by N.C. Department of Transportation and Federal Highway Administration. Attachment G of OMB Circular A-102 outlines standards for grantee financial management systems.
- b. The account established for the planning funds will be included in the annual audit of the agency in accordance with OMB Circular A-128.
- c. Time spent for staff services on work provided for in planning work program should be recorded by work task on either standard monthly, weekly, or biweekly time sheets for each individual and filed for audit purposes.
- d. Cost for capital and operating (i.e., transportation, office and other expendable supplies, printing, copying work, keypunching, computer processing, mapping and aerial photography) should be supported by receipts, logs and vouchers as appropriate.
- e. Reimbursement should be on a basis of vouchers submitted and supported by similar documents as required of the LPA, the City of Durham, Transportation Division. The vouchers should, as a minimum, specify the staff time expended and description of work task for which the reimbursement is requested. Work tasks must be consistent with task descriptions, objectives and expected deliverables (work products) specified in the approved UPWP.
- f. The total amount of PL funds (including "flexed STP-DA and CMAQ funds) specified in the approved planning work program will be the controlling amount for which reimbursement can be claimed for a given fiscal year. It is recognized that the amount to be spent on each task will vary somewhat from that estimated in the program. Identification of expenditures by work task in a quarterly progress report will ensure that work is being accomplished in accordance with the program and provide guidance in estimating costs for work to be accomplished in succeeding fiscal years. If substantial cost variance is expected, the planning work program should be revised prior to the end of the fiscal year. It is not acceptable to revise the work program after the fiscal year has ended. Unexpected PL funds are not available for rebudgeting on other planning work programs until fiscal year files closed, and the unspent funds released for rebudgeting.

3.2 Reimbursement Procedures

Invoices, documentation and reports should be submitted in triplicate to the MPO Administrator, appropriate LPA staff. The Town shall submit invoice and appropriate documentation and reports to the City of Durham fifteen days after the end of the quarter, but no later than twenty days after the end of the quarter. The invoice should indicate the total amount of planning funds and matching funds expended during the subject period and the amount being requested for reimbursement. An example invoice is included in Attachment 1. An invoice should include an attached quarterly expenditure report by work task. Identification of expenditures by work task include detail evaluation of work accomplishment and work products and deliverables.

3.3 Quarterly Progress Report Procedures

Quarterly progress reports should be submitted to the MPO Lead Planning Agency (LPA) – the City of Durham, Transportation Division no later than fifteen (15) days after the end of the quarter.. The quarterly progress report should include a brief narrative report of transportation planning work accomplished by the planning agency and any sub-contractor, milestones and work products. The quarterly progress report shall be included with the invoice and expenditures report.

3.4. Annual Performance Report

An annual performance report is to be submitted with the final planning funds invoice submission for a fiscal year. The written narrative of the performance report should (1) compare work accomplishments to anticipated work goal; (2) discuss progress in meeting schedules; (3) comment on significant task cost overruns/underruns; (4) identify any approved changes in UPWP; and (5) discuss any items of interest, i.e. reorganization and personnel changes. The narrative portion of the report should be concise, generally one to two pages in length. In order for NCDOT to meet FHWA's September 30 deadline, performance reports, documenting the previous fiscal year, must be submitted to the City of Durham, Transportation Division no later than July 30th each year.

4. Audits. The City of Durham and NCDOT or USDOT shall be permitted to review, inspect, or study activities of the Town under the Planning Funds program. The Town shall bear the cost of any work not approved by the MPO, NCDOT and USDOT. In the event an audit of expense incurred by the Town reveals costs which are not eligible for federal or state funding but for which the city has invoiced on behalf of the Town and reimbursed the Town, the Town agrees to reimburse the City, in full.

5. Personnel. The City Manager shall designate City personnel and the Town Manager shall designate Town personnel as necessary to carry out the responsibilities of the city and Town respectively, under this contract.
6. Subcontractors. The Town shall comply with the Equal Opportunity Provisions for Federal-Aid Contracts in accordance with Attachment A, which is attached hereto and incorporated herein and made part of this contract. The Town shall comply with the subcontracting provisions and contained in the Federal-Aid Policy Guide, Part 172, and additions or amendments thereto.
7. Indemnification.
 - a) To the maximum extent allowed by law, the Contractor shall defend, indemnify and save harmless Indemnitees from and against all charges that arise in any manner from, in connection with, or out of this contract as a result of acts or omissions of Contractor or Subcontractors or anyone directly or indirectly employed by any of them or anyone whose acts any of them may be liable. In performing its duties under this section "a", Contractor shall at its sole expense defend Indemnitees with legal counsel reasonably acceptable to the City.
 - b) Definitions. As used in subsections "a" above and "c" and "d" below- "Charges" means claims, judgments, costs, damage, losses, demands, liabilities, obligations, fines, penalties, royalties, settlements and expenses (included without limitation within "Charges" are (1) interest and reasonable attorneys' fees assesses as part of any such item, and (2) amounts for alleged violations of sedimentation pollution laws and regulations – including but not limited to any such alleges violation that arises out of handling, transportation, deposit, or delivery of the items or materials that are the subject of this contract).

"City" means the City of Durham.

"Contractor" means all parties to this contract other than the City.

"Indemnities" means the City and its officers, officials, independent contractors, agents and employees.

- c) Limitations of Contractor's Obligation. Subsection "a" above shall not require the contractor to indemnify or hold harmless Indemnities against liability for damages arising out of bodily injury to persons or damage to property proximately caused by or resulting from the negligence, in whole or in part, of Indemnities.
- d) Nothing in subsections "a", "b", or "c" above shall affect any warranties in favor of the City that are otherwise provided in this contract, this section (a, b, c, and d) is in addition to and shall be construed separately from any other indemnification provisions that may be in this contract.

8. Duration of Contract. The term of this Contract shall begin on July 1, 2005 and shall remain in effect until the Section 104(f) planning funds, including "flexed" planning funds are no longer available or until such time as the Contract is terminated by the parties hereto. If the term of this Contract has not expired before 11:59 P.M. on June 30, 2009, it shall expire as that time. The duration to be reasonable.
9. Amendments. This Contract may be amended by mutual agreement of the City and Town at any time by execution of a written agreement.
10. Termination. This Contract may be terminated by either party by providing one years written notice to other party.
11. Nondiscrimination Policy. The City of Durham opposes discrimination on the basis of race and sex and urges all of its contractors to provide a fair opportunity for minorities and woman to participate in their work force and as subcontractors and vendors under City contracts.
12. Headings. All headings that appear as section numbers in this contract are included for convenience only and shall not affect the meaning or interpretation of any of the provisions of the Contract.
13. Entire Agreement. This Contract, together with the UPWP, represents the entire and integrated agreement between the City and Town.

The City and Town have each authorized this contract to be duly executed under seal.

ATTEST:

Clerk

By: _____
City Manager

ATTEST:

Town Clerk

By: _____
Town Manager

PREAUDIT CERTIFICATE

This instrument has been preaudited in a manner required by the Local Government Budget and Fiscal Control Act.

Town Finance Officer

City Finance Officer

This is to certify that on this day personally came before me _____, with whom I am personally acquainted, who being by me duly sworn, says that _____ is the City Manager and that he/she, the said _____, is the _____ Clerk of the City of Durham, the municipal corporation named within and which executed this fore going instrument; that he/she knows the common seal of said corporation; that the seal affixed to said instrument is said common seal; that that name of the corporation was subscribed there to by said City Manager and that the Manager and said _____ Clerk subscribed their names thereto and said common seal was affixed, all by order of the City council of the City of Durham and that said instrument is the act of deed of said corporation.

Witness my hand and notarial seal, this the _____ day of _____, 19____.

Notary Public

My commission expires: _____

This is to certify that on this day personally came before me _____, the Finance Officer, with whom I am personally acquainted, who being by me duly sworn, says that _____ is the Town Manager and that he, the said _____, the Finance Officer of the Town of Carrboro, the Town names within and which executed the foregoing instrument, that he/she knows the common seal of said Town; that the seal affixed to said instrument is said common seal; that the name of the Town was subscribed thereto by said Town Manager and that the Town Manager and said Finance Officer subscribed their names thereto and said common seal was affixed, all by authority duly given, as evidenced by the attached certified copy of Resolution of Charter provision, as the case may be.

Witness my hand and notarial seal, this the _____ day of _____,
19____.

Notary Public

My commission expires: _____

ATTACHMENT A

EQUAL OPPORTUNITY PROVISIONS
For FEDERAL-AID CONTRACTS

Definitions. As used in this sections, "Municipalities" means municipal government, Entity, agency or any recipient of federal funds.

Municipality and agencies receiving transportation federal transportation funds agree to comply with Title VI of the Civil Rights Act of 1964, Environmental Justice (EJ) Executive Order 12898 and Limited English Proficiency (LEP) executive order. Title VI bars intentional discrimination as well as disparate impact discrimination. Executive Order 12898, states *"No person in the United States shall, on the ground of race, color, or national origin be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving Federal financial assistance."* Executive Order 12898, Environmental Justice *"Each federal agency shall make achieving environmental justice part of its mission by identifying and addressing, as appropriate, disproportionately high and adverse human health or environmental effects of its programs, policies, and activities on minority populations and low-income populations."*

The U.S. Department of Transportation (USDOT) regulation and guidance, *DOT Order to Address Environmental Justice in Minority Populations and Low-Income Populations* in 1997, stresses three principles of environmental justice:

- a. *To avoid, minimize, or mitigate disproportionately high and adverse human health and environmental effects, including social and economic effects, on minority populations and low-income populations.*
- b. *To ensure the full and fair participation by all potentially affected communities in the transportation decision-making process.*
- c. *To prevent the denial of, reduction in, or significant delay in the receipt of benefits by minority and low-income populations.*

Definition

1. Selection of Labor

During the performance of this Agreement, the Municipality will not discriminate against labor form any other State, possession or territory of the Unites States.

2. Employment Practices

During the performance of this Agreement, the Municipality agrees to comply with all applicable provisions of 49 CFR 21 through Appendix H and 23 CFR 710.405 (b), EJ Executive Order 12898 and USDOT LEP Guidance (Fed Reg. Vol. 66, No. 14, p. 6733-6747) and the Civil Rights Act of 1964 as amended, and agrees as follows:

- a. The Municipality or recipient of federal funds will not discriminate against any employee or applicant for employment because of race, creed, color or national origin. The Municipality or entity receiving federal funds will take affirmative action to ensure that applicants are employed, and that employees are treated during employment with out regard to their race, creed, color or national origin. Such action shall include but not be limited to the following: employment, upgrading, demotion or transfer; recruitment or recruitment advertising; layoffs, or termination; rates of pay or other forms of compensation; and selection of training including apprenticeship. The municipality agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided by the State setting forth the provisions of this nondiscrimination clause.
- b. The Municipality or Entity will, in all solicitations or advertisements for employees and contractors by or on behalf of the municipality, state that all qualified applicants will receive consideration for employment without regard to race, creed, color or national origin.
- c. The Municipality or Entity will send to each labor union or representative of workers with which he has a collective bargaining agreement or other contract or understanding, a notice to be provided by the State, advising the labor union or workers' representatives of the Municipality's commitments under this Attachment and shall post copies of the notice in conspicuous places available to employees and applicants for employment.
- d. The Municipality or Entity will comply with all provisions of the Executive Order No. 11246 of September 24, 1965, as amended by Executive order 11375, and as supplemented in Department of Labor regulations (41 CFR Part 60).
- e. The Municipality or Entity will furnish all information and reports required by Executive Order No. 11246 of September 24, 1965, as amended by the Executive Order 11375, and as supplemented in Department of Labor regulations (41 CFR Part 60), and will permit access to its books, records and accounts by the Secretary of Labor for purposes of investigations to ascertain compliance with such rules, regulations and orders.

- f. In the event of the Municipality's or Entity's noncompliance with the nondiscrimination clauses of this Agreement or with any of such rules, regulations, or orders, this Agreement may be cancelled, terminated, or suspended in whole or in part and the Municipality may be declared ineligible for further Government contracts or Federally- assisted construction Agreements in accordance with procedures authorized in Executive Order No. 11246 of September 24, 1965 as amended by Executive Order 11375, and as supplemented in Department of Labor regulations (41 CFR Part 60) and such other sanctions may be imposed and remedies invoked as provided in the aforementioned Executive Order and regulations or otherwise provided by law.
- g. The Municipality will include the provisions of this paragraph 2 in every subcontract or purchase orders of the Secretary of Labor issued pursuant to Section 204 of the Executive Order No. 11246 of September 24, 1965, so that such provisions will be binding upon each subcontractor or vendor.

3. Selection of Subcontractor, Procurements of Materials and Leasing of Equipment

During the performance of this Agreement, the Municipality, for itself, its assignees, and successors in interest (herein referred to as the "Municipality") agrees as follows:

- a. Compliance with Regulations: The Municipality will comply with the Regulations of the Department of Transportation relative to nondiscrimination in Federally assisted programs of the Department of Transportation (Title 49, Code of Federal Regulations, Part 21 through Appendix H and 23 CFR 710.450 (b), hereinafter referred to as the Regulations), which are herein incorporated by reference and made a part of this Agreement.
- b. Nondiscrimination: The Municipality with regard to the work program by them after award and prior to completion of the Agreement work, will not discriminate on the ground of race, color, or national origin, in the selection and retention of subcontractors, including procurements of material and leases of equipment. The Municipality will not participate either directly or indirectly in the discrimination prohibited by Section 21.5 of the Regulations, including employment practices when the Agreement covers a program set forth in Appendix B of the Regulations.
- c. Solicitations: In all solicitations either by competitive bidding or negotiations made by the Municipality for work to be performed under subcontract, including procurement of material or leases of equipment, each potential subcontractor, supplier, or lessor shall be notified by the Municipality of the Municipality's obligations under this Agreement and the Regulations relative to nondiscrimination on the grounds of race, color or national origin.

- d. Information and Reports: The Municipality will provide all information and reports required by the Regulations, or orders and instructions issued pursuant thereto, and will permit access to its books, records, accounts, other sources of information, and its facilities as may be determined by the State pertinent to ascertain compliance with such Regulations, orders and instructions. Where any information required of the Municipality or a Contractor is in exclusive possession of another who fails or refuses to furnish this information, the Municipality will so certify to the State as appropriate, and shall set forth what efforts it has made to obtain the information.
- e. Sanctions for Noncompliance: In the event of the Municipality's or Contractor's noncompliance with the non discrimination provisions of this paragraph 3, the State shall impose such contract sanctions as it may determine to be appropriate, including but not limited to :
 - (1) withholding of payments to the Municipality under the Agreement until the Municipality complies. And /or
 - (2) cancellation, termination or suspension of the Agreement in whole or in part.
- f. Incorporation of Provisions: The Municipality will include the provisions of this paragraph 3 in every subcontract, including procurements of materials and leases of equipment, unless exempt by the Regulations, orders, or instructions issued pursuant thereto. The Municipality will take such action with respect to any subcontract procurement or leases as the State may direct as a means of enforcing such provisions including sanctions for noncompliance; provided, however, that in the event the Municipality becomes involved in, or is threatened with litigation with a subcontractor, or lessor as a result of such direction, the Municipality may request the State to enter into such litigation to protect the interests of the State, and in addition, the Municipality may request the United States to enter into such litigation to protect the interests of the United States.
- g. For contracts and subcontracts of amounts in excess of \$100,000 the Municipality will comply with all applicable standards, orders, or requirements issued under Section 306 of the Clean Air Act (42 USC 1857 (h)), Section 508 of the Clean Water Act (33 USC 1386), Executive Order 11738, and the Environmental Protection Agency regulations (40 CFR Part 15), which prohibit the use under nonexempt Federal contracts, grants or loans of facilities included on Environmental Protection Agency List of Violating Facilities. The Municipality will report violations to the grantor agency and to the U.S.E.P.A. Assistant Administrator for Enforcement (N-329).

ATTACHMENT B

PLANNING FUNDS PROCEDURE

Planning funds are provided to the DCHC MPO under the authority of 23 U.S.C. 104 (f) and 315; 49 matching, and programming for the one-half percent metropolitan planning funds are set forth in Volume 4, Chapter 4, Section 7 of the Federal-Aid Highway Program Manual. References to Planning funds (PL) include Section 104(f) and any federal funds “flexed” to planning such as Section 133(b)(3)(7) and CMAQ funds.

Funds are provided on a reimbursed cost basis through the Transportation Planning Branch, North Carolina Department of Transportation. The Lead Planning Agency, the City of Durham, Transportation Division bills NCDOT Transportation Planning Branch (TPB) based on planning cost incurred. The NCDOT in turn pays the LPA and bills FHWA for the payments made.

The LPA is authorized to incur costs and be reimbursed with Section 104(f) funds or Section 133(b)(3)(7) and CMAQ funds “flexed” to PL, through the programming of funds via a Unified Planning Work Program (UPWP) and the NCDOT Highway Planning and Research (HPR) work program with FHWA. The programming procedure is as follows:

1. The MPO prepares a planning work program which sets forth the planning work expected to be accomplished over the next fiscal year. In addition to the Section 104(f) and Section 133(b)(3)(7) funds, the work program will also include HPR funds anticipated to be requested from the Federal Transit Administration (FTA), and local funds anticipated to be expended.
2. The urbanized area’s planning work program is formally approved by the areas’ Technical Coordinating committee (TCC) and Transportation Advisory Committee (TAC).
3. Since the DCHC MPO is a Transportation Management Area, that is, contains an urbanized area over 200,000 population, the planning work program must be submitted to and approved by FHWA and FTA.

The NCDOT, Transportation Planning Branch, has administrative responsibility for Section 104(f) and funds “flexed to PL such as Section 133(b)(3)(7) and CMAQ funds instructions (Attachment A) which list appropriate expenditures, accounting procedures, reimbursement procedures, requirements for quarterly progress reports, and audit procedures have been prepared and distributed to lead planning agencies, the instructions further clarify the requirements of the formal agreement between NCDOT and the lead planning agency.

Invoices for expenditures are submitted to NCDOT-TPB MPO coordinator. A quarterly progress report must also be submitted which lists that work accomplished. The invoices must include a breakdown of costs expended on various work tasks in the planning work program.

The NCDOT MPO Coordinator shall reviews the invoice, makes an evaluation that the work has been accomplished, and prepares a memo to the Accounting Branch authorizing payment of the invoice. The memo to the accounting is cosigned by the Manager of the NCDOT Transportation Planning Branch (TPB). The NCDOT-TPB records the amount invoiced and maintains a log of all Section 104 (f) fund transactions. The coordinator also maintains a log of Section 104 (f) transactions and a file of invoices submitted and notices of payments for each fiscal year.

In an Accounting Branch a check is issued in payment of invoice sent to the lead planning agency. Charges are made against the work order which was established for the urbanized area for that fiscal year. Claims for reimbursement are subsequently submitted to FHWA. A notice of payment (stamped copy of the invoice) is returned to the Manager of the Transportation Planning Branch. The notice of payment indicates amount paid, date of payment, and warrant number of the payment. The Transportation Planning Branch records payment information and forwards the notice of payment to the coordinator for the file.

The Agreement for Disbursement and Accounting of Section 104(f) and Section 133(b)(3)(7) funds requires that the lead planning agency – the City of Durham, Transportation Division arrange for an independent financial audit of its fiscal operations in accordance with Office of Management and Budget (OMB) Circular A-128. The audit should identify the Section 104(f) and Section 133(b)(3)(7) costs incurred and funds received. Audit review is as follows:

1. Copies of the audit report are sent to the Coordinator for NCDOT review. (some are sent directly to the External Audit Section).
2. The audit reviewed by the coordinator to determine if the audit is in agreement with the Section 104 (f) and any flexed Planning (PL) file (s).
3. The audit and Section 104 (f) file is reviewed by the MPO administrator and the NCDOT-TPB MPO Coordinator.
4. The audit with any Transportation Planning Branch evaluation is sent to the External Audit Unit for their information. The submittal is cosigned by the Manager of the Transportation Planning Branch.
5. The audit is reviewed by the External Audit Branch at the direction of the State Auditor's Office and an audit finding report prepared. The External Audit staff may visit the lead planning agency and examine any records if they feel such is necessary.
6. The audit finding report is forwarded to the Transportation Planning Branch (Assistant Manager). If there are no audit problems, the Section 104(f) and Section 133(b)(3)(7) file for the subject fiscal year(s) are closed by (a) the Thoroughfare Planning Engineer sending a copy of the audit report to the lead planning agency and placing copies of the audit correspondence in the Thoroughfare Plan file; (2) the

coordinator forwarding the Section 104 (f) fiscal year file(s) to the Assistant Manager, Transportation Planning Branch; and (3) the Assistant manager making a final review of the Section 104 (f) file and placing the file in a completed status. If there are audit problems, the Transportation Planning Branch so advises the lead planning agency and takes steps to resolve the problems.

A lead planning agency, the City of Durham, Transportation Division may not incur all anticipated costs and claim reimbursement for all Section 104(f) and Section 133(b)(3)(7) planning funds programmed for a fiscal year. Unspent programmed funds remain obligated until specific action taken by the Transportation Planning Branch to release the funds, the Transportation Planning Branch may release unspent funds by requesting the Project Management Staff to reduce the subject work order to a zero balance.

The External Audit Unit authorizes the closing of a fiscal year work order when they advise the Commercial Accounts Unit via the audit funding report that final payment has been made for subject fiscal year(s).

PL FUND PROCEDURES Lead Planning Agency Instructions

- A. Appropriate Expenditures
 - 1. Salaries and payroll additive costs, transportation expenses, and office and other expendable supplies for all work provided in the approved planning work program.
 - 2. Printing, copying, keypunching, computer processing, mapping and aerial photography costs are required for carrying out the work provided in the planning program.
 - 3. Purchases of special equipment (i.e. traffic counters) and materials required for carrying out the work specified in the Planning work program. Purchases must be in accordance with requirements in the Attachment O of OMB Circular A-102, and regulations relating to minority business enterprises (MBE). FHWA interpretation is given in Federal Aid Highway Program Manual (FHPM) Vol. 1, Chapter 7, Section 2.
 - 4. The Employment of Consultants must be in accordance with North Carolina Department of Transportation Consultant Selection Procedures; or procedures approved by NCDOT and FHWA. NCDOT must approve the employment of all consultants. All contracts or agreement with consultants or contractors must be submitted to NCDOT. Payments to minority or women owned business must be reported to NCDOT.
 - 5. Reimbursement of other city agencies, municipalities, counties, regional and state agencies for expenses incurred in conducting work provided for in the planning work program.
 - 6. Auditing costs associated with fulfilling the requirements of OMB Circular A-128.

B. Accounting Procedures

1. A separate account should be established for the Section 104(f) Planning (PL) funds including any "flexed" Section 133(b)(3)(7) and CMAQ planning funds for each fiscal year and all transactions recorded in accordance with acceptable accounting procedures which are approved by N.C. Department of Transportation and Federal Highway Administration. Attachment G of OMB Circular A-102 outlines standards for grantee financial management systems.
2. The account established for the planning funds will be included in the annual audit of the agency in accordance with OMB Circular A-128.
3. Time spent for staff services on work provided for in planning work program should be recorded by work task on either standard monthly, weekly, or biweekly time sheets for each individual and filed for audit purposes.
4. Cost for capital and operating (i.e., transportation, office and other expendable supplies, printing, copying work, keypunching, computer processing, mapping and aerial photography) should be supported by receipts, logs and vouchers as appropriate.
5. Reimbursement of other city agencies, municipalities, counties, regional and state agencies should be on a basis of vouchers submitted and supported by similar documents as required of the lead agencies. The vouchers should, as a minimum, specify the staff time expended and work task for which the reimbursement is requested.
6. The total amount of PL funds specified in the approved planning work program will be the controlling amount for which reimbursement can be claimed for a given fiscal year. It is recognized that the amount to be spent on each task will vary somewhat from that estimated in the program. Identification of expenditures by work task in a quarterly progress report will ensure that work is being accomplished in accordance with the program and provide guidance in estimating costs for work to be accomplished in succeeding fiscal years. If substantial cost variance is expected, the planning work program should be revised or amended prior to the end of the fiscal year, but no later than March 1 of the UPWP period. It is not acceptable to revise the work program after the fiscal year has ended. Unexpected PL funds are not available for rebudgeting on other planning work programs until fiscal year files closed, and the unspent funds released for rebudgeting.

C. Reimbursement Procedures

Invoices should be submitted in triplicate to the appropriate study area coordinator, Statewide Planning Group, Transportation Planning Branch. The invoice should indicate the total amount of PL and matching funds expended during the subject period and the amount being requested for reimbursement. An example invoice is included in Attachment 1. An invoice should include an attached quarterly expenditure report by work task. Identification of expenditures

by work task will assist the coordinator in the evaluation of work accomplishment and provide guidance in estimating costs for work to be accomplished in succeeding fiscal years.

D. Quarterly Progress Report Procedures

Quarterly progress reports should be submitted to the MPO Lead Planning Agency (LPA). The quarterly progress report should include a brief narrative report of transportation planning work accomplished by the planning agency and any sub-contractor. The quarterly progress report may be included with that invoice and expenditures report.

E. Annual Performance Report

An annual performance report is to be submitted with the final planning funds invoice submission for a fiscal year. The written narrative of the performance report should (1) compare work accomplishments to anticipated work goal; (2) discuss progress in meeting schedules; (3) comment on significant task cost overruns/underruns; (4) identify any approved changes in UPWP; and (5) discuss any items of interest, i.e. reorganization and personal changes. The narrative portion of the report should be concise, generally one to two pages in length. In order for NCDOT to meet FHWA's September 30 deadline, performance reports, documenting the previous fiscal year, must be submitted to the Statewide Planning Study Coordinator no later than September 10th each year.

F. Audits

The PL Agreement provides that four copies of the local agency audit which is inclusive of the PL Fund should be forwarded to the Transportation Planning Branch. It is acceptable to send one complete copy and three copies of the applicable Sections of the audit in lieu of four complete copies. The copies should be sent to the appropriate study area coordinator.

G. Sub Recipients

The aforementioned Planning (PL) Funds procedure and requirements apply to sub-recipients. Sub-recipients shall send appropriate materials and documents to the Lead Planning Agency.