

REQUEST FOR BOARD ACTION

**HENDERSON COUNTY
BOARD OF COMMISSIONERS**

MEETING DATE: Monday, April 3, 2006

SUBJECT: Proposal for Energy and Sales Tax Reallocation Audits

ATTACHMENTS: Yes

SUMMARY OF REQUEST:

Attached is a proposal from Utilities Reduction Specialists/Tax Reduction Specialists (URS/TRS) for a combined energy bill audit and sales tax reallocation audit for Henderson County. URS has worked with the County in previous years and uncovered savings in telecommunications refunds and sales tax reallocations.

As you will see within the attached proposal, URS is compensated on a performance basis, which means that they are compensated based only on discovered cost reductions or refunds. There are no fees for URS services if there are no reductions or refunds discovered.

As explained earlier, URS has provided a proposal to bundle the energy bill audit and the sales tax reallocation. In order for the County to realize savings for the most recent sales tax quarters, we must contract with URS and they must begin their work with the County by April 15th.

COUNTY MANAGER RECOMMENDATION / BOARD ACTION REQUESTED:

Based on the deadline for the sales tax reallocation and in order to realize sales tax savings as soon as possible for the County, staff recommends that the Board of Commissioners execute the attached contract for the sales tax reallocation audit with URS.

Contrary to the sales tax reallocations audits, energy bill audits have no deadlines associated to them. For this reason, staff recommends that the Board authorize staff to receive proposals for these audit services.



Thursday, March 30, 2006

Ms. Selena Coffey, Budget & Mgmt. Director
Henderson County Government
100 North King Street
Hendersonville, NC 28792

CC: Mr. Carery McLelland

Dear **Ms. Coffey**:

Thank you for the opportunity to provide a consolidated proposal for URS/TRS services listed below. We are excited about the opportunity to work with Henderson County having provided our services in the past. Our earlier audits provided first year telecommunications refunds/savings of **\$17,319** and NC Sales Tax Reallocation dollars of **\$181,435** for the three years we reviewed. I have once again provided summaries of the cost reduction opportunities in the areas outlined below.

- **Energy Bill Review**
- **Sales Tax Reallocation Audit**

Energy Bill Review. Currently we are working with 100 NC counties and municipalities. We are very familiar with your energy providers, especially Duke Power, and will be able to attain the necessary billing information on line to facilitate our audit process. Additionally, we will have access to billing records going forward to make this a very un-intrusive process for your accounting department.

Sales Tax Reallocation Audit. This once again will be the largest area of opportunity for the county considering the impact of both Margaret Pardee and Park Ridge Hospital sales tax refund requests. Under the new 2002 law, non-profits no longer have to do a county breakdown as part of their refund requests. That is now the responsibility of the vendor(s) providing taxable products and services in Henderson County. Counties, like Henderson, that import more than they export do not benefit from the new law if vendors are non-compliant. Our experience shows that about 40% of the vendors are non-compliant, which means that you are losing sales tax dollars to other counties. We have a proprietary list of non-compliant vendors derived from work done with 46 counties including 41 hospitals, that help us get that money back for you. That, coupled with our new methodology to acquire much of the needed data electronically, makes this process far less intrusive than these audits have been in the past.

We have helped our clients save over **\$13 million** over the past fourteen years and have grown to a staff of **10 professionals**. The client savings range has been from **\$3,000** to over **\$300,000** for a success rate of **77.5%**. We have worked with **100 NC city/county governments** and have **14 years of success** here in North Carolina.

Thanks once again for the opportunity to present our services. We look forward to assisting you in further reducing cost and maximizing tax revenues for Henderson County. If you have additional questions or concerns please give me a call.

Sincerely,

Steven D. Mann

Steven D. Mann
President



County of Henderson

Sales Tax Reallocation Audit Energy Bill Audit

Auditing Services

Prepared by



UTILITIES REDUCTION SPECIALISTS, Inc.

March 23, 2006



Utilities Reduction Specialists, Inc., (URS) is an S-Corp with a 14 year track record of providing cost reduction services to local governments in NC, SC, TN, and VA. Founded in December of 1991, URS has worked with over 130 city/county governments during that time and have saved local governments over **\$5 Million** from our efforts. We employ a staff of 10 professionals. We also have a tax division, **Tax Reduction Specialists, (TRS)** which has been very successful in providing Sales Tax Reallocation services to NC counties with a client base of 46 NC counties. We are fortunate to have a former NC Department of Revenue employee with 30 years of tax experience on our staff who was at one point, Assistant Director, for the Sales Tax area..

We have had 2 successful engagements with Henderson County in the past – a Sales Tax Reallocation Audit and a Telecommunications and have also worked with **Margaret Pardee Hospital, McDowell County and Hospital, Rutherford County and Hospital**, and have recently been awarded a contract to do an energy audit at **Buncombe County** as well.

Our firm was founded on the basis that we want to provide all the services we offer from our staff rather than through brokering services through other companies or partnerships. We have through this process, been able to control the quality of the deliverables to the clients we serve and maintain the quality that our clients demand.

We appreciate the opportunity to quote our services and are proud to say that **we can respond to both Requests for Proposal requisites as reflected in your request and from services and skills provided by our own staff.** We have experience and referenceable clients in both areas and are offering discounted bundled pricing.

Our experience in working with local governments both in and outside NC have equipped us with a knowledge of where to look for opportunities for cost savings and a knowledge of the legislation and government tariffs that one must navigate to be successful in what we do. Our engagements with local governments over the years have also created a wealth of cost saving innovative ideas that we bring to our clients as well.

We are an active participant in your local government organizations as well.

We look forward to helping Henderson County **“Find Money”** and **“Keep More”** of what you already have.



(a division of UTILITIES REDUCTION SPECIALISTS, Inc.)
A Cost Management Company

**HENDERSON COUNTY GOVERNMENT
PROPOSAL FOR INDEPENDENT AUDIT REVIEW
FOR SALES TAX RE-ALLOCATION/AUDIT SERVICES**

In the past three years, **TAX REDUCTION SPECIALISTS (TRS)**, a division of UTILITIES REDUCTION SPECIALISTS, Inc. (URS), *filed over \$3.2 million in refund claims for our North Carolina County Government clients.* Vice President, Gordon Dees, a former sales tax director with the North Carolina Department of Revenue with 30 years experience with DOR, manages this division. Gordon brings a wealth of expertise in sales and use tax, as well as corporate income and franchise taxes. We are excited to offer a specialty tax reduction service, which will focus specifically on minimizing our clients' tax liabilities and secure refunds for overpayments. As with our utility bill auditing business, all fees will be performance based. We are only paid if and when we are successful.

1. Work Plan/Scope of Services

Upon receipt of executed contract TAX REDUCTION SPECIALISTS will begin work immediately. We are currently auditing refund claims for fiscal years ending June 2002 through current. **The next statute deadline for the County is April 15, 2006. Once this deadline passes, the refund opportunity for that period expires! These deadlines occur every April 15, October 15, and December 31 depending on whether you file annually or semi-annually.**

Specifically, we will:

- 1) Provide a letter to be sent on your letterhead to the NC Dept. of Revenue requesting a listing of every organization in your county claiming over \$1,000 in sales tax refunds.
- 2) Require a letter of agency from the County that shows the County has engaged our services.
- 3) At each not-for-profit claimant organization we would review the following:
 - a) Refund claims
 - b) Tax filings
 - c) Vendor files

We would include the County in this process to verify that County claims have been properly filed. In addition to tax reallocation, we would identify other tax refund opportunities for the County.

- 4) We would do all the necessary paperwork to secure refunds for the County as a whole, including but not limited to representation before any vendor or agency for refund verification purposes.

2. Experience to Provide These Services Efficiently

Mr. Dees will head this project and, based on his aforementioned experience, is capable of seeing the project to a successful completion. We have a staff of 10 professionals to ensure that no tax reallocation opportunities will be lost. **The entire project will be under our control at all times and no work will be subcontracted, so as to maintain our standards of performance and communication throughout the process.**

Since we will review both the records of vendors, the County itself, as well as those of the non-profit agencies within the County, the completion date is difficult to estimate. We work within the scheduling boundaries of the County and non-profit agencies so as not to disrupt day-to-day operations. Under the law prior to 1/1/02, this type of audit could be completed from three to twelve months from the start of the audit process. Since the inception of the 1/1/02 “destination” law change, the review process has changed to a “vendor monitoring” endeavor which requires significantly more time and resources. That process has been enhanced by our methodology whereby we collect the needed claimant records electronically making the audit process less intrusive for claimants in your county. This process, coupled with our extensive proprietary database of non-compliant vendors, has enabled us to maximize the sales tax reallocation efforts of our county clients.

UTILITIES REDUCTION SPECIALISTS, Inc. has worked **with over 450 clients over the past fourteen years, 148 of which are city and county governments.** We have been endorsed as the vendor of choice for the hospital associations of North Carolina, South Carolina, Virginia, and Tennessee. We have implemented the same professional standards in tax reallocation auditing. We have 46 NC County Clients that have engaged our services to perform sales tax reallocation audits (SEE ATTACHED LIST).

3. List of Local Government Clients



2511 Neudorf Rd., Suite H
P.O. Box 1810
Clemmons, NC 27012

(336) 766-7109
FAX: (336) 766-1553

COUNTY SALES TAX REALLOCATION REFERENCES

November 2005

CLIENT	<u>LOCATION</u>	<u>CONTACT</u>	<u>TELEPHONE</u>
Catawba County.	Newton, NC	Rodney Miller	828-465-8215
Dare County	Manteo, NC	Sally DeFosse	252-473-1101
Lenoir County	Kinston, NC	Tommy Hollowell	252-559-6461
Stanly County	Albemarle, NC	Charles Mashburn	704-986-3618
Wayne County	Goldsboro, NC	Norman Ricks	919-731-1417



Why Choose TRS?

- Unique approach – most of our data we obtain electronically from claimants resulting in much less intrusion of claimant time
- **More County Refund Opportunities with the 1/1/02 Law Change**
- County Staff “plate” is already full
- Staff does not have time or essential “confidential” information necessary for achieving the desired results...additional revenue
- Low Overhead-Lower Fees...Resulting in More Refund to Client
- We do the work minimizing use of staff time
- We are a member of the North Carolina GFOA
- **Staff of 10 professionals, including former State Assistant Sales Tax Director**
- Executing “Plan of Attack” for Refund Recovery on New Law Change 1/1/02
- **Proprietary “problem vendor” database**
- 46 North Carolina County Sales Tax Clients since Fall 2001
- We have 148 Government Clients, of which 74 are NC County clients
- Over 50 Years Combined Service to Local and County Governments
- Consulting Regularly with NC Dept. of Revenue On County Sales Tax Issues
- Professional Liability Coverage
- **We market and provide the service...We do not sub-contract any of the work**

4. Individual as a Point of Contact

Steve Mann, President

TAX REDUCTION SPECIALISTS, Division of UTILITIES REDUCTION SPECIALISTS, Inc.

2511 Neudorf Rd., Suite H

Phone (336) 766-7109

P.O. Box 1810

Fax (336) 766-1553

Clemmons, NC 27012

Email: steve.mann@urs-solutions.com

Respectfully submitted,

Steve Mann

Steve Mann, President
URS/TRS

5. Individual Price Proposal – Sales Tax Reallocation Refunds

Our firm is compensated on a performance basis.

We require no up-front money/deposits. **If there are no cost reductions or refunds, there is no fee for our services.**

For refunds and credits our fee is **25%**.



(a division of UTILITIES REDUCTION SPECIALISTS, Inc.)
A Cost Management Company

**HENDERSON COUNTY GOVERNMENT
PROPOSAL FOR INDEPENDENT AUDIT REVIEW
FOR ENERGY BILLS**

1. Work Plan/Scope of Services –Energy Services

We agree to perform the “scope of work” as outlined herein.

Statement of Solution

Typically our clients are overpaying for their energy needs in two ways: (1) as a result of billing errors that our firm corrects and for which we secure refunds and credits, and (2) as a result of over-priced and/or under-used services which we identify and for which we recommend more cost-effective alternatives. While the majority of our recommendations are accepted because they make good business sense, we strongly believe that our clients should remain in complete control of their services and expenses. Therefore, it is important to note that **you are under no obligation to accept our implement our recommendations.** To summarize; we assure that:

- You are receiving the equipment and services for which you are paying.
- You are using the equipment and services for which you are paying.
- You are paying the lowest price by contract and tariff.
- You are provided with more cost effective options and alternatives where appropriate.

Work Plan

Specific to conducting an energy audit, URS agrees to analyze energy bills and records. This will include seeking refunds and credits as well as create a cost savings plan.

In the area of energy and utility audits, our services include the following:

- Error detection (errors in initial account setup, meter multiplier, etc.)
- Meter consolidation opportunities
- Optimization of rate schedules
- Verification of demand charges and contracts
- Enhanced utility rate strategies that include investigation and possible recommendations for operational changes and facility modifications

Upon completion of our analysis Henderson County will be presented with a final report consisting of an executive summary, savings summary and complete documentation of our findings. The findings

will identify refunds and recommendations for cost savings measures. Furthermore, you reserve the right to reject any recommendation made by URS without obligation.

The nature of our service does not require us to work on site. We will be on site for one day or less to make copies of your bills. All that we ask is that vendor files providing one month's copies of the bills be made available to us.

We will complete our report within 6 months of the time we received a signed contract, letter of authorization, and bill copies. Typically you will receive interim reports notifying you of our progress and cost reduction opportunities during the audit process. Often our clients have realized the majority of the refunds/savings opportunities by the time they receive our final report.

2. Prior Experience

Our firm has worked with over 450 clients, **148** of which are city and county governments. These municipalities and counties range in population from 15,000 to over 600,000. On average we have been able to reduce our government clients' annual utility expenses by nearly **\$24,000**. Find enclosed reference list.

Project Staffing

Our firm employs ten employees. Our company functions much like an accounting practice and we use the team audit approach. Justus Harris, VP of Audit Services, manages the audit process, working very closely with senior audit team leaders, Leslie Palmer and Tammy Williams. Both team leaders have auditors that team with them to work through the day to day process of our audit process. Both Steve Mann, President, and Ken Burkel, VP of Marketing and Sales interface with the auditors and have the responsibility of presenting audit results back to clients and securing client agreement to accept our cost reduction recommendations. An auditor typically works on 5 - 6 audits simultaneously and is responsible to employ the methods and systems to conclude the audit. Because circumstances surrounding each client vary significantly, extensive URS management involvement is typical. Mr. Burkel and Mr. Mann have been with the company since its inception. Mr. Harris joined the firm in 1993. Our auditors average over 5 years experience with our company, 20+ years business experience in the fields of banking and accounting, and have college degrees.

Audit and Review Reports

During the course of our engagement, you can expect to receive the following reports from URS:

Preliminary Report. You will receive this report within 30 to 45 days after we obtain your billing information. This report outlines the areas that we plan to explore for cost reduction and/or refund opportunities and identifies any opportunities already uncovered after our first review of your records.

Interim Correspondence. As required, we will provide you with updates as we uncover additional opportunities and investigate in more detail those identified in our preliminary report. We will also copy you in on any important correspondence to or from your vendors. We may also ask you for permission to make cost reduction changes as we progress.

Audit Report. After our analysis is complete, we will present an audit report consisting of an executive summary, savings summary, and a detailed documentation of our findings. The report will identify and quantify refunds and savings associated with recommendations for cost reduction measures. This report will also serve as the basis to present any recommendations and to secure your approval for implementation of any outstanding items.

Responsibilities and Requirements of the County

- 1) Inform URS of any billing errors currently being contested by the county.
- 2) Inform URS of any other energy cost reduction measures under investigation by the county.
- 3) Inform URS of any other anticipated changes in service or equipment
- 4) Make available one months copies of all bills to be audited
- 5) Although we cannot determine the exact man hours required by the county, the times shown below could be considered typical for a client your size.

a) Clerical (pulling bills for us to copy)	2 hours
b) Answering questions during the audit process	3 hours
c) Evaluating our final report	5 hours
Total	10 Hours
- 6) Provide a point of contact for billing and technical questions

UTILITIES REDUCTION SPECIALISTS takes pride in our expertise and professionalism. We will be happy to make a presentation of our services either in person or teleconference. We believe our experience with city/county governments makes us eminently qualified to provide maximum financial benefit to the county.

3. **List of Local Government Clients in last 24 months**



2511 Neudorf Rd., Suite H
P.O. Box 1810
Clemmons, NC 27012

(336) 766-7109
FAX: (336) 766-1553

UTILITY AUDIT CLIENT REFERENCES

March 2006

<u>CLIENT</u>	<u>LOCATION</u>	<u>CONTACT</u>	<u>TELEPHONE</u>
Vance County Government	Henderson, NC	Jerry Tucker	252-738-2001
Lincoln County	Lincolnton, NC	Leon Harmon	704-736-8487
Wayne County Government	Goldsboro, NC	Norman Ricks	919-731-1435
Catawba County Government	Newton, NC	Rodney Miller	828-465-8215
Mecklenburg County Government	Charlotte, NC	Fred Liner	704-336-2108
Duplin County Government	Kenansville	Teresa Lanier	910-296-2104
Stanly County	Albemarle, NC	Charles Mashburn	704-986-3618
Moore County Government	Carthage, NC	Lisa Hughes	910-947-6310

4. Individual as a point of contact

Steve Mann, President

UTILITIES REDUCTION SPECIALISTS, Inc.

PO Box 1810

Clemmons, NC 27012

Phone: (336) 766-7109

Fax: (336) 766-1553

Email: Steve.mann@urs-solutions.com

Respectfully submitted,

Steve Mann

Steve Mann, President
URS/TRS

5. Individual Price Proposal

Our firm is compensated on a performance basis.

We require no up-front money or deposits. If there are no cost reductions or refunds, there are no fees.

- For refunds and credits our fee is 45% of the refund or credit and payable after the county has received the credit. Our firm also works with your providers to secure the refunds or credits.
- For all future cost reductions associated with error corrections or accepted recommendations our firm is compensated 45% of the cost reduction as realized by the county over a 24-month period. All cost reductions must be quantifiable to your satisfaction. The county is obligated to compensate our firm only for cost reductions detailed in our final report. Any additional cost reductions attributable to either county personnel or vendors will not qualify for compensation to our firm. As stated earlier, the county is free to accept or reject any recommendations.



5. Schedule of Fees and Payment Terms

- The **individual pricing** for each audit reflects the pricing if the County contracted separately for audits, e.g. did not choose to conduct all three.
- The **bundled pricing** reflects the discounted pricing if the County wishes to conduct all three audits. Bundled pricing represents an **additional discount** if all three services are awarded to URS.

Sales Tax Reallocation Audit: Performance fees are based on all additional tax revenues recovered or reallocated for the County as a result of the audit.

- **Individual Pricing:** 25% of additional tax revenues.
- **Bundled Pricing:** 23% of additional tax revenues.

Telecom & Energy Bill Audit: Performance fees are applied to credits and refunds and on-going savings resulting from the audit. (Note that the County has the right to accept or reject any recommendation for on-going savings.)

- **Individual Pricing:** 45% of refunds and 45% of on-going savings for 24 months
- **Bundled Pricing:** 42% of refunds and 42% of on-going savings for 20 months

Credit terms for all URS service offerings are Net 30 days.



Appendix

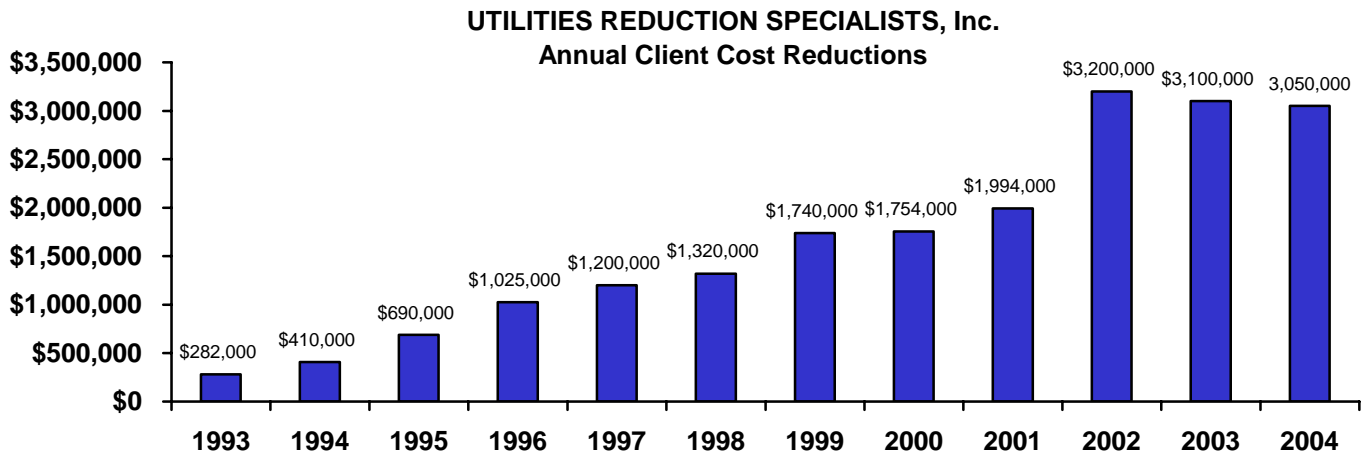


Company Overview

Based in Clemmons, North Carolina, **Utilities Reduction Specialists, Inc. (URS)** was founded in December of 1991 by Steven D. Mann and Kenneth J. Burkel. Justus E. Harris joined the firm as an active partner in 1993. The company was established to conduct performance based audits to identify billing errors and ongoing cost reductions for clients in telecommunications and energy. URS later added fee-based consulting services and monthly bill management to its service offerings.

In August 2001, URS added a performance based tax audit division, **Tax Reduction Specialists (TRS)** which has secured over **\$3,200,000** in refunds for clients since that time and have a base of 46 county sales tax reallocation clients in North Carolina.

In November 2002, URS formed an alliance with Sud Associates, P.A., an engineering firm in Durham and Asheville, which provides extensive experience and expertise in helping clients reduce electric, gas, water and sewer costs.



Our client base includes over 450 local governments, hospitals, colleges, retailers, distributors, manufacturers, financial institutions, newspapers, commercial printers and service companies in 16 states.

Over 80% of our clients have reduced cost as a result of engaging our services. Our average audit has produced over \$20,000 a year in reduced client costs, with several clients' cost reductions of over \$200,000 a year.

We currently have a staff of ten professionals and plan to add additional staff in the next twelve months.



Give URS the Competence Calculator Test

From whom or even whether you choose to buy a product or service can be a formal, systematic process. The variables are cost, perceived value, impact on the organization and emotional attachment. Business decisions are often the most formal because frequently the cost is high, the whole organization may be affected, and individuals are judged by the decisions they make.

But how do you calculate the cost and value of performance based services, which have no direct costs? Performance based services lend irrelevant the old adage, “*You get what you pay for!*”

URS audits tax, telephone and energy bills and all fees paid to us are paid from refunds and future cost reductions that would be paid to your providers. So the ultimate decision should focus on one objective. Which vendor can deliver the most money (value) to my organization in the form of refunds and monthly cost reductions? All performance based firms are not created equal! Effectively auditing tax, telecommunication and energy bills requires a level of expertise that would rival many Ph.D.’s. Yet, there is little formal training available. The skills are learned by doing the work and gaining experience along the way from both vendors and clients.

At URS our goal is to help clients “*Find Money*” and “*Keep More*” of what they already have! When we are successful, we share proportionately and prosper as well. This is truly the definition of a win – win relationship.

Why Choose URS to help you “Keep more of what is rightfully yours!”

- **14 Years’ Experience**
Our systems and procedures are refined. We know what to look for, where to look, and how to get things done – no small task if you have ever tried to get answers and resolutions on your tax, phone, & energy bills.
- **A Staff of 10 Professionals**
We are large enough to specialize, do the necessary industry research, and provide formal ongoing training, yet nimble enough to respond to our clients’ individual needs.
- **Over 450 clients. Including 148 City and County Governments**
This we believe is a testament to the quality and quantity of our work. No vendor acquires this number of clients in a vertical market without getting results and developing good client relationships.
- **Commitment to the Government Market**
We are active supporters and members of the GFOA chapters in NC, SC, TN, and VA. We know local government issues and cost reduction opportunities within this market. We not only find common errors, but we also find innovative solutions that clients have implemented to solve problems we find with other local governments we encounter. We have returned more than \$3 Million to counties and cities, averaging over \$23,000 of annual cost reductions. Most of these cost reductions recur each year. Sales Tax refunds and reallocations are much higher.
- **Variety of Client Services Offered**
As we have grown, so have the services we provide. Our services include occupancy tax and sales tax reallocation auditing, energy and telecommunications consulting, and ongoing bill management. As we have brought these new services to market, we have chosen to provide them from within (not from outside) our organization.
- **Our Services are Non-intrusive**
We work off-site and understand the value of your time. Our objective is to simplify your job, not complicate it. We will not put a strain on your time, staff, or conference rooms, allowing you and your staff to concentrate on your core responsibilities.

Billing Procedures for Energy Audits

Regardless of whether the savings are on energy or telephone costs, we provide our clients with the assurance that **if we can not quantify your savings as attributable to changes we have recommended, then you are not obligated to pay us for those recommendations.** We *do not* have a 2-year contract, rather a 24-month billing term. Once we deliver our final report you are free to seek out other vendor recommendations with the confidence that we will not be compensated for those savings.

Energy

- The savings on energy are calculated on actual KW Demand and KWH usage each month. These savings will be clearly documented and will balance to the total usage and dollars actually shown on your monthly bills. You will be invoiced monthly based upon the savings shown on the prior month's bill attributable to our implemented changes and/or error correction. Should you receive a refund or credit for past overcharges, you will be billed within 30 days *following* the receipt of this credit or refund at the contract rate of the savings for the month. During the 24-month billing cycle, should cost savings be reduced or cease to exist, our billings will be reduced as well for the remaining months of the 24-month period.
- As a Duke Power client, Henderson County will be able to register online and armed with your pass code URS will have access to billing records we need and the 12 month billing histories will be available to us. Additionally, we will on a monthly basis be able to access the Duke Power website and retrieve the necessary data required to render monthly savings for your review.

Eligible Savings

- As stated in our agreement, you have the right to accept or reject any recommendations for savings that we make. However, if you have already identified savings by in-house review or through your other vendors, *you may exclude these from our audit by specifying them in the area provided for this in our agreement.* If you find any other savings that we do not identify in our report, then *you are not obligated* to pay us for these savings. Likewise, you are not obligated to pay us for any additional savings found by your personnel or another vendor or consultant, which are identified after we have presented our final report.



Our services are objective and unbiased. Our goal is to exceed your expectations!

Electric Bill Audit

Review of 12 month electric bill histories for equipment and service errors to ensure charges are correct and conform to current tariff.

Review current demand contracts and rate schedules for cost effectiveness, including interruptible rate schedules.

Conduct feasibility studies to evaluate co-peak rate schedules, use of back-up generators, and participate in special negotiations with utilities.

Identify low-cost facility modifications and conduct briefings with personnel and maintenance staff.

Evaluate the effectiveness of operating schedule modifications and meter consolidation opportunities.

Oil/Gas Audit

Review 12 month billing histories for meter problems and for alternative service opportunities.

Water/Sewer Analysis

Review billing histories for rate schedule opportunities and abnormal monthly usage.

Meter analysis for water and sewer usage and summary charges. Comparative consumption analysis for leaks/broken mains, etc.

Monthly Bill Management

An energy management tool to evaluate and reduce utility usage.

Analyzes historical utility usage and costs by facility.

Identifies billing errors and problems with operations quickly and easily.

Identifies high-energy usage and costs for further analysis of potential energy conservation measures – where to look first!

Changes in Service

Request *and* verify implementation of any changes in service *approved by Client* to reduce utility costs. *

Refunds and Credits

Request *and* verify all refunds or credits due to client.

Utility Consulting

RFP development including vendor evaluation and selection for equipment and services. Project management services for cutovers and equipment installation.

**Clients are under no obligation to pay for recommendations that are not accepted and implemented.*



Below is a list of some of the companies and organizations we have audited since URS was founded 1991.

What Our Clients Say about Us

*“Tax Reduction Specialists (a Division of Utilities Reduction Specialists, Inc.) has provided services to Beaufort County for just over a year. They “found” additional county sales tax revenues totaling **\$51,167**. Beaufort County would not have recovered this revenue without the services and education Tax Reduction Specialists provided.”*

-- Carolyn B. Wilson, Finance Director-Beaufort County NC

*“We have been exceptionally pleased with the telecommunications audit that UTILITIES REDUCTION SPECIALISTS conducted here at Gaston County Government. Their representatives were very thorough and professional with their audit. The direct and indirect actions taken as a result of their audit are projected to yield almost **\$300,000** in cost reductions to our yearly operating budget.”*

--Stanley “Vic” Victrum, Director Of Information Technology – Gaston County Government, NC

“Tax Reduction specialists provided a helpful and informative service to Hoke County. TRS was found to be extremely knowledgeable and enthusiastic about the service they provide. Tax Reduction Specialists found additional county sales tax revenues and informed our staff of additional items which met the requirement for refund. Hoke County would not have recovered this revenue without the services Tax Reduction Specialists provided. We would recommend this firm to any agency wanting to ensure total accountability with regard to claims for refund for sales taxes.”

--Scott L. Edwards, Finance Director – Hoke County Government

*“We have been extremely pleased with our relationship with UTILITIES REDUCTION SPECIALISTS. Due to this relationship, in the past year we have received over **\$45,000 of credits**, achieved recurring annual savings of over **\$15,000** and negotiated new communications contracts for the future with even greater savings. We have found URS personnel to be extremely knowledgeable, professional, helpful and requiring minimal time from our staff. Based on our experiences, we highly recommend them.”*

--Ray Lichtner Dir. Of Administration – Poyner & Spruill, L.L.P.

*“We found UTILITIES REDUCTION SPECIALISTS very effective and thorough in their review of our communications costs. They identified over **\$21,600** in billing credits alone. They also provided us information on their contracting strategies that will provide us with even more savings.”*

--Mike Freeland, VP & CIO - High Point Regional Health System

*“The staff at Utilities Reduction Specialists has been extremely professional and thorough in providing service to us. They identified more than **\$40,000** in annual cost savings for the credit union. In addition, their assistance in upgrading our phone system not only saved us tens of thousands of dollars, it also ensured that the conversion was among the smoothest of any we’ve ever been through.”*

--Tom Welch, President - Piedmont Aviation Credit Union

*“You guys have been a real lifesaver for our company, assisting us through the murky and, oftentimes treacherous waters of telecommunications contracts and service. Your professionalism and tenacity have netted our company over **\$50,000** in savings. We could not have done this without you. The entire team has always been courteous, helpful and responsive, which is something I value in business relationships.”*

--David G. Morrow, VP, Finance and Business Planning – Virkler Corporation

*“We at Heritage Hospital have enjoyed our brief relationship with UTILITIES REDUCTION SPECIALISTS, Inc. So far this year, the expertise of this company has benefited our hospital with a **\$35,000 refund** (non-recurring). In addition, if all goes as planned, we are expecting recurring annual savings of another **\$59,000**. Unlike many other consulting firms our hospital has used, very little time from our staff was required. Overall, our experience with UTILITIES REDUCTION SPECIALISTS has been very positive.”*

--Harvey Case, CFO - Heritage Hospital



URS/TRS has worked with 148 City/County Governments over the past 15 years.

North Carolina Counties

Alexander
Avery
Beaufort
Bertie
Bladen
Buncombe
Cabarrus
Camden
Carteret
Caswell
Catawba
Caldwell
Chatham
Cherokee
Chowan
Cleveland
Columbus
Craven
Currituck
Dare
Davidson
Duplin
Durham
Edgecombe
Franklin
Gaston
Gates
Graham
Granville
Greene
Guilford
Halifax
Harnett
Henderson
Hertford
Hoke
Hyde
Iredell
Jackson

Jones
Lee
Lenoir
Lincoln
Macon
Martin
McDowell
Mecklenburg
Mitchell
Montgomery
Moore
Nash
New Hanover
Northampton
Pamlico
Pasquotank
Pender
Person
Randolph
Richmond
Robeson
Rockingham
Rutherford
Scotland
Stanly
Surry
Transylvania
Union
Vance
Wake
Warren
Washington
Watauga
Wayne
Wilkes
Wilson
Yadkin
Yancey

South Carolina Counties

Abbeville
Aiken
Anderson
Barnwell
Cherokee
Colleton
Dillon
Dorchester
Florence
Greenwood

Horry
Jasper
Kershaw
Lancaster
Marion
Marlboro
Orangeburg
Saluda
Spartanburg
York

North Carolina Cities

Atlantic Beach
Burlington
Carrboro
Charlotte
Durham
Eden
Forest City
Gastonia
Henderson
Hickory
Jacksonville
Kernersville
Kings Mountain
Lenoir
Monroe
Mooresville
Mount Holly
Raleigh
Salisbury
Shelby
Statesville
Thomasville
Wilmington
Winston-Salem

Virginia Counties

Floyd
Henry
Louisa
Patrick
Pittsylvania
Prince George
Pulaski
Rockingham
Southampton
Sussex
Tazewell
Wise

Virginia Cities

Harrisonburg
Town of Pulaski
Roanoke

South Carolina Cities

Beaufort
Gaffney

Goose Creek
North Augusta

Tennessee Counties

Claiborne
Coffee
Hamblen
McMinn

Roane
White
Wilson

Our Utility bill and Tax audits hav

ts an average of \$24,000 annually.



URS/TRS Has Worked with 100 North Carolina Cities and Counties

(76) Counties

Alexander	Avery	Bertie
Beaufort	Bladen	Buncombe
Camden	Caldwell	Carteret
Caswell	Catawba	Chatham
Cherokee	Chowan	Cleveland
Columbus	Craven	Currituck
Dare	Davidson	Duplin
Durham	Edgecombe	Franklin
Gaston	Gates	Graham
Granville	Greene	Guilford
Halifax	Harnett	Henderson
Hertford	Hoke	Hyde
Iredell	Jackson	Jones
Lee	Lenoir	Lincoln
Macon	Martin	McDowell
Mecklenburg	Mitchell	Montgomery
Moore	Nash	New Hanover
Northampton	Pasquotank	Pamlico
Pender	Person	Randolph
Richmond	Robeson	Rockingham
Rutherford	Scotland	Stanly
Surry	Transylvania	Union
Vance	Wake	Warren
Washington	Watauga	Wayne
Wilkes	Wilson	Yadkin

(24) Cities

Atlantic Beach	Burlington	Carrboro
Charlotte	Durham	Eden
Forest City	Gastonia	Henderson
Hickory	Jacksonville	Kernersville
Kings Mountain	Lenoir	Monroe
Mooresville	Mount Holly	Raleigh
Salisbury	Shelby	Statesville
Thomasville	Wilmington	Winston-Salem

**STATE OF NORTH CAROLINA
COUNTY OF HENDERSON**

CONTRACT

This Contract made and entered into this _____ day of _____, 2006, by and between COUNTY OF HENDERSON, a political subdivision of the State of North Carolina, hereinafter called the "COUNTY," and UTILITIES REDUCTION SPECIALISTS, INC., a corporation authorized to conduct business in North Carolina, doing business as TAX REDUCTION SPECIALISTS, hereinafter called "TRS", to assist the COUNTY in conducting a sales tax reallocation audit.

WITNESSETH:

WHEREAS, the COUNTY desires to obtain a sales tax reallocation audit of sales tax refund claims against the COUNTY'S sales tax revenue through a review of sales tax refund claims (NC Department of Revenue Forms E-585 and E-536) and the supporting documentation made by these claimants (including the County itself) to determine whether such claims are based upon proper compliance of such organizations and their vendors with North Carolina sales tax law; and

WHEREAS, TRS agrees to provide said services for the COUNTY pursuant to the charges, terms and conditions of this AGREEMENT;

NOW, THEREFORE, in consideration of the promises mutually exchanged, the parties agree as follows:

1. Services to be Provided by TRS:

A. Conduct a sales tax analysis / tax expense audit by analyzing: asset and expense records, tax filings, and other tax records necessary for securing refund. This analysis will involve records from vendors, the County, as well as records of the non-profit agencies within the County. This Agreement authorizes TRS to audit sales and use taxes for the County through tax period ending June 30, 2007. TRS will not audit tax periods ending after this date unless it receives written approval by the County. TRS must file refund claims associated with the above tax periods within six-months after the corresponding tax filing deadlines in order for the associated benefits to the County to be subject to fees under the terms of the Agreement between TRS and the County.

B. Request any refunds and/or credits due for the County as a whole, and also make recommendations for future savings. The County is not obligated to implement these recommendations for future savings. TRS will also correct, where possible, original tax filings before they are filed to create immediate savings for the County.

C. To do all the necessary work to ensure that the credit/refund is received, including but not limited to representation before any vendor or agency for refund verification purposes.

2. Confidentiality: TRS agrees to abide by and all applicable state, federal and/or local laws concerning confidentiality of taxpayer records and hold the County harmless from any liability which may result from an action involving TRS or its employees or agents regarding confidentiality of taxpayer records.

3. The COUNTY will provide TRS access to the tax and expense records necessary to conduct the sales tax analysis under the terms of this Agreement, as well as a Power of Attorney and/or Letter of Agency. These documents are necessary for TRS to communicate with the N.C. Dept. of Revenue and the non-profit agencies within the COUNTY.

4. The COUNTY, if it so chooses, will bill the municipalities for their pro-rata share of any refunds received by the municipalities for the work performed by TRS. TRS will invoice the COUNTY for the gross refunds discovered that result from the TRS review.

5. If through any cause, TRS or the COUNTY fails to fulfill its obligations as provided by this Agreement, or materially violates any of the covenants or stipulations within this Agreement, or becomes unsatisfied with services rendered, and such failure or violation continues for thirty (30) days after written notice thereof by a party, either party shall thereupon have the right to terminate this Agreement immediately upon giving written notice to the other party. Said notice shall be delivered to the party personally or mailed by certified mail to the mailing address as specified herein. In the event of termination, all audits assigned to TRS shall be completed by TRS and all fees for completed audits shall be payable in accordance with the terms as provided by this Agreement.

6. Cost and payment for audit services:

A. The COUNTY shall pay to TRS for services furnished under this Agreement as follows: For tax savings, refunds and/or credits from any vendor or tax agency, the fee will be twenty-three percent (23%) of the savings, refunds and/or credits, or refund discoveries that result from the TRS audit except that the COUNTY's annual audit shall be excluded. This fee will be payable upon completion of an individual audit. Provided, however, that if the COUNTY does not receive documented savings, refunds and or credits or refund discoveries that result from the audits performed by TRS, there will be no fee for the services of TRS. An audit shall be deemed completed when the COUNTY is notified of the final audit results, the refund claims are filed and the refunds and documented savings and/or credits are received. In connection with the determination of fees as provided herein, TRS shall maintain records with sufficient detail as may be required by the COUNTY for verification.

B. All expenses incurred by TRS in performing audits under this Agreement including, but not limited to, travel, food, lodging, mileage, salaries, etc., shall be the responsibility of TRS.

C. To facilitate TRS's billing for fees, the COUNTY agrees to provide TRS with periodic reports as refunds and/or credits are discovered and processed.

D. TRS shall invoice the COUNTY for applicable audit fees on a monthly basis. Invoiced fees will be due and payable within thirty (30) days following billing date.

E. All legal costs involving any appeals resulting from an audit shall be the responsibility of the COUNTY. TRS shall be responsible for defending its audit findings throughout any appeals process without additional cost to the COUNTY. Defense of audit findings shall include personal appearances at meetings with Taxpayers or their representatives, and providing testimony and evidence at any hearing or appeal level concerning information identified in an audit.

F. The COUNTY agrees that TRS retains the exclusive right to conduct an analysis and/or audit during the term of this Agreement as set out in Paragraph 7 below. If there is any internal review conducted, or any person or entity conducts any review, analysis or audit during the term of this Agreement, TRS is still due the compensation for services rendered during the term of this Agreement and in accordance with the terms of this Agreement.

7. Term: Contractual services shall begin on _____, 2006, or upon full execution of this Contract, whichever is the later date, and extend for a period of one (1) year.

8. Cancellation: This Agreement shall become effective from the date entered above and shall remain in effect for an initial term of eighteen (18) months. This Agreement may be terminated by either party without cause upon thirty (30) days prior written notice.

9. Indemnification and Insurance: To the fullest extent permitted by applicable laws and regulations, TRS shall indemnify and hold harmless the COUNTY and its officials, agents and employees from and against all claims damages, losses and expenses, direct, indirect, or consequential (including, but not limited to, fees and charges of attorneys and other professionals and costs related to court action or arbitration) arising out of or resulting from the performance of this Contract or the actions of TRS or its officials, employees or contractors under this Contract or under the contracts entered into by TRS in connection with this Contract. This indemnification shall survive the termination of this Agreement.

In addition, TRS shall comply with the NC Worker's Compensation Act and shall provide for payment of worker's compensation to its employees in the manner and to the extent required by such act. In the event TRS is excluded from the requirements of such act and does not voluntarily carry worker's compensation coverage, TRS shall carry or cause its employees to carry adequate medical/accidental insurance to cover injuries sustained by its employees or agents during the performance of services. TRS shall maintain, at its expense, professional liability, general liability, and automobile liability insurance coverage.

10. Independent Contractor: COUNTY and TRS agree that TRS is an independent contractor and shall not represent itself as an agent or employee of COUNTY for any purpose in the performance of TRS' duties under this Contract, except as provided herein. TRS, as an independent contractor, shall perform said services in a professional manner and in accordance with the standards of applicable professional organizations and licensing agencies.
11. Non-Discrimination: TRS shall not discriminate against any person on the grounds of race, color, national origin, sex, age or disability in the administration of this Contract. Nor shall any person be excluded from participation in, or be denied the benefits of this Contract on the grounds of race, color, national origin, sex, age or disability.
12. Law Controlling: The laws of the State of North Carolina shall control and govern this Contract. All actions relating in any way to this Contract shall be brought in the General Court of Justice in the County of Henderson.
13. Non-Assignment: This Agreement may not be assigned without the express written consent of the COUNTY.
14. Modification: This Contract may be modified only by written agreement executed by both parties hereto.
15. Entire Agreement: This Contract constitutes the entire Agreement of the parties and no other agreement or modification to this Contract, expressed or implied, shall be binding on either party unless same shall be in writing and signed by both parties.
16. Severability: Should any provision, portion or application thereof of this Agreement be determined by a court of competent jurisdiction to be illegal, unenforceable, or in conflict with any applicable law or constitutional provision, the Parties shall negotiate an equitable adjustment in the affected provisions of this Agreement with a view toward effecting the purpose of this Agreement, and the validity and enforceability of the remaining provisions, portions or applications thereof, shall not be impaired.
17. Headings: The subject headings of the paragraphs are included for purposes of convenience only and shall not affect the construction or interpretation of any of its provisions. This Agreement shall be deemed to have been drafted by both parties, and no purposes of interpretation shall be made to the contrary.

18. Notices: Any notices to be given or submitted by either party to the other pursuant to this Agreement shall be made in writing and sent by first class mail, postage paid or by hand delivery to:

COUNTY:
Henderson County Financial Services
100 North King Street
Hendersonville, NC 28792
ATTN: Finance Officer

CONSULTANT:
Utilities Reduction Specialists, Inc.
Post Office Box 1810
Clemmons, NC 27012
ATTN: Steve Mann, President

19. Ownership of Work: All work, reports, or drawings produced as a result of the assignment of the project or task, shall remain the property of the County of Henderson and be used by the County of Henderson on other projects or on subsequent extensions or continuations.

20. Authority to enter into Contracts: TRS has no authority to enter into Contracts or agreements on behalf of the County of Henderson.

Executed and entered into by the parties hereto.

ACCEPTED:

ACCEPTED:

COUNTY OF HENDERSON
100 North King Street
Hendersonville, NC 28792

UTILITIES REDUCTION SPECIALISTS, INC.
d/b/a TAX REDUCTION SPECIALISTS
POST OFFICE BOX 1810
CLEMMONS, NC 27012

AUTHORIZED SIGNATURE:

AUTHORIZED SIGNATURE:

TITLE: COUNTY MANAGER

TITLE: PRESIDENT

DATE: _____

DATE: _____

Certificate of Finance Officer:

This instrument has been pre-audited in the manner required by the local government budget and fiscal control act.

Finance Officer: _____