PAHRUMP TOWN BOARD AGENDA

Harley Kulkin Chair	Bill Dolan Vice-Chair	Tom Waters Clerk	Robert Adams Member	Amy Riches Member

NOTICE TO MEMBERS OF THE AUDIENCE

The Pahrump Town Board meets the second and fourth Tuesday of each month at 7:00 PM in the Nye County Building, 2100 E. Walt Williams Drive. Agendas are available at the Town Office on the Thursday prior to each Board meeting and are posted on the Town website at www.pahrumpnv.org

BOARD MEMBER	PHONE	EMAIL	TERM EXPIRES DECEMBER 31
Harley Kulkin	727-1525	hkulkin@pahrumpnv.org	2014
Bill Dolan	910-1617	bdolan@pahrumpnv.org	2016
Dr. Tom Waters	764-0949	twaters@pahrumpnv.org	2014
Robert Adams	910-1965	radams@pahrumpnv.org	2014
Amy Riches	764-0751	ariches@pahrumpnv.org	2016

NOTE: Town Board agendas will be posted online at www.pahrumpnv.org.

There may be a quorum of Pahrump Advisory Board members present at Town Board meetings.

TOWN OF PAHRUMP MISSION STATEMENT

"Our mission is to balance our history as a rural community with our need to provide appropriate and sustainable services to our citizens and those who visit our community. We will do this by demonstrating honest, responsive leadership and partnering, when appropriate, to augment our resources."

SPECIAL NOTE: Any member of the public who is disabled and requires accommodation, assistance or a wireless microphone at this meeting is requested to notify the Pahrump Town Office in writing or call 775-727-5107, prior to the meeting. Assisted listening device is available at Town Board Meetings upon request with 24 hour advance notice.

"Audience members and speakers may not use provocative, rude, obnoxious, abusive, inflammatory, slanderous, or offensive comments. Any person who makes such remarks or otherwise disrupts the meeting with loud outbursts, shouting, threats or other disruptive behavior will be warned by the Chair that his or her behavior is unacceptable. If after receiving a warning, any person persists in disrupting the meeting, the Chair shall order that person to leave and may utilize law enforcement to enforce that order. These rules are specifically permitted under Nevada Open Meeting Law and do not violate anyone's constitutional rights."

Granicus Instructions: Please find a video of our Pahrump Town Board meetings at the following URL link:
http://nyecounty.granicus.com/MediaPlayer.php?view_id=3&clip_id=330

PAHRUMP TOWN BOARD MEETING
NYE COUNTY ADMINISTRATIVE COMPLEX
2100 E WALT WILLIAMS DRIVE
TUESDAY – 7:00 P.M.
May 28, 2013
AGENDA

1. **Call to Order, Moment of Silence, and Pledge of Allegiance**.

2. **Discussion and Possible Decision** regarding Moving the Order of or Deleting an Agenda Item(s). (For Possible Action)

3. **Presentation and Possible Decision** to Acknowledge Mr. John Shea as the 2013 Earth Day Citizen of the Year at the Recommendation of the Nuclear Waste and Environmental Advisory Board. (For Possible Action)

4. **Presentation** by Dr. Michael Voegele regarding transportation of radioactive waste through Pahrump on its way to NNSS. (Non-Action Item)

5. **Announcements** (Non-Action Item)

6. **Public/Board/Staff Comment**: Action may not be taken upon matters considered during this item until specifically included on an agenda for action. – NRS241.020(2)(c)(3). (Non-Action Item)

7. **Discussion and Possible Decision** Consent agenda items: (For Possible Action)
   a. For Possible Action – Approval of Town Vouchers.
   b. For Possible Action – Approval of Town Board meeting minutes for May 14, 2013.

8. **Advisory Board Reports** from Advisory Board Chairpersons and/or Town Board Liaisons on the Status of Advisory Boards. (Non-Action Item)

9. **Discussion and Possible Decision** to receive and accept Contour Entertainment's Phase II Interim Report #2, provide staff with further direction on this project and Other Matters Properly Related Thereto. (For Possible Action)

10. **Discussion and Possible Decision** to Approve Staff Placing a Request for Qualifications (RFQ) in the local and regional newspapers along with Airport National Trade Publications for the creation of a Financial Feasibility Scope for the Pahrump Proposed Airport. (For Possible Action)

11. **Discussion and Possible Decision** to Approve a Recommendation from the Arena Advisory Board to Waive 33% of the Arena Registration Fee and the 10% Gate Fee for Non-Profits for the Brightlite Cancer Foundation Rodeo being held June 15-16, 2013. (For Possible Action)

12. **Discussion and Possible Decision** to Add a new Article under Section 6.3 "Board Vice-Chair" of the Pahrump Town Board Policy, which will detail when the Accounts payables must be reviewed and signed by the signing committee. (For Possible Action)

13. **Discussion and Possible Decision Closed Session(s)**.

a. **Discussion and Possible Decision** regarding a Closed Session, to receive information and advice from the Town Attorney regarding potential or existing litigation pursuant to NRS 241.015(2)(b)(2). (For Possible Action)
b. **Discussion and Possible Decision** regarding a Closed Session pursuant to NRS 288.220 for purposes of conferring with the Town's Management Representatives Regarding Labor Negotiations. (For Possible Action)

14. Future Meetings/Workshops: Date, Time and Location (Non-Action Item)

15. Public/Board/Staff Comment: Action may not be taken upon matters considered during this item until specifically included on an agenda for action. – NRS241.020(2)(c)(3). (Non-Action Item)

16. Adjournment

A quorum of Advisory Board members may be present at any Town Board meeting but they will not take any formal action.
Any member of the public, who wishes to speak during public comment on any item, will be limited to three (03) minutes. Items may be taken out of order. Items may be combined. Items may be pulled or removed from the agenda at any time.
Any member of the public who is disabled and requires accommodations or assistance at this meeting is requested to notify the Pahrump Town Office in writing, or call 775-727-5107 prior to the meeting. Assisted listening devices are available at Town board meetings upon request.
This notice and agenda has been posted on or before 9:00 a.m. on the third working day before the meeting at the following locations:
PAHRUMP TOWN OFFICE, COMMUNITY CENTER, TOWN ANNEX, COUNTY COMPLEX, and CHAMBER OF COMMERCE

AGENDA ITEM REQUEST

Requests and backup must be into the Town Office by **3:00 p.m. five (05) business days before the preceding Town Board meeting** you wish the item presented. Town Board meetings are held on the second and fourth Tuesday of each month at 7:00 p.m. in the County Complex.

DATE AGENDA ITEM SUBMITTED 5/15/2013

DATE OF DESIRED BOARD MEETING 5/28/2013

CIRCLE ONE: Action Item Non-Action Item Presentation

ITEM REQUESTED FOR CONSIDERATION:
Discussion and Possible Decision regarding Moving the Order of or Deleting an Agenda Item(s).

If request for funding is approved by the Town Board, an invoice or letter from the requestor to Town of Pahrump/Accounts Payable is required to receive funding.

BRIEF SUMMARY OF ITEM:

BACKUP ATTACHED: ☐ YES ☒ NO

NAME OF PRESENTER(s) OF ITEM: Pahrump Town Board

SPONSORED BY:

Pahrump Town Board
Print Name

Pahrump Town Board
Signature

400 N. Hwy 160
Mailing Address

(775) 727-5107
Telephone Number

AGENDA ITEM REQUEST

Requests and backup must be into the Town Office by **3:00 p.m. five (05) business days before the preceding Town Board meeting** you wish the item presented. Town Board meetings are held on the second and fourth Tuesday of each month at 7:00 p.m. in the County Complex.

DATE AGENDA ITEM SUBMITTED 4/24/2013

DATE OF DESIRED BOARD MEETING 5/14/2013

CIRCLE ONE: (Action Item) Non-Action Item Presentation

ITEM REQUESTED FOR CONSIDERATION:
Discussion and Possible Decision to Acknowledge Mr. John Shea as the 2013 Earth Day Citizen of the Year at the Recommendation of the Nuclear Waste and Environmental Advisory Board.

If request for funding is approved by the Town Board, an invoice or letter from the requestor to Town of Pahrump/Accounts Payable is required to receive funding.

BRIEF SUMMARY OF ITEM:
Mr. Shea, Pahrump Valley Disposal Company has been a valued benefactor and supporter of all past Earth Day & Town Clean-up events within the Pahrump Valley. Without the help of Mr. Shea and his valued employees, these and many other events could not have been the successes that they have become. It is with this in mind that the Nuclear Waste & Environmental AB has chosen Mr. Shea for this award.

BACKUP ATTACHED: ☒ YES ☐ NO

NAME OF PRESENTER(s) OF ITEM: Nuclear Waste & Environmental AB

SPONSORED BY:

Mrs. Riches, Town Board Member
Print Name

Signature

400 N. Hwy 160
Mailing Address

(775) 727-5107
Telephone Number

9x12 green marble plaque/stock plate JDS #MJ4-710/black laser engraved

HONOREE

JOHN SHEA

Is Hereby Recognized As The

EARTH DAY 2013

CITIZEN OF THE YEAR

WHEREAS the global community now faces extraordinary challenges, such as global health issues, food and water shortages, and economic struggles; and

WHEREAS it is understood that the citizens of the global community must step forward and show leadership by their actions to create a greener economy and to address the above global challenges; and

WHEREAS a global economy can only be achieved at the grassroots and individual levels through educational efforts public policy, private enterprise participation, and consumer activism campaigns; and

FURTHERMORE, the Town of Pahrump recognizes Earth Day to celebrate the Earth and commit to building a more sustainable and greener economy and to recognize our local citizens for their support in these efforts.

Your Base Camp To Adventure

PAHRUMP NEVADA

AGENDA ITEM REQUEST

Requests and backup must be into the Town Office by **3:00 p.m. five (05) business days before the preceding Town Board meeting** you wish the item presented. Town Board meetings are held on the second and fourth Tuesday of each month at 7:00 p.m. in the County Complex.

DATE AGENDA ITEM SUBMITTED 5/15/2013

DATE OF DESIRED BOARD MEETING 5/28/2013

CIRCLE ONE: Action Item Non-Action Item (Presentation)

ITEM REQUESTED FOR CONSIDERATION:
Presentation by Dr. Michael Voegele regarding transportation of radioactive waste through Pahrump on its way to NNSS.

If request for funding is approved by the Town Board, an invoice or letter from the requestor to Town of Pahrump/Accounts Payable is required to receive funding.

BRIEF SUMMARY OF ITEM:

BACKUP ATTACHED: ☐ YES ☒ NO

NAME OF PRESENTER(s) OF ITEM: Dr. Michael Voegele

SPONSORED BY:

Mrs. Amy Riches, Town Board Member
Print Name

Amy Riches
Signature

400 N. Hwy 160
Mailing Address

(775) 727-5107
Telephone Number

AGENDA ITEM REQUEST

Requests and backup must be into the Town Office by **3:00 p.m. five (05) business days before the preceding Town Board meeting** you wish the item presented. Town Board meetings are held on the second and fourth Tuesday of each month at 7:00 p.m. in the County Complex.

DATE AGENDA ITEM SUBMITTED 5/15/2013

DATE OF DESIRED BOARD MEETING 5/28/2013

CIRCLE ONE: Action Item Non-Action Item Presentation

ITEM REQUESTED FOR CONSIDERATION:
Announcements.

If request for funding is approved by the Town Board, an invoice or letter from the requestor to Town of Pahrump/Accounts Payable is required to receive funding.

BRIEF SUMMARY OF ITEM:
See attached announcements.

BACKUP ATTACHED: ☒ YES ☐ NO

NAME OF PRESENTER(s) OF ITEM: Pahrump Citizens, Town Board, & Staff

SPONSORED BY:

Pahrump Town Board
Print Name

Pahrump Town Board
Signature

400 N. Hwy 160
Mailing Address

(775) 727-5107
Telephone Number

Announcements

May 28th, 2013

- The following advisory boards are currently scheduled to meet in the 'A' Room of the Bob Ruud Community Center:

- Parks & Recreation Advisory Board on June 19th at 6:30pm
- Veterans' Memorial Advisory Board on June 20th at 6:00pm
- Community Center/Civic Center Advisory Board on June 5th at 5:00pm

- The following advisory boards are currently scheduled to meet in Town Annex:

- Public Lands Advisory Board on June 4th at 7:00pm
- Nuclear Waste and Environmental Advisory Board on June 7th at 1:00pm
- PTCC on June 6th at 8:00am
- Youth Advisory Board on June 12th at 2:30pm
- Arena Advisory Board on June 13th at 7:00pm

- The Social Security Administration will be in the 'A' and 'B' Rooms of the Bob Ruud Community Center on June 25th from 9am-11am.

- The Prostate Cancer support group meets 6pm on the 4th Thursday each month in the hospital training room.

- The VFW will be holding a Memorial Day celebration May 30th starting at 10:00 am at the Chief Tecopa Cemetery.

AGENDA ITEM REQUEST

Requests and backup must be into the Town Office by **3:00 p.m. five (05) business days before the preceding Town Board meeting** you wish the item presented. Town Board meetings are held on the second and fourth Tuesday of each month at 7:00 p.m. in the County Complex.

DATE AGENDA ITEM SUBMITTED 5/15/2013

DATE OF DESIRED BOARD MEETING 5/28/2013

CIRCLE ONE: Action Item Non-Action Item Presentation

ITEM REQUESTED FOR CONSIDERATION:
Public/Board/Staff Comment

If request for funding is approved by the Town Board, an invoice or letter from the requestor to Town of Pahrump/Accounts Payable is required to receive funding.

BRIEF SUMMARY OF ITEM:

BACKUP ATTACHED: ☐ YES ☒ NO

NAME OF PRESENTER(s) OF ITEM: Pahrump Citizens, Town Board, & Staff

SPONSORED BY:

Pahrump Town Board
Print Name

Pahrump Town Board
Signature

400 N. Hwy 160
Mailing Address

(775) 727-5107
Telephone Number

AGENDA ITEM REQUEST

Requests and backup must be into the Town Office by **3:00 p.m. five (05) business days before the preceding Town Board meeting** you wish the item presented. Town Board meetings are held on the second and fourth Tuesday of each month at 7:00 p.m. in the Bob Ruud Community Center.

DATE AGENDA ITEM SUBMITTED 5/15/2013

DATE OF DESIRED BOARD MEETING 5/28/2013

CIRCLE ONE: Action Item Non-Action Item Presentation

ITEM REQUESTED FOR CONSIDERATION:
Approval of Town Vouchers

CONSENT AGENDA Item 7a

If request for funding is approved by the Town Board, an invoice or letter from the requestor to Town of Pahrump/Accounts Payable is required to receive funding.

BRIEF SUMMARY OF ITEM:

BACKUP ATTACHED: ☐ YES ☒ NO

NAME OF PRESENTER(s) OF ITEM: Pahrump Town Board

SPONSORED BY:

Pahrump Town Board	*Pahrump Town Board*
Print Name	Signature
400 N. Hwy 160	(775) 727-5107
Mailing Address	Telephone Number

7a

AGENDA ITEM REQUEST

Requests and backup must be into the Town Office by **3:00 p.m. five (05) business days before the preceding Town Board meeting** you wish the item presented. Town Board meetings are held on the second and fourth Tuesday of each month at 7:00 p.m. in the County Complex.

DATE AGENDA ITEM SUBMITTED 5/15/2013

DATE OF DESIRED BOARD MEETING 5/28/2013

CIRCLE ONE: Action Item Non-Action Item Presentation

ITEM REQUESTED FOR CONSIDERATION:
Approval of Town Board Meeting Minutes for May 14, 2013

CONSENT AGENDA Item 7b.

If request for funding is approved by the Town Board, an invoice or letter from the requestor to Town of Pahrump/Accounts Payable is required to receive funding.

BRIEF SUMMARY OF ITEM:
See attached Town Board Meeting Minutes for May 14 2013.

BACKUP ATTACHED: ☒ YES ☐ NO

NAME OF PRESENTER(s) OF ITEM: Pahrump Town Board

SPONSORED BY:

Pahrump Town Board	*Pahrump Town Board*
Print Name	Signature
400 N. Hwy 160	(775) 727-5107
Mailing Address	Telephone Number

7b

PAHRUMP TOWN BOARD MEETING
NYE COUNTY ADMINISTRATIVE COMPLEX
2100 E WALT WILLIAMS DRIVE
TUESDAY – 7:00 P.M.
May 14, 2013
AGENDA

1. **Call to Order, Moment of Silence, and Pledge of Allegiance.**

   Harley Kulkin called the meeting to order.

   Tom Waters lead the Moment of Silence and Pledge of Allegiance.

2. **Discussion and Possible Decision regarding Moving the Order of or Deleting an Agenda Item(s).**

   Dr. Waters moved item 10 to follow Item 2.

   Mr. Kulkin pulled agenda items 3, 13, and 14.

Item 10. Advisory Board Reports from Advisory Board Chairpersons and/or Town Board Liaisons on the Status of Advisory Boards

Andrea Sposato and Cameron Lynch updated the Town Board that the Youth Advisory Board would be making a list of projects that the youth of Pahrump may like and that would have more activities they would enjoy.

Note: After Item2 and before item 3 the Town Board presented Arlette Ledbetter with an award for her hard work and dedication to making Rural Roundup 2013 such a wonderful event, and
Note II: the Marine Corps League presented Bill Kohbarger and Matt Luis with a Community Service Award for making sure anyone with disabilities were able to attend the 2012 Pahrump Fall Festival.

3. **Presentation and Possible Decision to Acknowledge Mr. John Shea as the 2013 Earth Day Citizen of the Year at the Recommendation of the Nuclear Waste and Environmental Advisory Board.**

   This item was pulled.

4. **Presentation by Goodwill pertaining to their new store and their involvement in the Community of Pahrump.**

   Jessica Milazzo and Walter Lescano made a presentation on the Goodwill Organization. They spoke about how the company works toward creating jobs, and helping students and schools across the country.

   All Town Board members communicated their respect and gratitude for the hard work both Jessica, Walter and the Goodwill Corporation for everything they do to assist the citizens of Pahrump.

5. **Presentation by Mr. Ken Pyle of Brightlite Cancer Foundation of Pahrump pertaining to their Mission and Upcoming Rodeo Event being held June 2013 showcasing the WPRA – Women's Professional Rodeo Association.**

Ken Pyle of the Brightlite Cancer Foundation of Pahrump made a presentation to the Town Board pertaining to the Foundation and Women's Pro Rodeo Event happening June 15th and 16th at the Pahrump Town Arena.

6. **Presentation/Reports by Ms. Arlette Ledbetter, Town Tourism Coordinator, on the 2013 Rural Roundup that was held in Pahrump on April 17th & 18th, 2013 and Death Valley Park Partners.**

Ms. Ledbetter gave the Town Board a presentation on the Tourism Department and how it is funded along with the purpose. She then gave a report on the 2013 Pahrump Rural Roundup. She stated how everyone in attendance commented on how much they enjoyed Pahrump and how pleased she was that everyone enjoyed the event.

Mr. Dolan stated even though he was unable to attend the 2013 Rural Roundup he had heard from a friend who attended about how wonderful the Rural Roundup was.

Mrs. Riches stated how much she enjoyed the Rural Roundup.

Mr. Adams stated that he also agreed with how well the Rural Roundup was, and that he enjoyed being the Liaison to the PTCC.

Mr. Kulkin stated this was the best Rural Roundup he had attended and that he felt that other communities Rural Roundups were not as good as Pahrump's.

Jack Sanders mentioned that the PTCC has partner with a public relationships company to ensure that the Town gets a positive light on how wonderful Pahrump is and that the company should also help to bring more attention to Pahrump.

7. **Announcements**

Announcements were read by Dr. Waters.

Nye County Coalition will be holding a Job Fair the second Friday of every month.

8. **Public/Board/Staff Comment**: Action may not be taken upon matters considered during this item until specifically included on an agenda for action. – NRS241.020(2)(c)(3).

Public Comment was heard.

Phil Huff told the Town Board the Pahrump Museum is now in discussions with Mr. Shea to have the Green Giant statue moved to the Pahrump Museum.

Dr. Waters stated that anyone concerned about their property taxes being raised should look at their bill first and see that only 9% of the entire taxable bill is for the Town of Pahrump.

Mr. Kulkin stated he felt that he handled the last meeting as best as he possibly could due to circumstances.

Mr. Kohbarger stated he felt Pam Webster, Steve Osborne and Beth Lee did a wonderful job for Nye County.

9. **Discussion and Possible Decision Consent agenda items:**
   a. ***For Possible Action – Approval of Town Vouchers.***
   b. ***For Possible Action – Approval of Town Board meeting minutes for April 23, 2013 and Tentative Budget Hearing April 24, 2013.***
   c. ***For Possible Action – Approval of the Removal of Mr. Michael Mack from the Pahrump Convention Center/Civic Center Advisory Board.***
   d. ***For Possible Action – Approval to Transfer Ambulance Delinquent Accounts for January - March, 2013 for Further Collection and Related Accounting Adjustments.***

Mr. Adams motioned to approve Consent agenda items A-D.
Mr. Dolan
Motion carried, 4-0, Mrs. Riches missing from vote.

10. **Advisory Board Reports from Advisory Board Chairpersons and/or Town Board Liaisons on the Status of Advisory Boards.**

Moved to discussion under item 2.

11. **Discussion and Possible Decision to Review and approve of Resolution 2013-05, a *Resolution accepting and approving the 2011-2012 Town audit and supplemental materials.***

Dan McArthur presented the Town Board audit report for FY12. He explained the statement on page 7, top paragraph, meant that he examined the Tow'sn preliminary reports and confirm they were correct. He also explained the difference between the business activities and governmental activities, and how these factored into how the budget for the Town could be spent. He then discussed page 22 and 23 and the summary of funds the Town has. On pages 57 and 58 of his report it shows the Town's expenditures and revenues, and indicated that the property tax the Town collected decreased. On page 59 it showed the five major departments of the Town fees' had dropped. Pages 69 and 70 is related to the Ambulance Department and it showed the profit and lost for the department and the Ambulance cash flow. Pages 76, 77, and 78 are related to funds referred to as specialty funds, and that these funds are related to specifics uses only.

Dr. Waters, Mr. Adams, and Mr. Kulkin said they were happy with everything they read in the audit.

Mrs. Riches asked if we were able to pay all bills as of right now without collecting more funds.
Mr. McArthur replied that on page 57 and 58 it does show a necessary reserve if needed to pay bill should we not collect enough funds. He clarified however this was a fund balance from 10 months ago.

Mr. Dolan clarified that this audit was the final numbers for fiscal year 2012.
Mr. MacArthur confirmed that.

No public comment.

Dr. Waters motioned to approve the Resolution 2013-06 accepting and approving the 2011-2012 Town audit and supplemental materials.
Mr. Adams seconded.
Motion carried, 5-0.

12. **Discussion and Possible Decision to approve a Grant Application for the High Desert Shorts International Film Wine & Music Festival Marketing Plan in an Amount not to exceed $16,000.00 payable from the State Tourism Room Tax Fund.**

Ms. Ledbetter along with Karen Spalding and Jack Sanders, PTCC Advisory Board Members made a presentation to approve a grant not to exceed 16,000 dollars payable from the State Tourism Room Tax Fund for the High Desert Shorts International Film, Wine & Music Festival Marketing Plan. Mr. Sanders said the template they would be using would also benefit everyone who wanted to create an event within the Town of Pahrump.

Mr. Kulkin asked to explain what the event was.

Mrs. Spalding said this is a film festival for short films and that this year 48 films would be presented at the event and each year 25% more filmmakers attend. She also stated that in a few years they hope to apply to get Oscar Award Status for the film makers.

Public comment was heard.

Mr. Dolan motioned to approve a grant application for the High Desert Shorts International Film Wine & Music Festival Marketing Plan in an amount not to exceed $16,000.00 payable from the State Tourism Room Tax Fund.
Dr. Waters seconded.
Motion carried, 5-0.

13. **Discussion and Possible Decision to receive and accept Contour Entertainment's Phase II Interim Report #2; provide staff with further direction on this project and Other Matters Properly Related Thereto.**

This item was pulled.

14. **Discussion and Possible Decision to Approve a Scope of Work for GC Wallace to provide Construction Documents, Pre-bid Services and Construction Management for the Simkins Park Basketball Courts in an Amount Not to Exceed $13,300; payable from the Park Impact Fees and Parks Room Tax Fund.**

This item was pulled.

15. **Discussion and Possible Decision to Permanently Table Agenda Item #8 from the April 09, 2013 Town Board meeting.**

Mr. Dolan said he felt that way the meeting between Town Board members and staff and the Pahrump Valley Mirror went well and this item should be permanently tabled to let it die.

No public comment was made.

Dolan motioned to permanently table agenda item #8 from the April 09, 2013 Town Board meeting.
Riches seconded.
Motion carried, 5-0.

16. <u>Discussion and Possible Decision to create a new Town of Pahrump Advisory Board named Event Planning.</u>

Mr. Adams stated that he did want an Event Board for things such as the Fall Festival but that the Town should hold off on creating a board. He also stated that he felt all members should talk to their Advisory Boards about this idea and to table this item till the next meeting.

Mr. Dolan stated he felt that the Tourism board and other Advisory Boards already worked like an Event Board.

Dr. Waters motioned to table item 16 for a month.
Mrs. Riches seconded.
Motion carried, 5-0.

17. <u>Discussion and Possible Decision Closed Session(s).</u>
- **a. <u>Discussion and Possible Decision regarding a Closed Session, to receive information and advice from the Town Attorney regarding potential or existing litigation pursuant to NRS 241.015(2)(b)(2).</u>**
- **b. <u>Discussion and Possible Decision regarding a Closed Session pursuant to NRS 288.220 for purposes of conferring with the Town's Management Representatives Regarding Labor Negotiations.</u>**

Mr. Dolan motioned to move to closed session.
Dr. Waters seconded.
Motion carried, 5-0.

18. <u>Future Meetings/Workshops: Date, Time and Location</u>
- **a. <u>Final Public Budget Hearing May 16, 2013 @ 6:00 p.m. @ the Nye County Administrative Complex</u>**

Mr. Kohbarger reminded both Mrs. Riches and Mr. Adams about setting up a meeting time for Advisory Board annual training, and about the Final Town Budget for Fiscal Year 2012-2013 Meeting May 16, 2013 at 6:00 pm at the Town Annex.

19. <u>Public/Board/Staff Comment</u>: <u>Action may not be taken upon matters considered during this item until specifically included on an agenda for action. – NRS241.020(2)(c)(3).</u>

Public comment was heard.

20. <u>Adjournment</u>

Meeting adjourned at 11:10 pm.

AGENDA ITEM REQUEST

Requests and backup must be into the Town Office by **3:00 p.m. five (05) business days before the preceding Town Board meeting** you wish the item presented. Town Board meetings are held on the second and fourth Tuesday of each month at 7:00 p.m. in the County Complex.

DATE AGENDA ITEM SUBMITTED: 5/15/2013

DATE OF DESIRED BOARD MEETING: 5/28/2013

CIRCLE ONE: Action Item Non-Action Item Presentation

ITEM REQUESTED FOR CONSIDERATION:
Advisory Board Reports.

If request for funding is approved by the Town Board, an invoice or letter from the requestor to Town of Pahrump/Accounts Payable is required to receive funding.

BRIEF SUMMARY OF ITEM:
See attached meeting schedule.

BACKUP ATTACHED: ☒ YES ☐ NO

NAME OF PRESENTER(s) OF ITEM: Town Board & Advisory Boards

SPONSORED BY:

Pahrump Town Board	*Pahrump Town Board*
Print Name	Signature
400 N. Hwy 160	(775) 727-5107
Mailing Address	Telephone Number

Town of Pahrump
Advisory Board Meeting Schedule

Current as of April 2013

1st Monday	1st Tuesday	1st Wednesday	1st Thursday	1st Friday
	Public Lands Advisory Board *Mr. Adams* *Annex* *6:30pm*	Civic Center Advisory Board *Mrs. Riches* *Community Center* *Room 'A' 5:00pm*	Tourism Convention Counsel *Mr. Adams* *Community Center* *Room 'A' 8:00am*	Nuclear Waste & Environ. AB *Mrs. Riches* *Annex* *1:00pm*
2nd Monday	**2nd Tuesday**	**2nd Wednesday**	**2nd Thursday**	**2nd Friday**
	Town Board Meeting *County Chamber 7pm*	Youth Advisory Board *Dr. Waters* *Annex* *2:30pm*	Arena Advisory Board *Mr. Dolan* *Community Center* *Annex 7:00pm*	
3rd Monday	**3rd Tuesday**	**3rd Wednesday**	**3rd Thursday**	**3rd Friday**
		Parks & Recs Advisory Board *Mr. Dolan* *Community Center* *Room 'A' 6:30pm*	Veteran's Mem. Advisory Board Dr. Waters *Community Center* *Room 'A'* 6pm	
4th Monday	**4th Tuesday**	**4th Wednesday**	**4th Thursday**	**4th Friday**
	Town Board Meeting *County Chamber 7pm*			

Your Base Camp To Adventure™
PAHRUMP
NEVADA

AGENDA ITEM REQUEST

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DATE AGENDA ITEM SUBMITTED 4/24/2013

DATE OF DESIRED BOARD MEETING 5/28/2013

CIRCLE ONE: Action Item Non-Action Item Presentation

ITEM REQUESTED FOR CONSIDERATION:
Discussion and Possible Decision to receive and accept Contour Entertainment's Phase II Interim Report #2; provide staff with further direction on this project and Other Matters Properly Related Thereto.

If request for funding is approved by the Town Board, an invoice or letter from the requestor to Town of Pahrump/Accounts Payable is required to receive funding.

BRIEF SUMMARY OF ITEM:
See attached Phase II Interim Report #2.

This item was tabled at the May 14, 2013 Town Board Meeting pending meetings with Mr. Chris Brown, President of Contour.

BACKUP ATTACHED: ☒ YES ☐ NO

NAME OF PRESENTER(s) OF ITEM: Pahrump Town Board

SPONSORED BY:

Pahrump Town Board	*Pahrump Town Board*
Print Name	Signature
400 N. Hwy 160	(775) 727-5107
Mailing Address	Telephone Number

CONTOUR
Entertainment Inc.

19 January 2013

Interim Review #2

Brief Recap

Following on the heals of Interim Review Report #1, Contour travelled to Pahrump along with our sub-consultants to present the Vision Plan as well as to directly familiarize our new sub-consultants with Pahrump. We were in Pahrump on October 10 – 12. The attendees on this trip were:

Chris Brown	Contour Entertainment
Matthew Perry	National Sports Services
Dev Pathik	Sports Facilities Advisory
Don Hart	Stern Brothers & Co
Don Holbrook	Economic Developer

Our team was greeted by Samantha Carns of the Town of Pahrump as Mr. Kohbarger was away on the day of our arrival. Samantha acted as host and tour guide for the group to introduce the new members to Pahrump and arranged meetings at various attractions and provided transportation and coordination for the group.

During the initial day's tour and meetings, the discussions were focused on bringing the new group members up to speed on the assets, presence and layout of Pahrump. During this tour, Contour's initial perspective, including the positive impression of certain aspects of Pahrump as well as our thoughts on what the next steps could and should be for tourism development were all held back so as to allow the new members to develop their own, independent opinions.

After the basic orientation and visits to the key attractions, sites and an overall drive through and around the town were completed on the first day, the second day added meetings with Mr. Kohbarger, the Town Manager and Pam Webster, Nye County Manager in a meeting at Mountain Falls where we also met with Greg Moynahan, General Manager of Mountain Falls.

During the meetings at Mountain Falls, Don Hart of Stern Brothers arrived as he'd been held up by a traffic fatality the previous day and had been unable to get over the hump to Pahrump as the road was closed. The meetings progressed to discuss financial structures and strategies as well as Town and County collaboration required to achieve effective results.

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Additional Meetings were held with the group and various Town Board members and Town staff at the Town Offices. These meetings were generally attended by Bill Kohbarger and included:

- Dr. Tom Waters, Town Board Member
- Vicky Parker, Town Board Member
- Harley Kulkin, Town Board Member
- Mike Darby, Town Board Member
- Michael Sullivan, Town Finance Director
- Arlette Ledbetter, Town Tourism Coordinator
- Bill Dolan, Community Center Advisory Board Member
- Allan Parker, Rural Nevada Development Corporation

An additional meeting was held at the Nye County offices with a number of town citizens who expressed their interests in the project and brought with them various recommendations including an enthusiastic pitch for BMX and ATV tracks from Christopher Badia, (which were already a part of the Adventure Springs concept mix of attractions). Some of these town citizens expressed their concerns over using the Fairgrounds site and informed the team that a contract for the initial development of sports fields had already been let. This was a surprise to the team as we'd not been informed of such an agreement being in place and had earlier expressed why we felt that the location we'd been told about for a potential initial phase for town fields was not in the optimal location to compliment future development phasing.

In a follow up conversation with Bill Kohbarger, we were informed that this was only an infrastructure and grading contract, which would be useful no matter what the potential development program would be at the southern end of the property to both sides of Fox Avenue. This location is where the Town has identified and directed the initial site access point to the Fairgrounds property will be.

At the end of the trip, the new team members reported very similar perceptions about Pahrump:

- There are a number of high-quality attractions demonstrating successful draws over a long period indicating the underlying potential in the market
- There are far too few hotel rooms to properly support the increase in demand that would result from a significant destination attraction development
- There is a lack of sense of arrival and destination driven by the lack of signage and collected/centralized development
- There is a noticeable tension between Town and County positions with respect to the appropriate next steps and there is a vocal element in the town opposed to development

All of these observations are consistent with Contour's Initial Phase report and the positive perception of the potential of Pahrump as a tourist destination was confirmed.

However, the general discussion with respect to a potential new State Initiative to support new mechanisms that would assist the financial viability of a project, continued to demonstrate the fractious issue in Pahrump. Contour's scope was adjusted prior to contract finalization to delete any responsibility with respect to such a Bill Draft Request, BDR, and this responsibility was accepted by the Town. However, an independent and separate effort by Front Sight to support a general bill that would support their planned expansion efforts as well as any other development in the County, including Adventure Springs, stirred new discussion regarding the strategy to support such a BDR.

Contour's understanding is that an initial BDR was to be submitted through a joint and collaborative effort between the Town and County, in concert with the effort being put forth by Front Sight, including sharing of costs associated with the lobbying team consisting of Former Governor Robert List and Former Governor and Federal Senator Richard Bryan. Contour is aware that Former Governor List made a presentation to the Nye County Board and an initial approval was received to proceed with the discussion to support the BDR development. However, we understand that a subsequent decision to limit, if not withdraw their support was made and a discussion has begun regarding independent support from the Town of Pahrump without Nye County involvement to pursue the BDR. The Nevada State Legislative Session begins February 4th with nearly 900 BDR already listed for consideration and there is a significant concern about the late start to this effort.

This discussion will continue between the County, Town and Front Sight and could be critical if the potential BDR and resulting new legislation becomes a key element in the project financing structure. In the opinion of our Economic Development sub consultant, this BDR was critical in achieving the tools necessary to attract private sector funding. His opinion is that without the legislation to allow the Town to impose and collect new fees and taxes in the zone such as resort user fees, parking taxes, venue taxes, increased sales taxes and hotel occupancy taxes and other tools, which would provide bondable future revenue streams that could be provided to the project developers as additional incentives, the Adventure Springs project is not feasible. These issue are further addressed by our Economic Development sub consultant in his report attached as Appendix A.

Further discussion regarding the potential financial support through the various existing State of Nevada Revise Statues (NRS) and Federal programs such as the USDA and EB-5 programs are summarized in a later section of this report and reviewed in detail by our Investment Banker sub consultant, Stern Brothers, in their report attached in Appendix B.

During the trip, Contour presented the Vision Plan, which presents a full buildout of development on the Fairgrounds site. This plan had been refined and adjusted from our prior presentation and review with the Town in August and integrates responses to the comments received, providing an exciting and

dynamic vision which would provide the desired catalyst for development of the tourism sector in Pahrump.

The plan includes all of the recommended elements from the original Adventure Springs development. (As in the original plan, the Think Tank attraction zone is not located directly on the indicated site, but the check in station where visitors could begin their adventure is.) This plan responded to the town request to indicate the development plan on the Fairground site with initial phase access via Fox Avenue from the south so that inbound traffic from Las Vegas along 160 would exit at Gamebird Road and travel west to Fox Avenue, then turn north to enter the site.

The masterplan was organized with the a signature development at the eastern end to create a sense of arrival into Pahrump followed by the low rise development of the sports fields along the highway to provide an active and pleasant vista across the acreage to the taller buildings and Adventure Mountain anchoring the development at the back of the site along the western boundary.

The typical setbacks from Hwy 160 and the surrounding streets were maintained and the development was focused inward with the height and massing of Adventure Mountain providing some additional sound and visual isolation from the adjacent residential development to the west.

The plan was presented with three development phases to show how the project would progress from an initial phase to the full buildout over time. The initial phase was basically the same elements from the original Adventure Springs plan from our initial report adjusted to work with the Fairgrounds site and to link with the eventual surrounding development.

The additional elements included are consistent with the Town slogan of a *Base Camp to Adventure* and complimentary to the existing attractions, both natural and developed. Beyond two additional hotels, these additional complimentary attraction areas include:

- The Adventure Mountain activity zone
- An entire Old West Town attractions development
- An extensive Equestrian Center development
- Sports Fields and Indoor Sports Complex
- An expanded Retail, Dining and Entertainment District
- A Site-wide transportation Monorail system

The full build out development includes a new entrance directly from Hwy 160 at the center of the development, as the traffic driven by the successful development at this level would necessitate shifting this from the residential approach along Gamebird Rd and Fox Ave. The Visitor Center would be relocated to a site closer to this entrance when it is developed to provide easy

and convenient access for busses and other traffic headed towards Death Valley to pull off Hwy 160 to get an initial introduction to Pahrump.

Consistent with the preliminary indications from National Sports Services, (NSS), the sports fields were deferred until the third phase of development. This would allow for the earlier phases to provide the accommodation and additional activities necessary for the sports fields to be successful in attracting the families that bring the sports camp participants. The NSS report is attached as Appendix C. This report also presents NSS opinions supporting the other elements planned for Adventure Springs along with sizing criteria for the various types of Fields appropriate for Sports Tourism.

Along with the Vision Plan, Contour presented a bird's eye POV Illustration to help bring the concept to life. The Vision Plan and Illustration were reviewed during the various meetings with Town Board members and others. The comments received were positive with a few question regarding the scaling of various elements and positioning on the site. Fundamentally, there were no comments received that would alter the overall plan or content in the meetings. The new scaling information from NSS will be used to make adjustments to the sports fields.

Following the trip, in addition to the sports complex review, Contour's team have focused their efforts towards clarifying the potential public sector funding mechanisms that are currently in place along with monitoring the developing situation with the Town, County and Front Sight with respect to the BDR progress. It was the opinion of our Economic Development sub consultant that the BDR would need to be submitted during December in order to secure the discussion on the State Legislature agenda beginning in January. We understand that this did not happen and that an adjusted effort is underway with the Town leading the pursuit of the discussion.

Summary

While the Vision Plan and conceptual illustration are significant steps in helping the Town Board and others understand the potential Adventure Springs development, the key focus of this phase of work is to understand the potential financial support that may be available through an insightful and collaboratively developed Public Private Partnership. Our Investment Banking sub consultant has compiled a list of the available existing programs that could be used to support this effort through such a collaborative partnership. The level and significance of these are, in some cases, directly linked to potential future revenues and their resulting tax revenues, while others offer direct grants, loans, tax abatements or even significant equity contribution potential, such as the EB-5 program, a Federal Direct Foreign Investment program.

These programs are all reviewed in significant detail by our Investment Banker sub consultant in Appendix B, but a high level summary of their potential is as follows:

- Tax Increment Financing
  The Town would have to designate the Project Site as a Tax Increment Area, TIA. In the example provided, approximately $7 million could be provided to support a $25 million increase in assessed value (about 28%). This holds significant potential for Adventure Springs.

- Redevelopment Districts
  The Town would have to pass a resolution that there is a need for a Redevelopment Agency in the community and to designate certain areas as “blight”. It does not appear necessary to designate the Project Site as in a Blighted Area, but the existence of blight in the community is required. There appears to be a fairly flexible structure to allow economic development in blighted communities, which would be required to pursue this avenue. Requires the creation of a Redevelopment Plan and Neighborhood Plan. The result of these efforts would be to access debt at the cost of approximately $65,000 - $70,000 per year per $1 million borrowed with all bonds maturing within a 20-year term.

- Tourism Improvement Districts
  The Town would have to designate the Project Site as a Tax Increment Area, TIA, and create a Tourism Improvement District within or coincident with the TIA. This would allow the use of Sales Tax Anticipated Revenue bonds to be issued.

- USDA Grants and Loans
  While most of the Grant programs are relatively small amounts, these should be pursued as the project develops as they do have appropriate alignment with certain of these programs. The Loan programs, such as the Business and Industry Guaranteed Loan Program are potentially more significant, but these also have limits in terms of loan leveraging limits to 60% of the project cost that will make sense only in combination with other contributions to the equity credit side of the equation.

- EB-5 Foreign Investment Program
  The EB-5 program is a good program to consider from the perspective of equity capital contribution considerations with equity participation offset with capital returns. This can work well to reduce the direct debt load to a level where a USDA Loan Guarantee can be effective. The Town should pursue classification as a Rural or High Unemployment Area through a USCIS Regional Center to reduce the Green Card price from $1 million to $500,000 for each foreign investor.

- New Market Tax Credits

New Market Tax Credits, (NMTC) could be a significant tool in accessing a portion of the equity required for the project. In order to qualify to pursue New Market Tax Credits, (NMTC), the Town of Pahrump would need to be qualified as a Low Income Community, (LIC). The Town should pursue clarification or official classification as a LIC from the Community Development Financial Institutions Fund (CDFIC).

- Nevada Governor's Office on Economic Development (GOED)
  There are a number of programs available under the GOED. The Catalyst Fund is oversubscribed and depleted, but the various programs for Sales and Use Tax as well as Personal Property Tax and Modified Business Tax Abatement should all be considered. No action is required at this time with respect to these programs.

- Rural Communities Development and Community Development Block Grants
  Most of these Grants are relatively small amounts. The funds necessary to purchase the land would be a good target, but only a portion would be available through this program. The deadline for applications each year is mid January, so this is only available for 2014 at this point.

Taking an estimated current tax level as a basis to consider potential tax based Bond payments, Stern Brothers estimates approximately $4.35 million could be available to support Adventure Springs development. Additional support could be provided through a number of the strategies listed above. Some of these are relatively minor contributions, such as the Grant programs, while others could be significant sources of supporting funds.

Beyond the above, the potential for new legislation to allow additional public sector support still exists, albeit the issues with respect to getting the BDR submitted and reviewed in the current year legislative session cannot be ignored. From the perspective of our Economic Development sub contractor, the key issues are described in some detail in his report, but a brief summary of the current issues and required actions follows:

Site Control
The Town Manager and assistant County Manager believe that it will be possible to convey the Fairgrounds Site to the Town for future development through a revisionary sale process with the Bureau of Land Management, BLM. This needs to be evaluated with the Town and/or County Attorneys. Following a positive evaluation there, this strategy needs to be vetted and the terms finalized with the BLM.

Zoning
The preliminary assessment is that the zoning for this site is appropriate for the intended uses conceived as a part of the Vision Plan for Adventure Springs. This should be vetted with the Nye County Zoning Board through an enquiry from the Town Board via the Town attorney.

Environmental Impact Statement and Historic and Endangered Species Review
These studies are not necessarily required at this time, but they will need to be completed prior to seeking Funding.

Pursuit of the BDR
The Town urgently needs to decide if they are going to pursue the development of the BDR and resolve issues with Front Sight to assist in making this happen.

There are other discussion points in the submittal regarding future issues such as the steps necessary to preparing the site to “Shovel Ready” conditions, clarification of demands and potential water rights required, etc. These issues can be deferred until the potential for site control and the additional economic incentives that might be achieved through the BDR are more fully development as these would have a direct affect on the Phase I development plans, hence the demands for the steps forward.

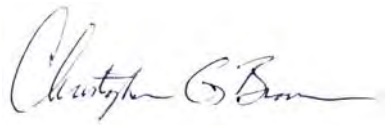
Conclusions

At this time we are completing an economic assessment of the potential impacts that the candidate strategies discussed in the BDR section may have on the public sector funding for the Adventure Springs project. As these are clarified, we will submit our final Interim Report, prior to having our concluding meetings and review, along with our Final Report submittal.

We are hopeful that the potential support that may be achieved through the BDR process is taken seriously and that the Town and County can agree and support to their mutual benefit, the continuation of the development of the concepts and planning for Adventure Springs and other Tourism attraction businesses.

We look forward to speaking with you soon and scheduling our next meetings in Pahrump.

Sincerely,



Christopher G. Brown, P.E., LEED AP
President

APPENDIX A

Pahrump Phase II Interim Report
Don A. Holbrook, Economic Developer LLC.

Pahrump Phase II Interim Report
By
Don A. Holbrook, Economic Developer LLC.

Overview:
Economic Developer LLC, will use the services of Don A. Holbrook from here forward referred to in this document as the "Consultant." The objective of the Consultant is to determine the best case possibility for creating a public private partnership that will attract sufficient private sector led financing and a credible developer to undertake the Adventure Springs Resort Park project in conjunction with the Town of Pahrump. The Consultant has been engaged in various stages of due diligence in Pahrump since mid-2011. This report is the compilation of this combined knowledge and a predictive analysis of the probability of success of the Adventure Springs project in receiving adequate economic development incentives to necessitate the private risk capital necessary to bring the project to funding fruition in the form of a public-private partnership. The report is being prepared under the direction of Contour Entertainment under the auspices of their formal contract with the Town of Pahrump. The Consultant is a sub-contractor to Contour Entertainment as a subject matter expert with regard to the site location considerations and the creation of adequate levels of economic development incentives to facilitate the expected private sector risks and capital raise that Contour will determine in their own evaluation and report to the Town of Pahrump. It should be noted that the Consultant is not stating that he is an expert in the field of economic development as defined by Section 11 "expert" description contained within the 1933 Securities Act. It is understood by Contour Entertainment and their client the Town of Pahrump that Economic Developer LLC shall serve solely in the capacity of consulting and providing advise with regard to his own opinion based on his limited knowledge and experience within the field of Economic Development since 1990. Economic Developer LLC will not render any "expert" opinions and does not hold itself out as an "expert" (as the term "expert" is defined in Section 11 of the Securities Act of 1933). Such advice should not be relied upon for financing considerations in a formal application for debt and/or solicitation for private equity.

1.1 Town and County Participation:

The Consultant has arranged for a series of meetings with leading experts within the state of Nevada that can best bring the necessary contacts, expertise and leadership to the creation of a special purpose LLC created to pursue the required enabling legislation for the consideration of creating a special economic development zone through the Nevada Legislature in their 2013 assembly session. To this regard the Consultant arranged for meetings with former Governor Robert List, former Governor and Senator Richard Bryan, Guy Hobbs a leading public finance consultant, and Jeremy Aguero, of Applied Analytics, and Front Sight Firearms Training Institute. This process has led to the approval in concept of the proposed funding to do a joint

venture to create the enabling legislation that was given preliminary approval on October 9, 2012 by the Pahrump Town Board. The team is approaching the Nye County Board of Commissioners on October 16, 2012 for the other funding amount. Front Sight has pledged no less than $50,000 towards this cost. It was the intent of the recommendation to create a three party public-private agreement in order to pay for the legal and professional costs of creating special legislation to enable the creation of a specific special economic development zone. The original concept was to ask for the creation of two granted zone boundaries. The first would be around the 426-acre fairgrounds site in the town of Pahrump. This site is the most suitable for the Adventure Springs project. The second zone boundary would be around the 550 acre Front Sight Firearms Training Center site. The Consultant raised awareness of the legislation in August with Senator Barbara Cegavske, who has offered to sponsor the bill for the project. The Consultant has provided Senator Cegavske and her Legislative Aide with a full overview of the zone proposed capabilities and the intended uses. The Legislative process should take approximately 6 months once the bill draft resolution is submitted to the committee and has the necessary endorsements and sponsors within the Nevada Assembly. Once the legislature leaves session then the bill should be deemed fully in force. In my opinion the biggest hurdle to this is that the bill really needs the support of both the Town of Pahrump and Nye County to be fully effective as a special economic zone. Gaining the County's support for the Adventure Springs project eventually and inevitably needs to be a very high priority if this project is to proceed to fruition. Currently the two public entities are very combative and not very collaborative at the elected official level. County staff seems somewhat open to the support of the project. At some point the Town needs to get a letter of endorsement for the Adventure Springs project if the funding is going to get any serious consideration from potential debt financers and/or investors. In the November election the County placed a ballot item on the electorate to disband the Town of Pahrump. The initiative passed 51% to 49%. Now under this current scenario the County will take over all operations financially of the Town of Pahrump in 2015. It should be noted that the population within the Town Limits is approximately 80% of the entire population of Nye County.

Despite an initial agreement, the County has withdrew their previously granted support for the BDR proposal and noted that they did not want to single out special support for the private sector partner, Front Sight in their decline. During the due diligence process with the lobbyists, Governor's office and legislators, the Consultant discovered and reported to the Town that without an existing, viable, private sector company that would benefit from the BDR, the NV Legislature was highly unlikely to grant the BDR as we had intended it to be designed. The feedback I received was that the legislature and the lobbyists did not feel an intangible project that currently has no developer would receive favorable consideration. It should be noted

that Nye County board of commissioners have voiced strong opposition to the Adventure Springs project from the onset. In my opinion the decline was as much aimed at derailing the Adventure Springs project as well as voicing concerns over Front Sight.

1.2 Site Conveyance to Private Sector Use:

The Consultant has had several conversations with Town Manager Bill Kohbarger regarding the Site Location Issues. The primary concern is whether the Town can in fact convey or provide the site for the intended use for a private sector led development. According to the Town Manager the site can be converted by going through a Federal BLM Revisionary Sale. His comments provided to the Consultant stated that the property could be purchased through this process for approximately $3,000 per acre and if it has an economic development purpose it can then be sold to a private sector developer for 25% less than the revisionary purchase price. Since the site is approximately 426 acres, that would set the potential revisionary price at $1,278,000 for purchase and that could then be discounted or leased to a developer over time at a 25% discount value of $958,500.

According to the Town Manager, the process once the Town makes a request for a revisionary sale is between 60 days to 180 days and does not appear to be a competitive bid or highest bidder situation, but rather a negotiated purchase thru a Modified Competitive Sale. In a conversation on October 11, 2012 with Pam Webster, the Assistant County Manager, she stated that she believed the fairgrounds site did indeed qualify as an economic development project under the revisionary sale requirements from BLM. See the following guide for federal land sales description of the process:

http://publications.usa.gov/epublications/fedsales/finalfsg.pdf
The BLM land sales information is on page 15 and 16 of this guide.

Other issues that will need to be addressed for the Town to convey the Site to a Private Sector Developer:

Water Rights- According to the Town Manager the water rights will need to be addressed with the Nye County Water Board. In order to make such a request, a full assessment of the necessary site development water acre-feet requirement must be determined by a qualified hydrologist and matched to the built out foot print and site user requirements.
http://water.nv.gov/waterrights/
Suggested Next Step- Gain opinion of Hydrologist once build out is known from Contour and have the Town pay for the report from their tourism funds. This can then be utilized to support their local contribution to the site and improvements so that it can be designated as truly shovel ready.

Zoning is handled with the Nye County Zoning board. According to the Town Manager the zoning is appropriate for the intended use, but this needs to be examined and a request for clarification on this should be made to the County Attorney from the Town of Pahrump to validate this statement.
http://www.nyecounty.net/faq.aspx?TID=16
Suggested Next Step- Get opinion from Nye County on intended use and their process for approval of the concept. Request should come from the Town Board of Pahrump.

The last question with regard to the Fairgrounds Site, which was addressed with the Town Manager, was the need for a Phase I **Environmental Site Assessment** and historic and endangered species review. Most private sector lenders and bond sale houses will require the Phase I (and Phase II if a condition is identified in Phase I) Environmental Site Assessment prior to lending on any asset where land is held as part of the collateral. In my opinion the site should be fully evaluated so that there are no environmental, historical, or endangered species issues once the project is ready to seek financial funding for construction. In addition, the soils need a complete geotechnical analysis for construction load purposes and hydrology evaluation for drainage.

In my opinion, the Town and/or County needs to be prepared to get the Fairgrounds site fully **Shovel Ready** Certified, to improve the ability of attracting interested private sector investors. This term refers to prepaying and preparing the site with the following pre-funded and completed work so that once construction is funded the project can move immediately to construction. For reference, a specific definition of Shovel Ready follows.

Shovel Ready Definition from an Economic Development Philosophy

1) A property is controlled through ownership or option and is readily available for ownership transfer to the prospect client,
2) Utilities, principally electricity, water, sewer, gas, and telecommunications, are present or can be quickly delivered to the site in suitable quantities for targeted project sizes; larger sites require utilities to have larger capacities and redundancy, and the cost of such utilities to the site are borne by the public sector.
3) Environmental, geotechnical, and archeological studies have identified any areas of risk, through a fully completed Phase One Environmental Site Assessment with historic, endangered species and wetlands evaluation and soil compaction testing for load distribution that may need to be considered during construction.
4) The site's shape is conducive to development and expansions, and a developable footprint is confirmed, and fully zoned and permitted for the type of project being sought.

5) The site's buffer is adequate for the type of businesses likely to consider the site, and no public nuisance will be created by the proposed construction.
6) Transportation access exists for employees, raw materials/supplies, and product shipments and completed ingress and egress to the site once operational.

http://www.siteselection.com/issues/2012/may/sas-shovel-ready-sites.cfm

It is the Consultant's opinion that the Town Manager should write the appropriate letters to the County and BLM to start to clarify this situation and in the case of the BLM establish that the process is initiated and clearly understood by the Pahrump Town Board and vetted by the Town's attorney.

Conclusion on the Site- the site needs to be fully evaluated and funded for certified Shovel Ready status. This process should be at the expense of the Town of Pahrump and/or Nye County. Furthermore the establishment of the required water rights capable of meeting the site use requirements is essential to the over-all shovel ready status. This, along with the site purchase, should, at a minimum, be the responsibility of the Town of Pahrump in order to have an equitable offering as an incentive to the developer selected for the build out and the investment group making the financial commitment to the Adventure Springs project. It is my recommendation that the Town of Pahrump and/or Nye County participate in establishing and funding these tasks in support of the Adventure Springs Project.

1.3 Public-Private Partnership Financial Investment for Private Capital Raise

The objective of this process is to work with Stern Brothers, the project's investment banking consultant, to determine what type of threshold capital the public sector will need to contribute to make the project capable of attracting private sector investment and to create such a strategy within a framework that is financially suitable and capable of being met by the Town of Pahrump and/or any other public sector partner involved in the public private partnership financing capital raise.

The preliminary assumption is that the enabling legislation is the best opportunity for the Town of Pahrump to create the most robust type of tool to accomplish this strategy and meet such a financial objective. The additional incentives that I believe must be suitable at a minimum level are for the Town of Pahrump to put the site into the equation as equity towards the over-all capital raise. In addition to this it is the Consultant's opinion that the entire three-step process of site design, venue and concept scaling for phase one and the investor solicitation business case needs to be contributed by the Town of Pahrump as part of their local project equity consideration.

In addition, during the business case and investor solicitation process the Town should engage Stern Brothers or a private investment banking institution to prepare and solicit an expression of interest to various private sector developers that are identified as possible interested parties. This solicitation should also vet these possible developers for the availability of adequate capital to capitalize the debt portion of the project that needs to be borne by the private sector partners.

Pahrump Financial Capacity Review:

This evaluation considers various financial support issues from the Town perspective. For example does the Town of Pahrump have the financial wherewithal to finance the revisionary land purchase from BLM and the Three-step process without the enabling legislation? Based on my understandings from the team discussions, it would appear that the Town of Pahrump does have the necessary funds to pay for the entire 3-step process, the special legislation, and the necessary site evaluations. Specifically, the Town has the ability to use their tourism fund for these purposes. It should be noted that this fund, generated from Hotel Occupancy Taxes, is restricted in use for the promotion and expansion of tourism in Pahrump. Therefore the Adventure Springs project is a valid use of these funds.

In my opinion, these types of costs should be borne by the Town of Pahrump outside of any incentives that may be provided by the special economic zone. In addition, the land purchase from BLM along with the site improvements and on-site infrastructure should be borne by the Town of Pahrump. These costs could total approximately $2M and would more than likely be bondable by the Town utilizing an increased tourism tax.

The economic zone is primarily to be used to attract the necessary private sector investors and to support the build out financing costs of the phase one project. It should be noted that the Consultant believes that without the special legislation BDR for the special economic zone, the financing for the Adventure Springs project is not possible or feasible.

During the post investment team meeting in Pahrump in October 2012, the Town Manager referred to USDA grants and loans. It is the opinion of the Consultant that the approval for the use of such funds is highly unlikely and too restrictive for the over-all capital structure necessary for the Adventure Springs project.

Stern brothers have identified additional tools that might prove to be useful to the private sector funding including the EB5 Immigration program. In this case, the Consultant believes the Town would need to pay to create the offering with a qualified solicitor overseas. Similarly, use of New Market Tax Credits could provide some tax based subordinated debt to assist in leveraging the private sector financing options and make the project more viable and attractive to the private sector. Again, the pursuit of establishing the required designation should be part of the Town's costs in the investor solicitation phase of the project.

2.1 Recap of Process To Date-

I have met with the Town Manager and the Ad Hoc Committee on October 11, 2012 regarding the issues discussed above. They seem supportive and encouraged in this process. In addition, I have held several meetings with the chief lobbyists being proposed for the special economic zone Bill Draft Request, namely Governor Robert List and Senator Richard Bryan on behalf of Front Sight. I have met with the Investment Banker, Don Hart to discuss the financing options for the site both public and private sector objectives and possible strategies. I have also met with Jeremy Aguero of Applied Economics and Guy Hobbs of Hobbs and Associates to discuss the Bill Draft Request and support efforts in the legislative process. All of these parties feel the BDR is very likely to get approved if the recommended lobbying strategy was funded and executed by November 2012. It is expected that by May 2013 the BDR would, if it successfully goes through Committee review and recommendation, be approved into Law. Then, upon closing of the Nevada Assembly Session, it would take immediate effect.

It is the opinion of the Consultant that without the support offered through the BDR, that there will be insufficient Public Sector support to attract Private Sector investment to support the Adventure Springs project.

2.2 Preliminary Findings Regarding the Economic Zone-

The intent of the BDR is to create a Special Economic Development Zone. This Zone would allow the use of some unique incentives based on both pay as you go financial governmental contributions and cost avoidance as a catalyst for investors to make such an investment in rural Nevada.

The anticipated revenue streams would likely seek to use Sales Tax (local and state level) contributed into the zone as a Tax Increment Financing tool that can be used to support a STAR Bond. The BDR would seek to qualify the Star Bond use as a funding source for part of the capital debt related to the private sector developer. The addition of an incremental sales tax within the zone along with a venue tax and parking taxes, as well as a resort user fee combined with hotel occupancy taxes would also be sought to support a STAR Bond issuance. The STAR Bond would need to be addressed to allow for such additional taxes to be used as revenue support for the issuance. This would need to be addressed in the zone legislation as a tag on to the existing STAR Bond program in Nevada. The developer and/or existing business can count any existing predevelopment expenses and/or property debt outstanding as part of their over-all contribution to the equity requirements of the STAR Bond or other Financing utilized to support such projects.

The Consultant's recommendation would be to seek up to 90% of the over-all financing to be borne by the public sector and/or the STAR Bond issuance when combined. Any land given as a land grant by the public sector counts as equity contribution towards the required equity for the capital raise. In addition, if gaming

is introduced on such a site for revenue enhancement, the gaming tax may be utilized to pay back the financing until it is retired in full, but gaming cannot be more than 10% of the over-all built out footprint of the project scope. In addition, it would be the Consultant's recommendation for the economic zone to allow for complete abatement of construction materials sales tax, which would save the private sector developer 7.10% of the construction material costs right off the bat.

Potential considerations are as follows;

- Ticket/Venue Tax altered to fit into the STAR bond program if possible.
- Resort User Fees
- Additional Special Sales Tax increase within the zone
- Additional HOT tax within the Zone
- Ad Valorem property Tax abatement above current value
- Capture State Sales tax in a Tax Increment Financing strategy on site
- Parking Taxes

Next Step: The Town needs to pursue the BDR process.

2.3 *Preliminary Findings & Recommendations regarding Capital Raise-*

Based on the team discussions, it is the Consultant's opinion that Nye County and the Town of Pahrump are both capable of providing up to 10% of the over-all site development costs as an equity in-kind contribution to the project. This would allow the Town and/or County to purchase the site, do all shovel ready analysis, infrastructure provisioning, site engineering, and design and engineered estimates from Contour Entertainment for the funded phase one venue and cover the cost of seeking private sector financing investors and public sector financing for their portion of the project, including the establishment of the special economic zone. However, it is the Consultant's opinion that although it appears that either party has the singularly and/or combined wherewithal to provide this financial commitment, they do not have the political will to pursue this option.

2.4 *Update Preliminary Finding on Conveyance of the Site-*

This needs to be evaluated by the County and/or City Attorney and a letter obtained from the BLM officially to validate the process, fee structures and timelines.

Next Step: Formal evaluation by Town / County Attorney and recommendation on viability for revisionary use intended by Adventure Springs project. Also, application request or notice of consideration for revision should be sent from Town of Pahrump to BLM.

2.5 *Update Recommendations regarding options and potential strategies for capital raise and private sector expectations of public sector partners and threshold incentives-*

It is the Consultant's opinion that the private sector financing should be focused on seeking a willing developer/investment group that is financially solvent enough to provide adequate assurances of both construction loan repayment and operational financial solvency to take charge of the Adventure Springs Project. The most likely candidates are those that already have investments in the region and are acclimated to nature of the public sector entities and their elected representatives. This investor/developer would then co-guarantee the repayment of the bonded debt issued for the project through the special economic zone and, if approved, the use of STAR bonds to construct the project.

When the conduit financing is deemed marketable by bond counsel and the county/town contribution initially of the in-kind provisions of up to 10% are garnered along with developer participation of at least 10% then the possibility for financing this project to fruition should be deemed reasonable and valid. The investment banking team would determine how these tools might be bundled and assembled for presentation to such investors and marketable in the public bond market and what approvals need to be obtained to create a reasonable term sheet that can substantiate the placement of the debt and the repayment requirements that would need to be agreed to in order to make the project fully viable for financing.

Next Steps: Pursue the BDR through the State Legislature, then prepare a financing capacity summary to guide the further development of the Adventure Springs Project. Then with the Special Zone legislation in place and a financing structure identified, existing local major private sector players and companies could be identified and discussions pursued to determine if there would be adequate local will to pursue the project.

APPENDIX B

Nevada Revised Statue Review
Stern Brothers & Company

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APPENDIX II: ESTIMATED REVENUES THROUGH CURRENTLY AVAILABLE PROGRAMS

I. INTRODUCTION

Per request by Contour Entertainment Incorporated of Van Nuys, California ("Contour") Stern Brothers & Company ("Stern") has conducted the following analysis of Nevada's tax abatements and exemptions authorized by Nevada Revised Statutes ("NRS") to potentially be employed by Contour, the Town of Pahrump, Nevada ("Pahrump"), Nye County, Nevada and other potential partners and developers.

The scope of this presentation is to set forth a selection of viable financing options available in the current debt, equity, grant and guarantee marketplaces including:

- Tax Increment Financing;
- Redevelopment Districts;
- Tourism Improvement Districts;
- USDA Loan and Grant Programs;
- EB-5 Foreign Investment Program;
- New Market Tax Credits;
- Nevada Governor's Office on Economic Development Programs, and
- Rural Community Development and Community Development Block Grants.

Sections II through IV specifically addresses the benefits and supportive aspects of options available to the Town of Pahrump and engaged parties should these parties choose to employ these programs. When possible we have presented the findings of preliminary, estimated projections of revenues generated and estimated debt available, under current financial market conditions to be supported by the theoretical revenues. *Appendix I* has been included to provide a table which summarizes all Tax Increment Districts, Redevelopment Districts and Tourism Improvement Districts in the State of Nevada.

Sections V through IX present options which represent equity venues, grant programs and credit support to complement the debt options presented in Sections II through IV. As further reading will unveil, these sections present a broad range of options spanning from statewide offerings to multi-billion dollar federal programs administrated through the Internal Revenue Service and the Department of Housing and Urban Development.

We encourage any reader to treat this document as a primer in educating him or herself on options available and as a platform to direct further investigation into the programs described.

On behalf of Stern Brothers & Company we appreciate your taking the time to review this summary and encourage any and all questions to be directed to either Don Hart at dhart@sternbrothers.com or Andrew Ciocca at aciocca@sternbrothers.com.

Best wishes,

Donald J. Hart

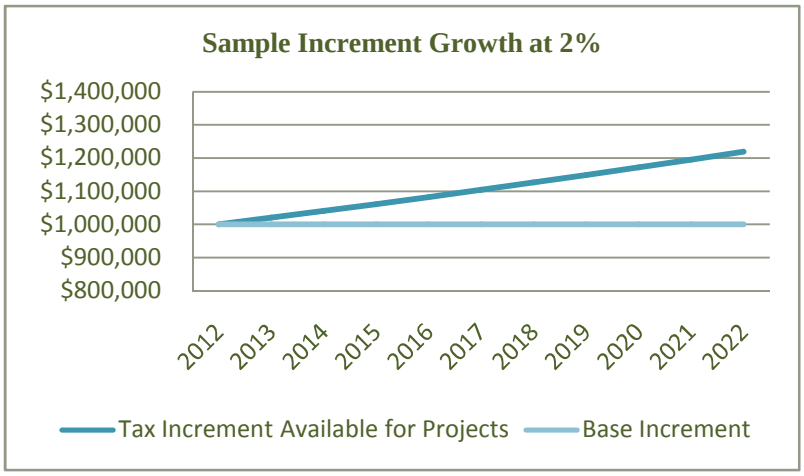
Andrew G. Ciocca

Section II: Tax Increment Financing

Background

The process of tax increment financing ("TIF") starts with property tax revenues derived from the assessed value of all real property within the jurisdiction of a local government. In the absence of tax increment financing, revenues from property taxes are distributed to the entities to fund public services provided throughout the community including schools, public works and other services.

Through the creation of a Tax Increment Area ("TIA"), the local government identifies a specifically designated area within the community intended to benefit from projects that will be supported from the use of public funds through tax increment financing. For the purpose of establishing a base level of assessed value and therefore property tax revenue as of the date the designated area was created, the assessed value of all real property within the designated area is capped or frozen.



Within the designated area, all future property tax revenue generated from the base level (base increment) of assessed value will be distributed as it was previously distributed funding government services provided throughout the entire community as was the case before the initiation of the TIA. If the assessed value of all property within the designated area increases above the base increment, all of the additional property tax revenue generated from the increased increment of assessed value is allocated back to the TIA area to fund various projects, improvements or debt service which benefits the TIA. This can be achieved either in a "pay-as-you-go" manner or, future revenues can be pledged to a Tax Increment Financing or "TIF" which would allow for a larger debt issuance to address needs on a larger scale early on.

Ideally, this process of reinvesting revenues generated from the tax increment back into the designated area contributes to even higher assessed values and ultimately more revenue to be used for projects within the TIA.

Legislative Authority

The State of Nevada's Community Redevelopment Law, NRS 279.382 to 279.685, inclusive, as amended, authorizes the financing and refinancing of redevelopment projects using tax increment revenues.

Creating a Tax Increment Area

Pursuant to NRS, a governing body may designate a tax increment area comprising any specially benefited zone within the municipality designated for the purpose of creating a special account for the payment of bonds or other securities issued to defray the cost of an undertaking. The term "specially benefited zone" is defined as an area which is specially benefited by an undertaking.

When the boundaries of a tax increment area are created, the area may not include property that is included within a previously created redevelopment area. For purposes of the proposed project, the taxable property of a tax increment area cannot be included in any subsequently created tax increment area (there are exemptions which would most likely not apply in this case).

A TIA is defined as an area:

1. Whose boundaries are coterminous with those of a specially benefited zone;
2. Specially benefited by an undertaking;
3. Designated by ordinance as provided in NRS 278C.220 (which addresses citizen complaints, hearings, engineer orders, and the decision to overrule complaints, protests and objections in order to proceed with the TIA);
4. In which is located the taxable property the assessed valuation of which is the basis for the allocation of tax proceeds to the tax increment account;

Time Limits

Once the projects within the designated area are ultimately completed and all associated debts and obligations have been paid off, the designated area is terminated and all property tax revenues (base and increment) are distributed as before to fund government services throughout the community in the same manner as the revenues were distributed before the designated area was created.

Funding Sources

Funds for redevelopment efforts are collected in the form of property tax

Available Debt

The marketability of tax increment debt is heavily dependent on investor faith in project feasibility and ability to generate revenue. Bonds issued by a TIA are special, limited obligations of the Area and are payable solely from increment collected. Tax increment debt is not a debt of the host municipality. Any debt issued by a TIA would most likely be secured by an irrevocable pledge of and first lien (but not necessarily an exclusive lien) on the increased increment revenues in the TIA.

Estimated Revenue Generated

Addressing only the Adventure Springs project and using a base area value of $958,500 (as provided by Don A. Holbrook, Economic Developer LLC), assuming a $25 million site development cost acknowledged 50% in 2013 and 50% in 2014 the following would reflect a conservative, 0% growth scenario as to increment collected:

Adventure Springs TIF - $25,000,000 Improvements, 0% Growth											
	Assessed Value		Assessment @ 3.147%				Assessed Value		Assessment @ 3.147%		
Year	Base Value	Increased Increment Value	Base	Increased Increment		Year	Base Value	Increased Increment Value	Base	Increased Increment	
2014	$ 958,500	$ -	$ 30,164	$ -		2024	$ 958,500	$ -	$ 30,164	$ -	
2015	$ 958,500	$ 12,500,000	$ 30,164	$ 393,375		2025	$ 958,500	$ 12,500,000	$ 30,164	$ 393,375	
2016	$ 958,500	$ 25,000,000	$ 30,164	$ 786,750		2026	$ 958,500	$ 25,000,000	$ 30,164	$ 786,750	
2017	$ 958,500	$ 25,000,000	$ 30,164	$ 786,750		2027	$ 958,500	$ 25,000,000	$ 30,164	$ 786,750	
2018	$ 958,500	$ 25,000,000	$ 30,164	$ 786,750		2028	$ 958,500	$ 25,000,000	$ 30,164	$ 786,750	
2019	$ 958,500	$ 25,000,000	$ 30,164	$ 786,750		2029	$ 958,500	$ 25,000,000	$ 30,164	$ 786,750	
2020	$ 958,500	$ 25,000,000	$ 30,164	$ 786,750		2030	$ 958,500	$ 25,000,000	$ 30,164	$ 786,750	
2021	$ 958,500	$ 25,000,000	$ 30,164	$ 786,750		2031	$ 958,500	$ 25,000,000	$ 30,164	$ 786,750	
2022	$ 958,500	$ 25,000,000	$ 30,164	$ 786,750		2032	$ 958,500	$ 25,000,000	$ 30,164	$ 786,750	
2023	$ 958,500	$ 25,000,000	$ 30,164	$ 786,750		2033	$ 958,500	$ 25,000,000	$ 30,164	$ 786,750	

Assuming that a 1.25x coverage ratio will be the lowest acceptable coverage ratio the funds available for debt service would be as follows:

$786,750 X (1/1.25 = .8) = $629,400

Using this amount as a constraint as to annual debt service available per year on a 20-year TIF bond[1] our initial estimates project slightly more than $7.037 million in net proceeds available for area improvements:

City of Pahrump, Nye County, Nevada
Adventure Springs
20-Year Tax Increment Financing

Sources & Uses

Dated 01/01/2014 | Delivered 01/01/2014

Sources Of Funds	
Par Amount of Bonds	$8,155,000.00
Total Sources	$8,155,000.00
Uses Of Funds	
Original Issue Discount (OID)	116,341.40
Total Underwriter's Discount (1.500%)	122,325.00
Costs of Issuance	250,000.00
Deposit to Debt Service Reserve Fund (DSRF)	629,156.26
Rounding Amount	7,037,177.34
Total Uses	$8,155,000.00

[1] This scenario represents highly preliminary estimates using a 20-year debt structure, a BBB rating and scale based off a recent TIF issue by the Industrial Development Authority of the City of Grain Valley, Missouri (sold October 24, 2012). It is also emphasized that the regular fluctuation of yields in the municipal debt markets vary daily and often substantially in short terms.

City of Pahrump, Nye County, Nevada
Adventure Springs
20-Year Tax Increment Financing

Pricing Summary

Maturity	Type of Bond	Coupon	Yield	Maturity Value	Price	Dollar Price
1/1/2015	Serial Coupon	2.00%	1.10%	320,000.00	100.89%	322,854.40
1/1/2016	Serial Coupon	2.00%	1.50%	325,000.00	100.98%	328,188.25
1/1/2017	Serial Coupon	2.00%	1.95%	330,000.00	100.15%	330,478.50
1/1/2018	Serial Coupon	2.13%	2.35%	340,000.00	99.15%	337,093.00
1/1/2022	Term 1 Coupon	3.50%	3.70%	1,450,000.00	98.63%	1,430,062.50
1/1/2025	Term 2 Coupon	4.00%	4.08%	1,235,000.00	99.34%	1,226,849.00
1/1/2033	Term 3 Coupon	4.38%	4.55%	4,155,000.00	97.79%	4,063,132.95
Total	-	-	-	$8,155,000.00	-	$8,038,658.60

Bid Information

Par Amount of Bonds	$ 8,155,000.00
Reoffering Premium or (Discount)	$ (116,341.40)
Gross Production	$ 8,038,658.60
Total Underwriter's Discount (1.500%)	$ (122,325.00)
Bid (97.073%)	$ 7,916,333.60
Total Purchase Price	$ 7,916,333.60
Bond Year Dollars	$ 90,520.00
Average Life	11.100 Years
Average Coupon	4.15%
Net Interest Cost (NIC)	4.41%
True Interest Cost (TIC)	4.46%

City of Pahrump, Nye County, Nevada
Adventure Springs
20-Year Tax Increment Financing

Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I
1/1/2014	-	-	-	-
1/1/2015	320,000.00	2.00%	308,656.26	628,656.26
1/1/2016	325,000.00	2.00%	302,256.26	627,256.26
1/1/2017	330,000.00	2.00%	295,756.26	625,756.26
1/1/2018	340,000.00	2.13%	289,156.26	629,156.26
1/1/2019	345,000.00	3.50%	281,931.26	626,931.26
1/1/2020	355,000.00	3.50%	269,856.26	624,856.26
1/1/2021	370,000.00	3.50%	257,431.26	627,431.26
1/1/2022	380,000.00	3.50%	244,481.26	624,481.26
1/1/2023	395,000.00	4.00%	231,181.26	626,181.26
1/1/2024	410,000.00	4.00%	215,381.26	625,381.26
1/1/2025	430,000.00	4.00%	198,981.26	628,981.26
1/1/2026	445,000.00	4.38%	181,781.26	626,781.26
1/1/2027	465,000.00	4.38%	162,312.50	627,312.50
1/1/2028	485,000.00	4.38%	141,968.76	626,968.76
1/1/2029	505,000.00	4.38%	120,750.00	625,750.00
1/1/2030	530,000.00	4.38%	98,656.26	628,656.26
1/1/2031	550,000.00	4.38%	75,468.76	625,468.76
1/1/2032	575,000.00	4.38%	51,406.26	626,406.26
1/1/2033	600,000.00	4.38%	26,250.00	626,250.00
Total	$8,155,000.00	-	$3,753,662.66	$11,908,662.66

Yield Statistics

Bond Year Dollars	$90,520.00
Average Life	11.100 Years
Average Coupon	4.15%
Net Interest Cost (NIC)	4.41%
True Interest Cost (TIC)	4.46%
Bond Yield for Arbitrage Purposes	4.28%
All Inclusive Cost (AIC)	4.85%
IRS Form 8038	
Net Interest Cost	4.36%
Weighted Average Maturity	11.054 Years

Risk to the Host Municipality

In recent years, as the result of the most recent recession and collapse of housing values several TIF bonds have gone into default. Without exception these defaults have had little to no direct impact on the host municipality in regards to direct credit treatment by national rating agencies.

Section III: Redevelopment Districts

Background

Chapter 279 of NRS, cited as the Community Redevelopment Law, was first established in 1959 and includes a range of state policy addressing the existence of blighted areas in many communities, which constitute social and economic liabilities. In short, such blight contributes substantially and increasingly to the problems of, and disproportionate necessity to spend on, the elimination or deterrence of social and economic ills.

Redevelopment agencies are designed essentially to eliminate blight with the general welfare of the community in mind. In the State of Nevada redevelopment agencies are granted a broad range of powers to pursue the goal of elimination of blight (such as purchasing and leasing property as well as the power of eminent domain). The definition under Nevada Revised Statues ("NRS") of "blight" is broad and ranges from awkwardly formed and unusable lots to decayed sewage lines. The common bond of this broad range of "blight" is that they contribute negatively on property values (and thereby taxes) and discourages new business in a geographic area.

Legislative Authority

The provisions of Chapter 278C of NRS establish the authority for local governments to use tax increment financing for the purpose of financing specific types of infrastructure projects that are critical to attracting new (economic development) projects to a community.

Area Benefits

The creation of a redevelopment agency starts with the passage of a resolution that declares there is a need for a redevelopment agency in the community. Under NRS 279.430 "the agency is conclusively deemed to have been established and authorized to transact business and exercise its powers upon proof of the adoption of such a resolution." Following such a formation any municipal body can do the following to aid local redevelopment:

1. Dedicate, sell, convey or lease any of its property to a redevelopment agency;
2. Cause parks, playgrounds, recreational, community, educational, water, sewer or drainage facilities, or any other works which it is otherwise empowered to undertake, to be furnished adjacent to or in connection with redevelopment projects;
3. Furnish, dedicate, close, pave, install, grade, regrade, plan or replan streets, roads, roadways, alleys, sidewalks or other places which it is otherwise empowered to undertake;
4. Plan or replan, zone or rezone any part of such area and make any legal exceptions from building regulations and ordinances;
5. Enter into agreements with the Federal Government respecting action to be taken by the Agency;
6. Purchase or legally invest in any of the bonds of an agency and exercise all of the rights of any holder of such bonds;

Time Limits

Under NRS 279.439 termination of redevelopment plan adopted on or after January 1, 1991, a redevelopment plan adopted on or after January 1, 1991, and any amendments to the plan must terminate no later than 30 years after the date on which the original redevelopment plan is adopted. All of the Agency's loans or indebtedness with respect to a redevelopment area must mature prior to the expiration of the redevelopment plan for that redevelopment area.

Creating a Redevelopment Plan

Every redevelopment agency is founded on the basis of a redevelopment plan (or the "Plan") for a redevelopment area (or the "Area"). It is common for the redevelopment plan to change as the needs of a community change but the redevelopment area tends to have less flexibility in terms of size and layout. When designing a redevelopment plan an agency should keep in mind potential for growth, evolving needs of a community, residential/commercial mix and other salient matters and design 5-, 10- and 20-years plans and return to these redevelopment plans "time to time" to adjust or tailor the plan to a communities evolving needs.

Creating a Redevelopment Agency

Pursuant to NRS 279.428, before a redevelopment agency can transact business or exercise authority, the governing body of Nye County or a chartered Town of Pahrump must declare, by resolution, the need for a redevelopment agency in the community. There are alternative methods for establishing the membership of the redevelopment agency but, in general, statute provides for a city council or board of county commissioners to declare it to be the redevelopment agency. Alternatively, the agency can consist of a combination of members of the city council or county board and appointed members.

As a side note, given it has occurred in regards to communities where the city council or county board of supervisors comprise the local redevelopment agency – under NRS 279 strictly prohibits that any member of the redevelopment agency acquire any interest in any property included within a redevelopment area unless it is a primary residence (there are exemptions which should be investigated by any person who might be included in this conflict of interests).

Prior to creating a redevelopment plan a community must have the following:

1. A planning commission;
2. A master or general plan for the community adopted by the planning commission or the legislative body. The plan must include all of the following:
    a. The general location and extent of existing and proposed major thoroughfares, transportation routes, terminals and other major public utilities and facilities;
    b. A land-use plan which designates the proposed general distribution and general location and extent of the uses of the land for housing, business, industry, recreation, education, public buildings and grounds and other categories of public and private uses of land;
    c. A statement of the standards of population density and building intensity recommended for the various districts and other territorial units, and estimates of future growth in population, in the territory covered by the plan, all correlated with the land-use plan.
    d. Maps, plans, charts or other descriptive matter showing the areas in which conditions are found indicating the existence of blighted areas.

Neighborhood Plans

For each neighborhood within the redevelopment area the redevelopment plan should incorporate a residential plan for the neighborhood or appoint an advisory council for redevelopment and delegate the authority to create the residential plan. A residential plan created by an advisory council must be approved by the agency, and each residential plan created pursuant to this must include a financing plan. A financing plan should create a budget which addresses all money received.

It is viable to have more than one redevelopment project area.

Funding Sources

Funds for redevelopment efforts are collected in the form of abatement on TIA property taxes.

Available Debt

Redevelopment debt is just one form of tax increment financing available to municipal bodies. Bonds issued by a redevelopment agency are typically special, limited obligations of the Agency and are payable solely from the revenues pledged to the agency. Redevelopment debt is not a debt of the host municipality. Any debt issued by a Pahrump Redevelopment Agency would most likely be secured by an irrevocable pledge of and first lien (but not necessarily an exclusive lien) on the pledged revenues of the district.

Estimated Debt Service

Although it would be more conventional to consider an amount required to fund redevelopment projects, at this point it is not determined what the size, location or assessed value (base and increment growth) would be of a redevelopment district in Pahrump. We are able to roughly estimate the cost of borrowing for a redevelopment area between $65,500 to $70,000 per year per $1 million of projects financed[2]:

City of Pahrump, Nye County, Nevada
Redevelopment Estimate
30-Year Tax Increment Financing

Sources & Uses

Dated 01/01/2014 | Delivered 01/01/2014

Sources Of Funds	
Par Amount of Bonds	$1,040,000.00
Reoffering Premium	51,475.10
Total Sources	$1,091,475.10
Uses Of Funds	
Total Underwriter's Discount (1.000%)	10,400.00
Costs of Issuance	10,000.00
Deposit to Debt Service Reserve Fund (DSRF)	70,250.00
Deposit to Project Construction Fund	1,000,000.00
Rounding Amount	825.1
Total Uses	$1,091,475.10

[2] This scenario represents highly preliminary estimates using a 30-year debt structure, a BBB rating and scale based off a recent redevelopment issue by the Redevelopment Authority of the City of Platteville, Wisconsin (sold October 24, 2012). It is also emphasized that the regular fluctuation of yields in the municipal debt markets vary daily and often substantially in short terms.

City of Pahrump, Nye County, Nevada
Redevelopment Estimate
30-Year Tax Increment Financing

Pricing Summary

Maturity	Type of Bond	Coupon	Yield	Maturity Value	Price	Dollar Price
1/1/2024	Term 1 Coupon	5.00%	3.63%	195,000.00	111.44%	217,315.80
1/1/2034	Term 2 Coupon	5.00%	4.59%	320,000.00	105.33%	337,052.80
1/1/2044	Term 3 Coupon	5.00%	4.85%	525,000.00	102.31%	537,106.50
Total	-	-	-	$1,040,000.00	-	$1,091,475.10

Bid Information

Par Amount of Bonds	$1,040,000.00
Reoffering Premium or (Discount)	$51,475.10
Gross Production	$1,091,475.10
Total Underwriter's Discount (1.000%)	-$10,400.00
Bid (103.950%)	$1,081,075.10
Total Purchase Price	$1,081,075.10
Bond Year Dollars	$19,865.00
Average Life	19.101 Years
Average Coupon	5.00%
Net Interest Cost (NIC)	4.79%
True Interest Cost (TIC)	4.67%

City of Pahrump, Nye County, Nevada
Redevelopment Estimate
30-Year Tax Increment Financing

Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I
1/1/2014	-	-	-	-
1/1/2015	15,000.00	5.00%	52,000.00	67,000.00
1/1/2016	15,000.00	5.00%	51,250.00	66,250.00
1/1/2017	15,000.00	5.00%	50,500.00	65,500.00
1/1/2018	20,000.00	5.00%	49,750.00	69,750.00
1/1/2019	20,000.00	5.00%	48,750.00	68,750.00
1/1/2020	20,000.00	5.00%	47,750.00	67,750.00
1/1/2021	20,000.00	5.00%	46,750.00	66,750.00
1/1/2022	20,000.00	5.00%	45,750.00	65,750.00
1/1/2023	25,000.00	5.00%	44,750.00	69,750.00
1/1/2024	25,000.00	5.00%	43,500.00	68,500.00
1/1/2025	25,000.00	5.00%	42,250.00	67,250.00
1/1/2026	25,000.00	5.00%	41,000.00	66,000.00
1/1/2027	30,000.00	5.00%	39,750.00	69,750.00
1/1/2028	30,000.00	5.00%	38,250.00	68,250.00
1/1/2029	30,000.00	5.00%	36,750.00	66,750.00
1/1/2030	30,000.00	5.00%	35,250.00	65,250.00
1/1/2031	35,000.00	5.00%	33,750.00	68,750.00
1/1/2032	35,000.00	5.00%	32,000.00	67,000.00
1/1/2033	40,000.00	5.00%	30,250.00	70,250.00
1/1/2034	40,000.00	5.00%	28,250.00	68,250.00
1/1/2035	40,000.00	5.00%	26,250.00	66,250.00
1/1/2036	45,000.00	5.00%	24,250.00	69,250.00
1/1/2037	45,000.00	5.00%	22,000.00	67,000.00
1/1/2038	50,000.00	5.00%	19,750.00	69,750.00
1/1/2039	50,000.00	5.00%	17,250.00	67,250.00
1/1/2040	55,000.00	5.00%	14,750.00	69,750.00
1/1/2041	55,000.00	5.00%	12,000.00	67,000.00
1/1/2042	60,000.00	5.00%	9,250.00	69,250.00
1/1/2043	60,000.00	5.00%	6,250.00	66,250.00
1/1/2044	65,000.00	5.00%	3,250.00	68,250.00
Total	$1,040,000.00	-	$993,250.00	$2,033,250.00

Yield Statistics

Bond Year Dollars	$19,865.00
Average Life	19.101 Years
Average Coupon	5.00%
Net Interest Cost (NIC)	4.79%
True Interest Cost (TIC)	4.67%
Bond Yield for Arbitrage Purposes	4.59%
All Inclusive Cost (AIC)	4.75%
IRS Form 8038	
Net Interest Cost	4.58%
Weighted Average Maturity	18.859 Years

Risk to the Host Municipality

It is possible for redevelopment bonds to default with some collateral, negative effect on the host municipality but it is rare. As an example (although not as an example of payment default) the City of Reno Redevelopment Agency provides an excellent example of the separation of redevelopment obligation and city general obligation, general fund or revenue obligation. In July of 2011 (and again in November of the same year) the Reno Redevelopment Agency was downgraded by Standard & Poor's Rating Service from BBB to BB due to inability to meet debt service requirements. At the same time the City of Reno's rating was reaffirmed at an A "stable".

Section IV: Tourism Improvement Districts

Background

The concept of sales tax anticipated revenue (STAR) bonds is generally associated with Tourism Improvement Districts as approved in Senate Bill 306 (2005 Session) and codified in NRS Chapter 271A. However, the authorization for the use of STAR bonds was first approved by the 2003 Legislature in Senate Bill 495, and the provisions of S.B. 495 were codified in NRS Chapter 271 (Local Improvements) in Sections NRS 271.650 through NRS 271.680.

The intent of the creation of Tourism Improvement Districts is best presented in the language of the preamble of Senate Bill 306 (of the 2005 session) presenting tourism improvement districts and sales tax anticipated revenue bonds for consideration:

> *Whereas, The State Legislature recognizes the importance of economic development and tourism to the State of Nevada and the need to compete effectively with other states in the promotion of economic development and tourism; and Whereas, It is the intention of the State Legislature for the provisions of this act to be carried out for the promotion of economic development and tourism in the State of Nevada and for no other purpose.*

The governing body may create a TIA by ordinance that will include a project designed to attract visitors to the area and generate retail sales.

At this point, two Tourism Improvements Districts have been created in Nevada and both are located in Washoe County in Northern Nevada:

The City of Reno approved an ordinance creating the Tourism Improvements District which includes the Cabela's store located at Boomtown Casino in East Reno/Verdi. It is believed that Cabela's has created 215 full time jobs in the community.

The City of Sparks approved an ordinance on July 23, 2007, creating the City of Sparks Tourism Improvement District No. 1 and pledged 75 percent of the sales and use tax revenues to help finance the Legends at Sparks Marina project.

These projects are in place and retail activity is occurring in both TIAs, but due to concerns regarding confidentiality of the information under current law, the Department of Taxation cannot report how much revenue is being distributed to the City of Reno for the Cabela's project and the City of Sparks for the Legends at Sparks Marina project.

Legislative Authority

NRS Chapter 271A (the Tourism Improvement District Law) was put in place by the 2005 Legislature and establishes the provisions for the creation of a TIA and the pledge of sales tax revenues to develop a project in the TIA.

Area/District Benefits

The governing body of a municipality may create a TIA and define by ordinance the boundaries of the district and describe the types of projects that may be financed within the TIA. The governing body of the municipality may, without election, maintain a project within the TIA established by ordinance and the project may be owned by a private entity (the project can also be owned by the municipality, another governmental entity or any combination but it is usually a private entity).

The ordinance adopted by the governing body includes the pledge of a percentage of sales tax generated in this TIA (including local school support tax, basic city/county relief tax, and supplemental city/county relief tax). In the case of Pahrump this would be equal to 75% of 7.10% or 5.325%,

It should be noted that municipality cannot adopt the ordinance creating a TIA and pledge up to 75% of the authorized sales and use taxes unless several conditions are satisfied. Generally, these conditions revolve around requiring the municipality to make a written finding that the project in the TIA will benefit the district and have a positive financial impact on the provision of local government services.

The governing body is required to determine at a public hearing that, as a result of the project in the TIA, retailers will locate in the district and there will be a significant increase in the sales and use tax revenue from retailers in the district. The governing body must also determine that a preponderance of the increase in sales and use tax revenues will be attributable to tourists who are not residents of the state.

Time Limitations

Any bond or note issued as part of a TIA (including refunding) must mature on or before, and any agreement entered pursuant to this section must automatically terminate on or before, the end of the fiscal year in which the 20th anniversary of the adoption of the ordinance creating the district occurs.

Creation of a Tourism Improvement District

The governing body of a municipality may create a TIA and define by ordinance the boundaries of the district and describe the types of projects that may be financed within the TIA. A tourism improvement district created by a city or county must be located entirely within the boundaries of that city or county. After October 1, 2009, a TIA cannot be created which includes any property included within the boundaries of a redevelopment area established pursuant to NRS Chapter 279.

The city or county cannot adopt an ordinance creating a TIA unless the following requirements are satisfied (per NRS 271A.080):

1. The city or county has determined that no retailers will have maintained or will be maintaining a fixed place of business within the TIA on or within 120 days immediately preceding the date of the adoption of the ordinance (with a similar requirement regarding amending the boundaries of the TIA);
2. The city or county has made a written finding at a public hearing that the project will benefit the district;
3. The city or county has made a written finding at a public hearing that financing the project with pledged sales and use tax revenue will have a positive fiscal effect on the local government services based on finding by independent consultants with results provided to the city (if the governing body), the board of county commissioners and the board of trustees of the local school district. These reports need to consider:
    a. Estimated taxes and other governmental revenue projected to be received as a result of the properties and businesses expected to locate in the TIA;
    b. The use of any sales and use tax revenue pledged as authorized in statute;
    c. Any increase in costs for local governmental, including, education and services for police and fire protection, as a result of the TIA;

d. Anticipated increases or decreases in sales and use taxes collected from retailers located outside of the TIA, as a result of businesses growth in the TIA;
e. Within 45-days of formalizing their findings, the city or county has provided the following:
   i. Written notice of when and where the finding will consider making the written finding;
   ii. All analysis prepared by or for or presented to the city or county regarding the financial effects of the project on local governmental services, including education;

4. A hearing is to be held by local school board of trustees regarding the effects of the district on local schools;
5. If the governing body considering the creation of a TIA is to be the Town of Pahrump, then the same notification requirements noted above are to be provided to the county;
6. The city council or county board of commissioners states their belief that the majority of taxes generated in the TIA will be tourist based;
7. The Commission on Tourism "o.k.'s" the project as generating tourism dollars;
8. The Governor Office "o.k.'s" the project as generating tourism dollars.

Funding Sources

The governing body is able to pledge up to 75% of the sales and use taxes generated from the state tax rate (2.00% percent), the Local School Support Tax rate (2.25%), and the Basic and Supplemental City/County Relief Tax rate (2.25% percent). Special local acts cannot be included in pledged amount. The funds generated from the pledged sales and use tax revenue can be used to finance the project.

Available Debt

To estimate the amount of bondable proceeds on a TIA several factors must be considered including retail draw viability and political responsiveness to such a project on a local and countywide level. As TIAs draw from funds applied to essential public services such as schools and fire and safety services there can often be opposition and on occasion a compromise is met between the developer and the community in which a project is planned. In the following estimates for proceeds that can be pledged towards debt we are using increments of one million dollar sales increases at the 7.10% sales tax rate, with TIA redirect of 25%, 50% and 75% (the legal maximum) and a debt service coverage requirement of 1.25x[3]:

Sales	Sales Tax Rate	Sales Taxes Generated	TIA Redirect	District Proceeds	Pledged at 1.25x Coverage	Net Proceeds Available (Rounded)
$1,000,000	7.10%	$71,000.00	25%	$17,750.00	$14,200	$ 97,000
$1,000,000	7.10%	$71,000.00	50%	$35,500.00	$28,400	$ 276,000
$1,000,000	7.10%	$71,000.00	75%	$53,250.00	$42,600	$ 433,000

Estimated Debt Service

The preliminary sizing estimates presented below represent an initial analysis of debt service on $1,000,000, 20-year debt issuance with cost of issuance at $25,000 (an estimate of proportional cost of issuance per $1 million issued) including a reserve fund of maximum annual debt service ("MADS"):

[3] These are highly preliminary estimates representing minimally changing cost of issuance and using a scale similar to the above tax increment scale which may not match exactly.

City of Pahrump, Nye County, Nevada
Adventure Springs
20-Year Tourism Improvement District Financing

Sources & Uses

Dated 01/01/2014 | Delivered 01/01/2014

Sources Of Funds	
Par Amount of Bonds	$515,000.00
Total Sources	$515,000.00
Uses Of Funds	
Original Issue Discount (OID)	7,427.80
Total Underwriter's Discount (1.500%)	7,725.00
Costs of Issuance	25,000.00
Deposit to Debt Service Reserve Fund (DSRF)	42,218.76
Rounding Amount	432,628.44
Total Uses	$515,000.00

City of Pahrump, Nye County, Nevada
Adventure Springs
20-Year Tourism Improvement District Financing

Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I
1/1/2014	-	-	-	-
1/1/2015	20,000.00	2.00%	19,543.76	39,543.76
1/1/2016	20,000.00	2.00%	19,143.76	39,143.76
1/1/2017	20,000.00	2.00%	18,743.76	38,743.76
1/1/2018	20,000.00	2.13%	18,343.76	38,343.76
1/1/2019	20,000.00	3.50%	17,918.76	37,918.76
1/1/2020	25,000.00	3.50%	17,218.76	42,218.76
1/1/2021	25,000.00	3.50%	16,343.76	41,343.76
1/1/2022	25,000.00	3.50%	15,468.76	40,468.76
1/1/2023	25,000.00	4.00%	14,593.76	39,593.76
1/1/2024	25,000.00	4.00%	13,593.76	38,593.76
1/1/2025	25,000.00	4.00%	12,593.76	37,593.76
1/1/2026	30,000.00	4.38%	11,593.76	41,593.76
1/1/2027	30,000.00	4.38%	10,281.26	40,281.26
1/1/2028	30,000.00	4.38%	8,968.76	38,968.76
1/1/2029	30,000.00	4.38%	7,656.26	37,656.26
1/1/2030	35,000.00	4.38%	6,343.76	41,343.76
1/1/2031	35,000.00	4.38%	4,812.50	39,812.50
1/1/2032	35,000.00	4.38%	3,281.26	38,281.26
1/1/2033	40,000.00	4.38%	1,750.00	41,750.00
Total	$515,000.00	-	$238,193.92	$753,193.92

Yield Statistics

Bond Year Dollars	$5,740.00
Average Life	11.146 Years
Average Coupon	4.15%
Net Interest Cost (NIC)	4.41%
True Interest Cost (TIC)	4.47%
Bond Yield for Arbitrage Purposes	4.29%
All Inclusive Cost (AIC)	5.08%

IRS Form 8038

Net Interest Cost	4.36%
Weighted Average Maturity	11.101 Years

City of Pahrump, Nye County, Nevada
Adventure Springs
20-Year Tax Increment Financing

Pricing Summary

Maturity	Type of Bond	Coupon	Yield	Maturity Value	Price	Dollar Price
1/1/2015	Serial Coupon	2.00%	1.10%	20,000.00	100.89%	20,178.40
1/1/2016	Serial Coupon	2.00%	1.50%	20,000.00	100.98%	20,196.20
1/1/2017	Serial Coupon	2.00%	1.95%	20,000.00	100.15%	20,029.00
1/1/2018	Serial Coupon	2.13%	2.35%	20,000.00	99.15%	19,829.00
1/1/2022	Term 1 Coupon	3.50%	3.70%	95,000.00	98.63%	93,693.75
1/1/2025	Term 2 Coupon	4.00%	4.08%	75,000.00	99.34%	74,505.00
1/1/2033	Term 3 Coupon	4.38%	4.55%	265,000.00	97.79%	259,140.85
Total	-	-	-	$515,000.00	-	$507,572.20

Bid Information

Par Amount of Bonds	$515,000.00
Reoffering Premium or (Discount)	-7,427.80
Gross Production	$507,572.20
Total Underwriter's Discount (1.500%)	-$7,725.00
Bid (97.058%)	499,847.20
Total Purchase Price	$499,847.20
Bond Year Dollars	$5,740.00
Average Life	11.146 Years
Average Coupon	4.15%
Net Interest Cost (NIC)	4.41%
True Interest Cost (TIC)	4.47%

Risk to the Host Municipality

Although TIAs are designed to eliminate direct risk of debt default to the community in which they reside there are additional issues to be considered including the political backlash of taking money from “schools and firemen” to promote private industry. Additionally, a community takes on a developer as partner in a TIA is heavily invested in that developer’s success. As a recent example, the City of Reno has committed to paying several hundreds of thousands of dollars a year (not to exceed $1 million) out of their general fund into a partnership with SK Baseball who developed the Reno Ace’s Ballpark in Downtown Reno in order to keep the team from leaving the area.

Section V: USDA PROGRAMS

Background

The United States Department of Agriculture ("USDA") offers a broad range of programs ranging from grants to direct loans to debt guarantees which benefit small (under 50,000 in the area as a rule of thumb), rural, usually agriculturally oriented communities. As the USDA has a vast selection of offerings this presentation has focused on those programs which are most applicable to the proposed Adventure Springs project, specifically community and economic development programs (there are also water and power programs which could be applicable and should be investigated as development plans proceed). Additionally, availability of certain programs in the current economy can be competitive and limited and Stern Brothers does not guarantee successful participation in any program.

Eligibility

For most programs under USDA the key word is "rural". Rural is defined as any area other than a city or town that has a population of greater than 50,000 (Pahrump is estimated between 36,000 and 37,000 and Nye County is between 43,000 and 45,000 (other areas may be included in the "area" and exceptions are available) according to the latest census and other dependable sources. Additional requirements apply varying from program to program but meeting the "rural" definition is the first step which it is fair to assume the proposed region will be considered "rural".

We also emphasize that many programs have been suspended due to recent economic conditions or have heightened standards for participation. Stern Brothers encourages a discussion of programs available with the Nevada regional USDA office who will be able to provide the best and most current information and input.

Time Limitations

Each program has individual application deadlines to be considered. We encourage forming a "short list" of programs early on to assess annual deadlines and availability (many programs have been suspended or limited in the recent economy).

Participation Requirements

Programs have unique participation requirements and should be considered on a program-by-program basis – the following sections provide initial samplings of programs Stern Brothers feels worth investigating for grant, loan and loan guarantee purposes.

Funding Sources: Grant Programs

Some grant programs offered through the USDA worth considering include:

- Rural Community Development Initiative and the Rural Business Opportunity Grants programs which are designed to provide technical assistance and training funds to qualified intermediary organizations to develop their capacity to undertake housing, community facilities, and community and economic development projects in rural areas. This program would prove to be particularly helpful in the initial planning and development stages of Adventure Springs;
- The Rural Business Grants Program (RBGP) which provides grants for rural projects (ranging from $10,000 to $500,000) that finance and facilitate development of small and emerging rural businesses help fund distance learning networks (which certain aspects of Adventure Springs

such as paramilitary training could be potentially considered), and help fund employment related adult education programs. To assist with business development, RBEGs may fund a broad array of activities. Rural public entities (towns, communities, State agencies, and authorities) and rural private non-profit corporations are eligible to apply for funding. Eligible projects include acquisition or development of land, construction, conversion, renovation of buildings, plants, machinery, equipment, access streets and roads, parking areas, utilities; pollution control and abatement; capitalization of revolving loan funds including funds that will make loans for start ups and working capital. Any project funded under the RBEG program should benefit small and emerging private businesses which are businesses that will employ 50 or fewer new employees and have less than $1 million in projected gross revenues;

- Rural Business Investment Program (RBIP) which helps to meet the equity capital investment needs of smaller enterprises located in such areas. USDA licenses newly formed for-profit investment fund entities as Rural Business Investment Companies (RBIC)s. RBIC's use the equity raised in capitalizing their fund to make equity, and equity-like, investments mostly in smaller enterprises located primarily in rural areas. Eligible applicants for a RBIP/RBIC license include newly formed for-profit entity which has a qualified management team with experience in relevant venture capital financing or community development financing with intent to invest in enterprises that will create wealth and job opportunities in rural areas. There is an emphasis on small enterprises under this program.

Funding Sources: Loan and Loan Guarantee Programs

The following represent the most applicable loan and guarantee programs possibly available to Adventure Springs:

- Business and Industry Guaranteed Loans or the B&I Guaranteed Loan Program is designed to improve the economic and environmental climate in rural communities by strengthening the private credit structure through loan guarantees that will provide rural community benefits. The guarantee may be a granted to company or a public body but the loan is required to provide employment, improve the economic or environmental climate (there are other applicable criteria which are not germane with the project). Adventure Springs seems to be, at first review, a qualified applicant in the sense it represents a business and the loan would assist in the prevention of the loss of employment opportunities, or provide expanded job opportunities. The loan may also be used for the purchase and development of land, equipment and improvements. The percentage of guarantee, up to the maximum allowed, varies, but the maximum percentage of guarantee is 80 percent for loans of $5 million or less, 70 percent for loans between $5 and $10 million, and 60 percent for loans exceeding $10 million;
- The Intermediary Relending Program ("IRP") program is designed to increase economic activity and employment in by establishing a revolving loan fund through the Town of Pahrump or Nye County to assist with financing business and economic development activity to create or retain jobs in disadvantaged and remote communities. An intermediary can borrow up to $2 million under its first financing and up to $1 million at a time thereafter. Total aggregate debt is capped at $15 million. Funds can be used for a number of purposes but to be eligible, ultimate recipients must be located in a rural area. Under the IRP, a rural area is any area that is not inside a city with a population of 25,000 or more. Applicable projects include the acquisition, construction or repair of a business or business facility, particularly when jobs will be created or retained. This includes the purchasing of land, equipment, leaseholds, machinery and can be used for lodging facilities and convention centers (two aspects discussed in the master plan of Adventure Springs);

Risk to the Host Municipality

Generally we feel the risk to host municipalities using the before mentioned programs is limited but reiterate our encouragement of discussing each program being considered with the regional USDA office in Nevada.

Examples of USDA Grant/Loan Projects

In September of 2012 the USDA Rural Development awarded $747,000 in grant funding to the City of West Wendover to fund replacement of water pipelines in the city. The funds are being matched with $746,435 from the Nevada Division of Environmental Protection and its State Revolving Loan Fund.

In August of 2012 the USDA announced a $105 million loan guarantee to Fulcrum Sierra BioFuels, LLC to finance the private development of a facility to convert municipal solid waste into advanced biofuels helping to reduce the nation's dependence on foreign oil, relieve pressure on existing and future landfills, and stimulate economic growth in Northern Nevada through job creation. The Nevada plant is expected to create an estimated 430 jobs during construction and 53 permanent jobs in Storey County, 20 miles east of Reno. Once operational, the plant is expected to convert 147,000 tons of processed municipal solid waste into over 10 million gallons of advanced biofuels annually using a two-part thermo-chemical process.

Section VI: EB-5 Programs

Background

In 1990 Congress created the fifth employment-based preference ("EB-5") immigrant visa category for qualified foreigners seeking to invest in a business that will benefit the U.S. economy and create or save at least 10 full-time jobs.

The base amount required to invest is $1 million in economically strong areas but that amount is reduced to $500,000 if the investment is made in a rural or high unemployment area (which Pahrump should qualify). Of the approximately 10,000 green cards available each year through the EB-5 program, 3,000 are reserved for foreign nationals who invest through a Regional Center. A Regional Center is a private group or a regional governmental agency with a targeted investment program within a defined geographic region. There are several Regional Center operators who service Southern Nevada designated by USCIS who are responsible for overseeing projects.

A project which benefitted from EB-5 funding which might be recognizable to the client is the W Hotel and Condominiums on Sunset Boulevard in Los Angeles, California.

Eligibility

An investor seeking an EB-5 immigrant visa through a designated regional center must also demonstrate that at least 10 jobs were directly or indirectly created through the investment. Adventure Springs would be required to utilize a United States Citizenship and Immigration Services ("USCIS") approved job methodology to measure and verify a qualifying project's required job creation.

Before participating in a Regional Center EB-5 investment program, each investor independently petitions USCIS for an EB-5 visa. Qualified investors investing through a Regional Center receive a conditional green card valid for two years. The investor, spouse and unmarried children (under age 21 at the time of petition) can then apply for permanent residency based on investment. If approved, the investor and his immediate family become permanent green card holders and can later apply to become U.S. citizens. Upon receipt of conditional permanent resident status, the investor and immediate family are entitled to the same benefits as other lawful permanent residents.

Time Limitations

Although there are no specific time limitations in regards to EB-5 investment the process itself can be time consuming and expensive given job creation proof requirements and finding the investors in this competitive market.

Participation Requirements

The base amount required to invest is $1 million, although that amount is reduced to $500,000 if the investment is made in a rural or high unemployment area.

Stern Brothers Participation in EB-5 Transactions

Stern Brothers is not a Regional Center for EB-5 transactions and would need to defer to a UCISC registered EB-5 Regional Center in order to market to or coordinate foreign investment.

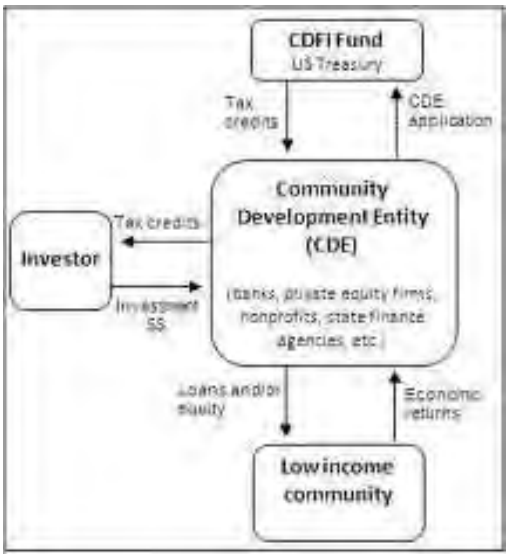
Risk to Other Opportunities

As a point of consideration it is salient to point out that several USDA programs require a minimum 51 percent participation of domestic investment in applicable programs. Should financial planning include both EB-5 and USDA sources it is recommended to monitor EB-5 participation and confirm it does not exceed 51 percent through appropriate legal counsel (although exceptions may be made by USDA for EB-5 investment this is not guaranteed).

Section VII: New Market Tax Credits

Background

The New Markets Tax Credit (NMTC) was introduced into the Internal Revenue Code (Section 45D) in 2000 to help attract equity investments and lending to low income areas. The Community Development Financial Institutions Fund (CDFI Fund) of the United States Treasury Department has, based upon a competitive process, made $28 billion of NMTC allocations, and has the authority to make an additional $3.5 billion of NMTC allocations in the future.



Under the program, an investor in a qualifying community development entity ("CDE") receives a direct credit against its federal tax liability equal to 39 percent of its equity investment. The credit is spread across a seven-year allowance period, with the investor receiving a credit equal to 5 percent of its investment on the initial investment date and the ensuing two anniversaries and 6 percent on the following four anniversaries.

Eligibility - Investor

Any US taxpayer is a potential investor, although various tax law restrictions limit their suitability for individuals and closely held corporations. Credit investors are generally insurance companies, investment banks, finance companies, and large corporations. An investor is entitled to start claiming the credits by making a cash qualified equity investment ("QEI"), that is, a purchase of stock in, or capital contribution to, a CDE that has obtained an allocation of NMTCs from the CDFI Fund.

Eligibility - Project

"Substantially all" (that is, at least 85 percent by regulation but more typically 95 percent or greater as a result of the competitive allocation application process) of a QEI must be used by the CDE to make qualified low income community investments ("QLICIs"), usually loans to or equity investments in "qualified active low income community businesses" ("QALICBs") for projects in low income communities ("LICs").

A LIC is a census tract with either a poverty rate of at least 20 percent or median income equal to or less than:

- Tracts within a MSA, the greater of 80 percent of the applicable MSA median income or the statewide median income;
- Tracts not within a MSA, 80 percent of the statewide median income.

A search of the Community Development Financial Institutions Fund website the Pahrump region qualifies as a LIC.

Time Limitations

Although there are not time limitations per se on the NMTC program the program is subject to renewal and allocations are allocated annually. It is believed that the next round of allocations will open for

submission in July of 2013 and close September 2013. There are still allocations available from previous years held by several QEIs.

Participation Requirements

Community participation is limited to LICs under the Community Development Financial Institutions Fund.

Application/Use Process

The recommended application process would be to develop in-depth, detailed marketing materials on Adventure Springs and distribute these materials to QEIs who have either Nevada, regional (including Nevada) or national designations.

Risk to Other Opportunities

It does not appear that NMTC participation would create risk to the opportunity to employ other financing options. A benefit of the NMTC program is that if it is a direct investment it can be viewed as project equity thereby making debt financing vehicles more attractive to potential investors.

Amounts Available

There is a broad range of QEIs ranging from national banks to smaller local banks. There is also a broad range of NMTC participation available ranging from a few hundred thousand dollars for smaller participants into tens of millions of dollars for larger. Although the amount of investment available to Adventure Springs is not anticipated to be onerous by regulatory standards most QEIs are sophisticated investors and will likely be looking for NMTC participation to be in balance with other equity contributions and debt financing.

Section VIII: Nevada Governor's Office on Economic Development

Background

In 2012 the Governor's Office on Economic Development ("GOED") was created to provide incentives for the expansion or relocation of businesses that will quickly result in the creation of high-quality, high-paying jobs in the state. This fund offers a tool to state Regional Development Authorities and communities to assist their efforts to do deals with viable companies that will enhance the state's economic sectors as well as offer stable jobs with good pay and benefits through a variety of incentives. These incentives include: sales tax abatements on capital equipment purchases, sales and use tax deferral on capital equipment purchases, abatements on personal and modified business taxes, a catalyst fund, assistance with the cost of intellectual property development, and employee training grants.

Available Programs

Catalyst Fund

Nevada's Catalyst Fund incentivizes the expansion or relocation of businesses that will quickly result in the creation of high-quality, primary jobs in Nevada. This fund offers a tool to Regional Development Authorities to assist their efforts to close deals with viable companies that will enhance the state's economic sectors and offer stable jobs with good pay and benefits. The fund issues both grants and low interest loans, but return on the money is one part of the evaluation for approval.

Eligibility

The procedure for applying to the Catalyst Fund consists of two major steps. First, the business that desires the incentive will apply, with assistance from the relevant designated Regional Development Authority (as defined in NRS 231.1571), to the local government in which the business is or will be located.

Local governments and Regional Development Authorities should refer to the Governor's Office of Economic Development's (GOED) "Suggested Criteria for Local Government Applications," which serves as a guide to local governments in the development and consideration of applications from interested businesses. Among factors to be given serious consideration are the nature and viability of the business, the wages and benefits for the jobs to be created, and the timeline for completion.

The second step is an application from the local government, again in collaboration with the pertinent designated Regional Development Authority, to GOED. For the state application to be considered, it must have attached to it the application to the local government. GOED expects that any application for Catalyst Funds will align with the regional economic development plan (which is included in a document produced by Nye County titled *Comprehensive Economic Development Strategy (CEDS)* and the State Plan for Excellence in Economic Development.

If it is determined that the project would promote the economic development of this State and aid the implementation of the State Plan for Economic Development, GOED (the Executive Director may individually approve a request for funding less than $100,000) may approve the application.

Factors considered include the following:

- Significant projected creation of primary jobs with wages significantly above the average wage for the relevant occupations in the county in which the new business intends to locate;
- Significant projected capital investment;
- Significant project relevance to sectors and clusters targeted by the State Plan for Economic Development (in this case tourism which is considered a high priority in the plan);
- Significant return-on-investment in job creation, wage levels, and capital investment over a three-year period;
- Applicant's plan for distributing funds must be financially sound;

The use of the term "significant" above should be considered in proportion to the amount requested and if the request is for a loan or a grant. A Regional Development Authority may develop additional criteria in order to emphasize regional priorities.

Limitations

The Catalyst Fund was started with an initial $10 million investment, is well known throughout the Nevada economic development community and has received more than enough submissions to exhaust the initial investment – therefore the program is very competitive. Although interest and principal return as well as additional investment by Nevada could reinvigorate this fund, it may be several years before such return or investment is realized if at all.

Sales and Use Tax Abatement

Partial sales and use tax abatements are available for purchases of capital equipment. The abatement reduces the applicable tax rate to 2%. This Abatement is designed to work within the State Plan for Economic Development by providing a clear vision for regional economic development; building upon the state's historical economic foundations of tourism, gaming and entertainment (among other industries) as well as attracting businesses which promote these industries and the expansion of businesses and industries that contribute to a diversified and vibrant economy.

Eligibility

An application for abatement must be made in advance to the Office or, if the purchase has been made, within 60 days after the date on which the tax was due. If the application for abatement is approved, the taxpayer is eligible for a refund of the tax paid (NRS 372.297 (2)). Eligible costs are capital goods for which an allowance for depreciation is authorized pursuant to the US Internal Revenue code, Section 179, as described in Publication 534, Depreciation under "Qualifying Property," and which directly provides jobs within the State of Nevada as a result of the use of the capital goods by the purchaser. Ineligible Goods are capital goods purchases including, but not limited to: buildings or their structural components, equipment utilized by a public utility, machinery and equipment used in the construction as well as other goods.

Limitations

There are two factors to consider when considering the sales and use tax abatement. The first is that the program may be redundant in concert with a Tourism Improvement District as both would provide the benefit of a reduced sales tax. The second is that there are requirements put upon the company using the abatements in the form of medical insurance minimums for workers, wage minimums, job creation minimum (likely 15 full-time jobs for the proposed project), capital investment minimums (likely $250,000 for the proposed project) and an expectation of the business to remain in Nevada for no less than 5-years.

Sales and Use Tax Deferral

An application for abatement must be made in advance to GOED or, if the purchase has been made, within 60 days after the date on which the tax was due. If the application for abatement is approved, the taxpayer is eligible for a refund of the tax paid (NRS 372.297 (2)). A minimum of $100,000 capital equipment purchase is required for a tax deferral. The program works in the following manner: if the sales price is:

- At least $100,000 but less than $350,000, the tax must be paid within 12 months;
- At least $350,000 but less than $600,000, the tax must be paid within 24 months;
- At least $600,000 but less than $850,000, the tax must be paid within 36 months;
- At least $850,000 but less than 1,000,000, the tax must be paid within 48 months;
- $1,000,000 or more, the tax must be paid within 60 months.

Eligibility

Eligible costs are capital goods for which an allowance for depreciation is authorized pursuant to the US Internal Revenue code, Section 179, as described in Publication 534, Depreciation under "Qualifying Property," and which directly provides jobs within the State of Nevada as a result of the use of the capital goods by the purchaser. Ineligible Goods are capital goods purchases including, but not limited to: buildings or their structural components, equipment utilized by a public utility, equipment used for medical treatment, and machinery and equipment used in the construction, gaming, and mining industries.

Limitations

The sales and use tax abatement also comes with a job requirement of 10 permanent jobs in Nevada. There is also a wage requirement which states that the company's average hourly wage at the Nevada facility must equal or exceed 100% of the county average hourly wage or statewide average hourly wage, whichever is less. For new businesses, compliance with these criteria is required. The statewide average hourly wage established for calendar year 2012 is $20.10 and Nye County is $21.54. Similar to other available programs the sales and use tax abatement may be redundant when incorporated with a Tourism Improvement District.

Personal Property Tax Abatement

Partial abatement from personal property taxes are available to companies that locate or expand their businesses in Nevada. The abatement can be up to 50% of the taxes due for up to 10 years. With the Adventure Springs project in mind (counties/cities with a population of less than 100,000/60,000) a non-industrial or manufacturing company needs to make an investment of at least $500,000. In cases of expansion, the capital investment must equal at least 20% of the value of tangible property possessed by the business which appears to be easily achieved in the case of the proposed project.

Eligibility

An application for abatement must be made in advance to the Office or, if the purchase has been made, within 60 days after the date on which the tax was due. If the application for abatement is approved, the taxpayer is eligible for a refund of the tax paid (NRS 372.297 (2)). Applications for abatement must be made not more than one year before the business begins to develop for expansion or operation in Nevada. Applications are due at least 30 working days prior to a GOED Board meeting. Eligible goods are capital goods which an allowance for depreciation is authorized pursuant to the US Internal Revenue code, Section 179, as described in Publication 534, Depreciation under "Qualifying Property," and which directly provides jobs within the State of Nevada as a result of the use of the capital goods by the purchaser.

Limitations

Similar to other incentive programs, the personal property tax abatement also comes with a job requirements (15 permanent jobs for new companies or growth of 10% of the number of employees on the company payroll or 6 new jobs – whichever is greater – in the case of an expansion), a wage requirement (company's average hourly wage must equal or exceed 100% of the county average hourly wage or statewide average hourly wage) and, as noted above, a minimum capital investment estimated to be $500,000 in the case of Adventure Springs.

Modified Business Tax Abatement

This program provides for an abatement of 50 percent of the 1.17% rate on quarterly wages exceeding $62,500. Although it is a useful program worthy of consideration, the program is not feasible for financial planning at this time as it only applies to business taxes on wages. This program may be worthy of consideration in *Phase II* or *Phase III* of the project.

Train Employees Now and Silver State Works Programs

Also premature to the current stage of development of Adventure Springs but worthy for consideration in *Phase II* or *Phase III* are the Nevada Train Employees Now ("TEN") and Silver State Works Programs.

Train Employees Now provides short-term, skills-based intensive job training to assist new and expanding firms which may be of some use to Contour and Front Sight given the nature of the project and anticipated incorporation of fire arms (which require specialize training). A customized program is created working with state and local agencies to train employees in a specialized area and to expand employment to Nevada residents. State agencies involved are the Governor's Office of Economic Development, Department of Employment, Training and Rehabilitation (DETR) and the Nevada System of Higher Education. Training providers include local community colleges, private postsecondary institutions and others. Benefits of the program include:

- Assistance with employee screening;
- The employer determines the goals and objectives of the training;
- Most direct training costs are eligible for reimbursement, including consumable materials, equipment, rental of tools and equipment, rental of training site, Instructor salaries and benefits as well as travel and per diem for limited number of instructors and trainees.

Silver State Works is a program where employers enter into a contract that establishes the agreed upon wage, number of hours to master the tasks, and the maximum amount of reimbursement based on the wage paid to new employees. Employers will be reimbursed up to a maximum of 50 percent of the participant's initial agreed upon gross wage for the contract period and a maximum of 40 hours per week. Contract length will be based on the time estimated to complete the needed training.

As an incentive, Silver State Works supports employers who hire and retain eligible individuals in full-time employment (30 hours or more per week) by providing a wage and training subsidy based on the total amount of time the qualified individual remains actively employed. Upon completion and satisfaction of certain requirements, the employer may receive a wage retention supplement – on average up to $2,000 – payable in four equal increments of $500 after each 30 days of successful employment, up to 120 days.

Section IX: Rural Communities Development and Community Development Block Grants

Background

The goals of Rural Community Development Division of the Governor's Office of Economic Development and its partners, both inside and outside of the State of Nevada, are the endorsement and facilitating sustainable and viable development and growth throughout rural Nevada.

In promoting and facilitating Community Development in rural Nevada, the Rural Community Development Division administers the State and Small Cities Community Development Block Grant ("CDBG") Program administered by the US Department of Housing and Urban Development (HUD).

The primary goals of CDBG projects in rural communities are the development of suitable living environments, providing decent housing and the creation of economic opportunities.

Program funds must be spent on projects which primarily serve low- and moderate income persons. The allocation from HUD for the State CDBG Program in Nevada for 2012 is $2,221,269.00

The CDBG Program is a widely appreciated and highly flexible community development tool, and a genuine federal-state-local government partnership. The state receives its CDBG funds from the federal government, and uses those funds to provide grants to units of local government which implement the projects, typically using local contractors and/or non-profit organizations.

In Nevada there are 26 local government entities that can apply for the State CDBG funds in Nevada (Nye County being one of these entities). Communities receiving CDBG funds from the state may use those funds for a variety of community development activities, such as:

- acquisition of property for public purposes;
- construction or reconstruction of streets, water and sewer facilities, neighborhood centers, recreation facilities and other public works;
- demolition;
- rehabilitation of public and private buildings;
- public services;
- planning and capacity building activities;
- assistance to nonprofit entities for community and economic development activities;
- assistance to private, for-profit entities to carry out economic development activities, including assistance to micro-enterprises.

Time Limits

Grant applications are submitted in mid-January with the funding recommendations made before the end of March. Grant awards are effective July 1. In past years, applications have been funded in their entirety. That was the exception for the 2012 grant cycle. In some cases, projects were partially funded allowing phased implementation or the Scope of Work was reduced.

The grant period is generally one year to 18-months depending on the type of grant and complexity of the project. Depending on the circumstances, grants may be extended beyond the expiration date. The CDBG Staff has the option of granting the added time or putting the request before the Advisory Committee for consideration.

Funding Sources

The funds come in form of federal grant and do not require repayment.

Available Debt

There is neither a maximum nor minimum limit on the amount of a grant award. However, it is common to have awards recommend for approval in a manner as distributing the limited funds as widely as possible while still meeting the most urgent needs of the communities.

Examples of CDBG Projects

- In 2012 the Beatty Museum and Historical Society successfully requested $66,500 to acquire the Episcopal church across from the museum that was built in 1921 and moved from Rhyolite. The intended use is as an expansion of the museum, as a meeting place and educational programs;
- In 2011 the Court Appointed Special Advocate CASA program in Pahrump was awarded $20,000 to train volunteers;
- In 2011 $123,777 was awarded to reline a water tank in nearby Gabbs.

Other projects, more germane to needs that might arise in the proposed development include:

- West Wendover: $62,620 awarded for boulevard enhancement to increase pedestrian and bicycle access;
- West Wendover: $15,000 to development a community assessment;
- Humboldt County: $34,000 to create a utilities master plan in McDermitt;
- Lyon County: $66,000 to improve the Silver City water system;
- Fernley: $135,000 to construct sidewalks;
- Fernley: $50,000 to provide business counseling to microenterprises (in the case of Pahrump a possible counseling to local businesses on how to take advantage of the opportunity of the new project).

Appendix I: Table of TID, TIA and Redevelopment Use by Nevada Local Governments

NRS	TYPE	USE BY LOCAL GOVERNMENT	TYPE OF PROJECT	ADDITIONAL INFORMATION PROVIDED
Carson City				
271A	TID	No		
278C	TIA	No		
279	RDA	Carson City has created two redevelopment areas: Downtown Redevelopment Project Area No. 1 and South Carson Street Redevelopment Project Area No. 2. The Downtown Area No. 1 was created in 1986, while the South Carson Street Area No. 2 was created in 2004.	Carson City has several ongoing projects in Downtown Area No. 1 in the following areas: 1.) Downtown Redevelopment Incentive Program, 2.) Carson Street Infrastructure, 3.) Street Life Program, and 4.) Arts & Culture Assistance. The projects undertaken in Area No. 1 have been funded using the property tax increment revenues on a pay-as-you-go basis or to finance bonds. There are also several ongoing projects in the South Carson Street Area No. 2 in the following areas: 1.) Reuse of the vacant WalMart building with a Burlington Coat Factory and Sportsmen's Warehouse, 2.) Casino Fandango, Galaxy Theater, and Marriott Hotel projects, 3.) New Toyota dealership, and 4.) New Subaru Honda, and Chevrolet dealerships. The projects in Area No. 2 have been financed primarily using General Fund revenue and sales tax increment revenue. See the Carson City response for additional detail on the projects undertaken in Area No. 1 and Area No. 2 along with the private and public sector investment and the source of the public funds.	The base assessed value in Area No. 1 was approximately $42.5 million in 1985-86 and is now approximately $83.7 million in 2008-09. The base assessed value in Area No. 2 was approximatey $48.2 million in 2004-05 and is now approximately $93.1 million in 2008-09.
Churchill County				
271A	TID	No		
278C	TIA	No		
279	RDA	No		
Clark County				
271A	TID	No		
278C	TIA	No		
279	RDA	Clark County created a redevelopment agency in August 2003. However, as a relatively new venture for Clark County, the redevelopment agency has yet to undertake any significant projects and has engaged primarily in planning efforts. The Board of County Commissioners considered an item on its January 20, 2009, agenda dealing with the current financial status of the redevelopment agency.	The agency is currently in the process of negotiating for the acquistion of certain parcels in the area comonly known as Commercial Center, but in the event that the parcels are acquired, there are no concrete plans for the disposition of the parcels.	The Clark County Redevelopment Agency received approximatey $11.0 million in FY 2007-08 from the property tax revenues derived from the incremental assessed value. The RDA had an ending fund balance of approximately $22.8 million at the end of FY 2007-08.

TID = Tourism Improvement District, TIA = Tax Increment Area, RDA = Redevelopment Area

Douglas County				
271A	TID	No		
278C	TIA	No		
279	RDA	Douglas County Redevelopment Agency was created in September 1997 by the Douglas County Commission.	The Douglas County Redeveloment Agency has undertaken several different projects since the Redevelopment Area was established. Since 1999, the agency's portion of total cost of projects funded with property tax increment revenue totals approximately $11.1 million. These projects were funded either on a pay-as-you-go basis or to repay funds borrowed from Douglas County (versus selling bonds). The agency currently has approximately $6.7 million in outstanding loans to be repaid to Douglas County. The use of the redevelopment provisions in NRS 279 have allowed Douglas County to bring significant retail activity and jobs, such as Home Depot, Target, Staples in the North Valley Plaza and Best Buy, Borders, In & Out, and other stores to the Carson Valley Plaza. See the Douglas County response for information on projects assisted by property tax increment financing in Douglas County.	The original base assessed value was approximately $19.5 million and the additional assessed value added to projects in the Redevelopment Area is approximatley $102.3 million.
Elko County				
271A	TID	No		
278C	TIA	No		
279	RDA	No		
Esmerelda County				
271A	TID	No		
278C	TIA	No		
279	RDA	No		
Eureka County				
271A	TID	No		
278C	TIA	No		
279	RDA	No		
Humboldt County				
271A	TID	No		
278C	TIA	No		
279	RDA	No		
Lander County				
271A	TID	No		
278C	TIA	No		
279	RDA	No		
Lincoln County				
271A	TID	No		
278C	TIA	No		
279	RDA	No		
Lyon County				
271A	TID	No		
278C	TIA	No		
279	RDA	No		
Mineral County				
271A	TID	No		
278C	TIA	No		
279	RDA	No		
Nye County				
271A	TID	No		
278C	TIA	No		
279	RDA	No		
Pershing County				
271A	TID	No		
278C	TIA	No		
279	RDA	No		

TID = Tourism Improvement District, TIA = Tax Increment Area, RDA = Redevelopment Area

Storey County				
271A	TID			
278C	TIA	No		
279	RDA	No		
	Public/Private Partnership	Storey County has particpated with developers of the Tahoe-Reno Industrial Center (TRI) in a publicprivate partnership for almost ten years. Although the government contracts and agreements are complex, they essentially state that Storey County will reimburse the developers for infrastructure costs incurred for items such as interchanges, roads, railroads, public safety complexes, and flood control management.	The source of repayment is net revenues realized from the development and buildout of the industrial center. Storey County is responsible for separately recording certain revenues and expenses directly attributable to the projects in the TRI, approving reimbursable costs and determining annual net revenue. Net revenue must exceed $5 million before any reimbursements are made to TRI for projectrelated infrastructure costs. Once the $5 million net revenue threshold is met, the county must reimburse TRI developers for outstanding approved vouchers up to 35% of the annual net revenue. The final payback amount is estimated to be approximately $100 million and may take Storey County decades to complete the reimbursement payments to the developers.	In determining net revenue, the revenue includes taxes and fees recorded by the county for projectrelated sources, but does not include portions of any tax which are not actually distributed to the county or are dedicated revenue for earmarked programs not associated with the TRI project. Expenses used to calculate net revenue include the county's expenditures for the operation, maintenance, repair or construction of infrastructure, and other services attributable to the TRI project.
Washoe County				
271A	TID	No		
278C	TIA	No		
279	RDA	No		
White Pine County				
271A	TID	No		
278C	TIA	No		
279	RDA	No		

CITIES

Boulder City				
271A	TID	No		
278C	TIA	No		
279	RDA	Boulder City created an RDA in 1999 and the program adminstration costs of the RDA are funded with tax increment revenue generated from the redevelopment area.	The Boulder City RDA has not used bond financing to fund projects undertaken in the RDA as all projects have been financed on a pay-as-you-go basis. Since 2000, $25 million in private funds and $3.2 million in public funds have been invested in projects in the redevelopment area.	The projects undertaken in the RDA have increased the assessed value from the base value of $27.4 million in 1999 to current assessed value of $92.5 million for FY 2009.
Elko				
271A	TID	No		
278C	TIA	No		
279	RDA	Elko Redevelopment Area established on February 12, 2008.	Due to the recent establishment of the redevelopment plan for the Redevelopment Area, no specific projects have been identified at this point in time.	The net assessed value for property within the Redevelopment Area for 2007 was $32,904,846. As no projects have been completed, no additional assessed value can be attributed to the development of projects using public revenue financing options.
360.75	Econ. Dev.		In 2008, the City of Elko issued letter of acknowledgement to the Commission on Economic Development regarding abatement of sales tax, modified business tax, and personal property tax for a qualifying business (RAM Enterprises). RAM Enterprises is constructing a larger facility within the Redevelopment Area, qualifying for a total abatement of $105,885 with the City of Elko portion amounting to $23,540 over a ten-year period.	

TID = Tourism Improvement District, TIA = Tax Increment Area, RDA = Redevelopment Area

Fallon				
271A	TID	No		
278C	TIA	No		
279	RDA	No		
Fernley				
271A	TID	No		
278C	TIA	No		
279	RDA	No		
Henderson				
271A	TID	No		
278C	TIA	The City of Henderson has created a Tax Increment Area associated with the Nevada State College for the development of projects as authorized in S.B. 374 (2007 Session).	The details of the projects that will be considered in this TIA are still being determined and an analysis is being conducted as part of developing the Campus Master Plan.	
279	RDA	The City of Henderson Redevelopment Agency has used the provisions authorized in statute for development areas to undertake and complete several different projects and functions. Please see the City of Henderson response and attachments for additional information and details regarding the various projects that used property tax increment financing.	The City of Henderson Redevelopment Agency uses the provisions of NRS 279 to assist in the financing or development of projects related to retail, mixed-use, low income housing, façade improvement loans, Homeowner Assistance Program, and other programs and functions. The City of Henderson Redevelopment Agency's document that provides detailed information on the numerous projects and functions undertaken by the agency in the redevelopment area is provided in the Appendix.	
Las Vegas				
271A	TID	Currently, there are no TID's in the City of Las Vegas. The city has a Disposition and Development Agreement (DDA) with the developer CIM to support a possible first TID in the city for the new development of city-owned lands surrounding the Old Post Office which will become the Las Vegas Museum of Law Enforcement and Organized Crime. Per the DDA, the land will be developed as a mixed-use retail center, commercial towers that could be hotels and structured parking. The CIM TID will seek approvals during the 2009 before the current October 2009 sunset in NRS for including a TID within and RDA.		
278C	TIA	No		
279	RDA	The Las Vegas Redevelopment Agency was formed on March 5, 1986, and has created only one redevelopment area, which has been amended over time to increase its total area. See the response provided by the City of Las Vegas for an overview structure and operations of the Las Vegas Redevelopment Agency.	The Las Vegas Redevelopment Agency has undertaken several projects using the financing provisions allowed in NRS, such as: 1.) Freemont Street Parking Garage, 2.) Homeless Shelters and Affordable Housing, 3.) Charleston Plaza Mall, 4.) Chelsea Premium Outlet, 5.) Molasky GSA/IRS Building, 6.) World Market Center, and 7.) Allure Tower. See the response provided by the City of Las Vegas for additional detail on these projects regarding the amount of private/public investment and the public financing.	The assessed value of the core of the redevelopment area when created in 1986 was $398.4 million. Based on the projects undertaken in the area, the assessed value was approximately $1.4 billion in 2008.
Mesquite				
271A	TID	No		
278C	TIA	No		
279	RDA	The City of Mesquite created an RDA on February 25, 1995. Since its creation, several projects have been undertaken to expand and enhance the retail and commercial component of the City of Mesquite.	The RDA has entered into financing agreements for the funding of major projects to promote development conducive to upgrades, renovations, land acquistion, main street and other street improvements to stimulate and attract commercial viability in the core downtown business district and adjacent properties to increase cultural, recreation and education opportunties. See the City of Mesquite response for additional information on the projects undertaken, the project cost, and amount financed by the RDA.	The base assessed value in the RDA when it was created in 1995 was approximately $42.2 million and is now approximately $267.3 million in FY 2008-09.

TID = Tourism Improvement District, TIA = Tax Increment Area, RDA = Redevelopment Area

North Las Vegas				
271A	TID	Although the City of North Las Vegas currently has no STAR bond projects, in order to be prepared for the possibility that the city could be approached by parties interested in using the STAR bond program, the city council adopted qualification criteria regarding their approval and use. The policy is that any applicant requesting the use of STAR bonds must demonstrate how they meet all the criteria prior to an item being placed on an city council agenda for discussion and possible actions. See the Attachment A in the response from the City of North Las Vegas.		
278C	TIA	No		
279	RDA	The City of North Las Vegas has established a redevelopment agency which has created two redevelopment areas: Downtown Development Area in 1990 and North Redevelopment Area in 1999	In 2007, the 89,000 square foot Cheyenne Pointe neighborhood shopping center was completed in partnership with Montecito Companies. The redevelopment agency contributed approximately $400,000 on one-time development funds in return for Montecito agreeing to construct the $22 million shopping center, which was a ratio of $55 of private sector investment for every $1 of public funds. The estimated assessed value of the project's land was orginally less than $25,000, but the current assessed value is $993,568, since the completion of the Cheyenne Pointe shopping center. The shopping center created approximately 425 jobs and includes a grocery store for the residents of the neighborhood. Due to the new property taxes generated, the redevelopment agency estimates it will recapture its entire public investment within two years. See response from City of North Las Vegas for additional information on the Cheyenne Pointe shopping center project.	The redevelopment agency in the City of North Las Vegas has established a target of $10 of private sector investment for every $1 of public sector funds on all redvelopment projects.
279	RDA	The City of North Las Vegas has established a redevelopment agency which has created two redevelopment areas: Downtown Development Area in 1990 and North Redevelopment Area in 1999.	In 2009, the redevelopment agency will likely consider the Las Flores shopping center project. The project is anticipated to generate $100 million in new private sector investment and is estimated to create 400 temporary construction jobs and 722 new permanent jobs with an estimated payroll of approximately $16 million per year. The project is envisioned to provide severely needed services to an underserved portion of the downtown where residents find it difficult to obtain necessary goods and services due to low income levels and lack of transportation. See response from City of North Las Vegas for additional information on the Las Flores shopping center project.	The North Las Vegas Redevelopment Agency operates a façade improvement program, which uses public funds to match local business investment to improve the exterior of their business buildings in an ongoing effort to eliminate blight and deterioration.
360.750	Econ. Dev.	The City of North Las Vegas has projects in their city that have been granted abatement or deferral of taxes by the Commission on Economic Development.	The lastest prospect is GE Transportation, which is an industrial facility that will remanufacture and modernize rail wheels for sale and lease and received NCED approval on April 16, 2008. To receive the abatements, the company is estimated to make capital expenditures of approximately $3.1 million with 66 fulltime employees at annual wage of approximately $41,000 along with a full benefits package. The company was approved by NCED for sales and use tax abatement of $179,515; sales and use tax deferral of $62,440; and modifed business tax abatement of $16,490. The company was projected to create a five-year payroll impact of approximately $24.7 million, a five-year economic impact of approximately $128.3 million, and a five-year tax revenue impact of approximately $3.1 million.	There are no buildings in the North Las Vegas Redevelopment Area receiving any partial abatement of taxes under the economic development provisions of NRS 360.750.

TID = Tourism Improvement District, TIA = Tax Increment Area, RDA = Redevelopment Area

Reno				
271A	TID	The City of Reno created the Cabela's STAR bond district in 2006.	The City of Reno has issued bonds totalling $34.7 million payable from the pledge of 75 percent of the sales and use tax paid from retail sales in TID. See the City of Reno response for additional information on the Cabela's STAR bond district (TID).	The Cabela's TID created 250 permanent jobs.
278C	TIA	No		
279	RDA	The Reno Development Agency (RDA) was created in 1983. The Redevelopment Project Area No. 1 (RDA1), created in 1983, consists of the downtown core area. Redevelopment Project Area No. 2 (RDA2), created in 2005, consists of a number of non-contiguous areas of the city.	The AAA baseball stadium project is located in RDA1 and is currently the largest project in the redevelopment area. See the City of Reno response for additional information on the baseball stadium project in RDA1.	
Sparks				
271A	TID	On July 23, 2007, the City of Sparks created a Tourism Improvement District (TID) for the Legends at the Sparks Marina Project. The first phase of the project was completed when the Scheels All Sports store opened on September 27, 2008. See the City of Sparks response for additional information on the TID created for the Legends at the Sparks Marina Project.	The City of Sparks has committed to issue STAR bonds yielding net proceeds of $156.66 million which will be repaid from the pledge of 75% of the sales tax colletions generated from retail activity in the TID. The proceeds of the bonds will be used to reimburse the developer (RED Development) for a portion of the construction costs related to the Scheels store. To date, the city has issued $83.29 million of STAR bonds for Phase I of the project: $23.8 million (at 6.5%) due June 15, 2020, and $59.4 million (at 6.75%) due June 15, 2028. The city intends to issue additional STAR bonds to fund remaining Phase I costs and Phase II construction costs. In addition to the STAR bonds, the redevelopment agency of the City of Sparks has issued $12.7 million of tax increment revenue bonds yielding a net amount of $9.25 million to purchase land for an arena, public art, common areas, and landscaping: $5.28 million (at 6.4%) due June 1, 2020, and $7.42 million (6.7%) due June 1, 2028.	The Legends at the Sparks Marina project is intended to include the Olympia Hotel/Casino, with a projected total cost of $160 million for Stage 1 of the hotel/casino project, but no STAR bonds proceeds are being used in the construction of the hotel/casino phase of the project. The City of Sparks reports that the total private sector contributions by RED Development and other private sector sources are over $911.4 million and the public investment in the project is equivalent to an additional 19%.
278C	TIA	The City of Sparks created the Kiley Ranch Tax Increment Area on February 11, 2008.	The city has also entered into a formation agreement with Kiley Ranch Communities, in which, the city agreed to issue bonds to provide financing for the construction or acquistion of certain public improvements as provided in NRS 278C.140. However, there is insufficient tax increment revenue to support a bond issue to date.	The base year assessed value for the Kiley Ranch Tax Increment Area was $13.0 million and the current incremental assessed value is approximately $6.4 million.
279	RDA	The City of Sparks Redevelopment Agency has created two redevelopment areas: 1.) Town Center Redevelopment Area No. 1 which includes Victorican Square, and 2.) Town Center Redevelopment Area No. 2 which includes Marina Village. See the City of Sparks response for additional information on the projects and functions of the two development areas that have been created in Sparks by its redevelopment agency.	The Town Center Redevelopment Area No. 1 (Area 1) was created in 1978 and has utilized property tax increment revenues to acquire property and finance numerous public improvements and programs designed to eliminate blight and improve downtown Sparks and surrounding neighborhoods. The redevelopment agency's current primary goal for Area 1 is the implementation of the Victorian Square Development Plan, adopted as an amendment to the Town Center Redevelopment Plan in 2005. The anticipated private investment in the project is expected to total $80-$100 million. The agency also expects to provide tax increment property tax revenues on a pay-as-you-go basis for construction of public improvements and to facilitate private investment. The expenditures from public funds are expected to total $3 to $5 million through 2023, when the Area 1 redevelopment area will terminate.	The current annual debt service for bonds financed with property tax increment revenue is $2.6 million per year. Due to the current situation and a requirement to have a 1.5 times debt coverage ratio, it has not been possible to issue any additional debt for Area 1 and has been limited to financing new operations or investments on a payas-you-go basis. The base year assessed value for Area 1 was approximately $35.3 million and the current assessed value for the area is approximately $139.5 million.
279	RDA	The City of Sparks Redevelopment Agency has created two redevelopment areas: 1.) Town Center Redevelopment Area No. 1 which includes Victorican Square, and 2.) Town Center Redevelopment Area No. 2 which includes Marina Village. See the City of Sparks response for additional information on the projects and functions of the two development areas that have been created in Sparks by its redevelopment agency.	The Town Center Redevelopment Area No. 2 (Area 2) was created in 1999 which is comprised of three noncontiguous areas includes the Sparks Marina area. The Marina Village Project is a mixed-use project with single- and multi-family homes as well as retail and office uses. The project developer built public improvements and public infrastructure and will be reimbursed for approximately $5.0 millon for the cost of the improvements and infrastructure put in place. The reimbursements will be in six progressive payments based on the expected tax increment to be generated by the project as it is completed.	Three of the six payments have been made to date, leaving approximately $2.4 million to be paid with completion of the project and final payments expected by 2012. The Area 2 redevelopment area is scheduled to terminate in 2029.

TID = Tourism Improvement District, TIA = Tax Increment Area, RDA = Redevelopment Area

Wells			
271A	TID	No	
278C	TIA	No	
279	RDA	No	
West Wendover			
271A	TID	No	
278C	TIA	No	
279	RDA	No	
268.048	Ind. Dev.	Nevada Revised Statutes 268.048 allows a city in a county with a population less than 15,000, upon making a finding that a city industrial park is necessary to meet the needs of the city and no private enterprise has presented an acceptable proposal for industrial development, may develop a plan and establish requirements for the acquistion, sale, or lease or real property by the city for industrial development. The City of West Wendover also uses the provisions granted in NRS 277.050 that allow the city to sell or exchange real property to other federal, state, or local government entities.	Over the last 18 months, the City of West Wendover sold approximately 7 acres of land under public auction. The proceeds from the land auction were used to aid in the construction of a 30-acre improved industrial/logistics park that was completed in September 2008.
Winnemucca			
271A	TID	No	
278C	TIA	No	
279	RDA	No	
360.75	Econ. Dev.	During the past twelve years, the City of Winnemucca has had only two development projects that have been granted abatements or deferrals for sales tax, modified business tax, and property tax by the Commission on Economic Development. See the City of Winnemucca response for details on the approved amount of tax abatements/deferrals for sales tax, MBT, and personal property tax.	
Yerington			
271A	TID	No	
278C	TIA	No	
279	RDA	No	

TID = Tourism Improvement District, TIA = Tax Increment Area, RDA = Redevelopment Area

Appendix II: Estimated Revenues Through Currently Available Programs

Background

There are multiple programs available addressed in this report and authorized by the Town of Pahrump or Nye County to employ in generating revenue for tourism, Adventure Springs or other draws which contribute to economic development. The purpose of this appendix is to address potential increment available through existing programs, including the existing hotel tax in the Town of Pahrump as well as available, Nevada legislature approved increment programs noted in *Section IV* which provide for sales and use tax abatement.

Limitations on Estimates

The estimates provided are specific to sales and use taxes available for abatement under NRS 278 (Tax Increment Areas) and NRS 271(Tourism Improvement Districts). Estimates of debt capacity and revenues produced via property tax increment abatement under NRS 279 (Tax Increment Financing and Community Redevelopment Law) are included in *Sections II* and *III*.

Production of Estimates

Following conversations with the Tourism Coordinator at the Town of Pahrump, Nye County Assessor's Office and the Nevada Commission on Tourism, analysts reviewing the Adventure Springs project for this report determined that the availability and consistency of data from the Town of Pahrump was insufficient to project meaningful estimates on sales and use tax generated by any development.

To provide significant projections on sales and use tax revenues in Pahrump we have extracted the following data from the communities of Mesquite and Laughlin Nevada and applied these extractions to Pahrump: occupancy rate, average nightly rate, average shopping budget per trip and average dining budget. Although there are some broad differences in these communities the generally similar age demographics (essentially low- to mid-50s), location (between 50- and 100-miles to Las Vegas), relatively small populations (fewer than 50,000 residents), similar weather conditions, substantial presence of RV parks and proximity to the Nevada State Border as well as a national park or outdoor destination. As such these communities present the most applicable comparison communities and projections have been applied using a weighted average of the two. The table below presents a brief review of the similarities of these communities:

	Pahrump	**Mesquite**	**Laughlin**
Distance from Las Vegas (miles)	58	86	99
Average Age (per 2010 Census)	49.7	52.4	55.2
Nearby Attractions	Joshua Tree N.P.	Grand Canyon N.P.	Colorado River
Population (per 2010 Census)	36,411	15,276	7,323
# of Hotel Rooms (as of 10/31/12)	318	1,759	10,333
# of RV Spaces	1,336	555	1,239
Average Temperature (F)	61.8°	62.2°	72.7°

Hotel and RV Occupancy Tax

A primary revenue source targeted by the developers of Adventure Springs exists with available hotel and RV space use tax. The current tax rate on hotel rooms and RV spaces in the Town of Pahrump is 8.00%.

There are six components to the 8.00% tax rate in Pahrump which include the following factors:

Tax Rate	Component
1.000%	Economic Development
1.000%	Fairgrounds
0.500%	Pahrump Parks and Recreation
0.500%	Arena
3.000%	Tourism Promotion
2.000%	Airport
8.000%	TOTAL OCCUPANCY TAX

Sales Tax

Under NRS 271 and 278 up to 75% of sales tax collected, less local tax rates and special tax rates (per NRS 377A and 377B) generated are available for Tourism Improvement Districts. Of the 6.750% tax rate in Pahrump the following presents a breakout of the contributing components:

Tax	Component
2.00%	State Sales Tax
2.25%	Local School Support Tax Rate
2.25%	Basic and Supplemental County/City Tax Rate
0.50%	Special Tax Rate
6.750%	TOTAL SALES TAX

Combined Revenue Sources

Applying the weighted average of the two comparable communities the following input estimates have been generated to provide best estimates of projected revenues:

Hotel Occupancy Tax

The following presents conservative estimates of projected hotel occupancy and taxable rate:

	January	February	March	April	May	June	July	August	September	October	November	December
Number of Rooms	318	318	318	318	318	318	318	318	318	318	318	318
Room Nights	31	28	31	30	31	30	31	31	30	31	30	31
Average Rate	$ 38.18	$ 43.09	$ 43.15	$ 50.82	$ 44.25	$ 42.99	$ 42.64	$ 45.94	$ 43.68	$ 42.35	$ 41.39	$ 40.02
Occupancy	55.06%	62.70%	69.97%	67.56%	62.46%	65.66%	70.94%	63.44%	57.66%	59.47%	57.53%	47.78%
Revenue Generated	$ 207,217.85	$ 240,574.84	$ 297,668.90	$ 327,599.86	$ 272,462.75	$ 269,310.63	$ 298,187.41	$ 287,313.38	$ 240,293.59	$ 248,313.23	$ 227,155.41	$ 188,510.23

Food and Beverage Sales Tax

The following presents conservative estimates of projected sales taxes on expenditures by visitors on food and beverage:

	January	February	March	April	May	June	July	August	September	October	November	December
Number of Rooms	318	318	318	318	318	318	318	318	318	318	318	318
Room Nights	31	28	31	30	31	30	31	31	30	31	30	31
Avg. No. of Persons/Room	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1
Occupancy	55.06%	62.70%	69.97%	67.56%	62.46%	65.66%	70.94%	63.44%	57.66%	59.47%	57.53%	47.78%
Monthly Visitors	11,399	11,723	14,485	13,536	12,931	13,154	14,686	13,133	11,552	12,312	11,527	9,892
Food/Drink Budget (Per Person)	$ 52.65	$ 52.65	$ 52.65	$ 52.65	$ 52.65	$ 52.65	$ 52.65	$ 52.65	$ 52.65	$ 52.65	$ 52.65	$ 52.65
Revenue Generated	$ 600,136.87	$ 617,225.41	$ 762,644.35	$ 712,664.13	$ 680,832.16	$ 692,577.69	$ 773,210.20	$ 691,463.97	$ 608,230.68	$ 648,226.17	$ 606,872.86	$ 520,800.29

Sales Tax on Shopping Activities

The following presents conservative estimates of projected sales taxes on expenditures by visitors on retail shopping activities:

	January	February	March	April	May	June	July	August	September	October	November	December
Number of Rooms	318	318	318	318	318	318	318	318	318	318	318	318
Room Nights	31	28	31	30	31	30	31	31	30	31	30	31
Avg. No. of Persons/Room	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1
Occupancy	55.06%	62.70%	69.97%	67.56%	62.46%	65.66%	70.94%	63.44%	57.66%	59.47%	57.53%	47.78%
Monthly Visitors	11,399	11,723	14,485	13,536	12,931	13,154	14,686	13,133	11,552	12,312	11,527	9,892
Shopping Budget	$ 3.30	$ 3.30	$ 3.30	$ 3.30	$ 3.30	$ 3.30	$ 3.30	$ 3.30	$ 3.30	$ 3.30	$ 3.30	$ 3.30
Revenue Generated	$ 37,615.42	$ 38,686.49	$ 47,801.07	$ 44,668.41	$ 42,673.24	$ 43,409.43	$ 48,463.32	$ 43,339.62	$ 38,122.72	$ 40,629.56	$ 38,037.61	$ 32,642.75

Estimated Tax Increment District Revenues

	1/31/2013	2/28/2013	3/31/2013	4/30/2013	5/31/2013	6/30/2013	7/31/2013	8/31/2013	9/30/2013	10/31/2013	11/30/2013	12/31/2013
Primary Revenue Streams in Place												
Sales Tax on Food and Drink	$ 39,008.90	$ 40,119.65	$ 49,571.88	$ 46,323.17	$ 44,254.09	$ 45,017.55	$ 50,258.66	$ 44,945.16	$ 39,534.99	$ 42,134.70	$ 39,446.74	$ 33,852.02
Sales Tax on Shopping Activities	$ 2,445.00	$ 2,445.00	$ 2,445.00	$ 2,445.00	$ 2,445.00	$ 2,445.00	$ 2,445.00	$ 2,445.00	$ 2,445.00	$ 2,445.00	$ 2,445.00	$ 2,445.00
Total Visitor Sales Tax Revenues	$ 41,453.90	$ 42,564.65	$ 52,016.88	$ 48,768.17	$ 46,699.09	$ 47,462.55	$ 52,703.67	$ 47,390.16	$ 41,980.00	$ 44,579.70	$ 41,891.74	$ 36,297.02
Diversion to Improvement Area (75%)	$ 31,090.42	$ 31,923.49	$ 39,012.66	$ 36,576.13	$ 35,024.32	$ 35,596.91	$ 39,527.75	$ 35,542.62	$ 31,485.00	$ 33,434.78	$ 31,418.80	$ 27,222.77
Other Revenue Available: Hotel Tax												
1.00% Economic Development	$ 2,072.18	$ 2,405.75	$ 2,976.69	$ 3,276.00	$ 2,724.63	$ 2,693.11	$ 2,981.87	$ 2,873.13	$ 2,402.94	$ 2,483.13	$ 2,271.55	$ 1,885.10
1.00% Fairgrounds	$ 2,072.18	$ 2,405.75	$ 2,976.69	$ 3,276.00	$ 2,724.63	$ 2,693.11	$ 2,981.87	$ 2,873.13	$ 2,402.94	$ 2,483.13	$ 2,271.55	$ 1,885.10
0.50% Pahrump Parks and Recreation	*Assumed Unavailable*											
0.50% Arena	$ 1,036.09	$ 1,202.87	$ 1,488.34	$ 1,638.00	$ 1,362.31	$ 1,346.55	$ 1,490.94	$ 1,436.57	$ 1,201.47	$ 1,241.57	$ 1,135.78	$ 942.55
3.00% Tourism Promotion	$ 6,216.54	$ 7,217.25	$ 8,930.07	$ 9,828.00	$ 8,173.88	$ 8,079.32	$ 8,945.62	$ 8,619.40	$ 7,208.81	$ 7,449.40	$ 6,814.66	$ 5,655.31
2.00% Airport	*Assumed Unavailable*											
Total Hotel Tax Revenues Presumed Available	$ 11,396.98	$ 13,231.62	$ 16,371.79	$ 18,017.99	$ 14,985.45	$ 14,812.08	$ 16,400.31	$ 15,802.24	$ 13,216.15	$ 13,657.23	$ 12,493.55	$ 10,368.06
Diversion to Improvement Area (50%)	$ 5,698.49	$ 6,615.81	$ 8,185.89	$ 9,009.00	$ 7,492.73	$ 7,406.04	$ 8,200.15	$ 7,901.12	$ 6,608.07	$ 6,828.61	$ 6,246.77	$ 5,184.03
Estimated Revenues from Available Programs	$ 36,788.91	$ 38,539.30	$ 47,198.56	$ 45,585.12	$ 42,517.05	$ 43,002.96	$ 47,727.90	$ 43,443.74	$ 38,093.07	$ 40,263.39	$ 37,665.58	$ 32,406.80

Assumption

The above estimate assumes the following:

- A maximum 75% diversion from sales taxes in the TIA to be made available;
- Of the 8% hotel tax in Pahrump the 2% for airport purposes and 0.5% for the Pahrump Parks and Recreation Fund would not be available for project financing;
- Of the remaining 5.5% of hotel taxes (which includes tourism promotion, arena fund, fairgrounds and economic development funds) only 50% would be made available for diversion to improvement area financing needs;
- RV space revenues have not yet been applied as average rate and occupancy figures are not available as of yet.

Estimated Proceeds from Debt Issuance

Using the above assumption and applying a 1.25x debt service coverage ratio an estimated $394,500 would be available per year, presuming the most conservative outlook of zero growth in tourism, for debt service from the $493,232 generated per year in diverted taxes. Extrapolating that figure over a 20-year financing, assuming a low investment grade rating (approximately BBB) it is estimated that approximately $4.35 million would be available for Adventure Springs development costs. The sizing analysis below presents a summary of Stern Brothers' findings:

City of Pahrump, Nye County, Nevada

Adventure Springs

20-Year 0-Growth Tax Abatement Proceeds

Sources & Uses

Dated 01/01/2014 | Delivered 01/01/2014

Sources Of Funds	
Par Amount of Bonds	$5,095,000.00
Total Sources	**$5,095,000.00**

Uses Of Funds	
Original Issue Discount (OID)	72,750.70
Total Underwriter's Discount (1.500%)	76,425.00
Costs of Issuance	200,000.00
Deposit to Debt Service Reserve Fund (DSRF)	393,862.50
Available Proceeds	4,351,961.80
Total Uses	**$5,095,000.00**

City of Pahrump, Nye County, Nevada

Adventure Springs

20-Year 0-Growth Tax Abatement Proceeds

Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I
01/01/2014	-	-	-	-
01/01/2015	200,000.00	2.000%	192,862.50	392,862.50
01/01/2016	205,000.00	2.000%	188,862.50	393,862.50
01/01/2017	205,000.00	2.000%	184,762.50	389,762.50
01/01/2018	210,000.00	2.125%	180,662.50	390,662.50
01/01/2019	215,000.00	3.500%	176,200.00	391,200.00
01/01/2020	225,000.00	3.500%	168,675.00	393,675.00
01/01/2021	230,000.00	3.500%	160,800.00	390,800.00
01/01/2022	240,000.00	3.500%	152,750.00	392,750.00
01/01/2023	245,000.00	4.000%	144,350.00	389,350.00
01/01/2024	255,000.00	4.000%	134,550.00	389,550.00
01/01/2025	265,000.00	4.000%	124,350.00	389,350.00
01/01/2026	280,000.00	4.375%	113,750.00	393,750.00
01/01/2027	290,000.00	4.375%	101,500.00	391,500.00
01/01/2028	305,000.00	4.375%	88,812.50	393,812.50
01/01/2029	315,000.00	4.375%	75,468.76	390,468.76
01/01/2030	330,000.00	4.375%	61,687.50	391,687.50
01/01/2031	345,000.00	4.375%	47,250.00	392,250.00
01/01/2032	360,000.00	4.375%	32,156.26	392,156.26
01/01/2033	375,000.00	4.375%	16,406.26	391,406.26
Total	**$5,095,000.00**	**-**	**$2,345,856.28**	**$7,440,856.28**

Yield Statistics

Bond Year Dollars	$56,565.00
Average Life	11.102 Years
Average Coupon	4.1471869%
Net Interest Cost (NIC)	4.4109113%
True Interest Cost (TIC)	4.4631548%
Bond Yield for Arbitrage Purposes	4.2813632%
All Inclusive Cost (AIC)	4.9589173%

IRS Form 8038

Net Interest Cost	4.3556321%
Weighted Average Maturity	11.056 Years

APPENDIX C

Market Visit Summary Report
National Sports Services

January 2013

Market Visit Summary Report

Adventure Springs Resort

(Pahrump, NV)

Prepared for:
Town of Pahrump, NV

Prepared by:
National Sports Services, LLC

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INTRODUCTION

National Sports Services (NSS) has been engaged by Contour Entertainment to assess the market feasibility for sports, recreation and adventure facilities in Pahrump, Nevada. This report provides strategic recommendations specifically related to such opportunities for Pahrump.

To assists its efforts, NSS has enlisted the services of The Sports Facilities Advisory (SFA). The Tampa-based firm specializes in the development and operation of indoor and outdoor recreation opportunities. NSS and SFA have worked together on other, similar projects.

The firms are experienced with opportunities for entertainment, recreation, sports and other leisure facilities to include support through design, funding, development, and management. As sub-contractors to Contour Entertainment, National Sports Services provides specialized operational and market knowledge related to sports and recreation venues.

Both NSS and SFA have worked on projects to identify highest and best use opportunities for lifestyle and activity amenities. These synergistic environments combine the very best indoor and outdoor sports and recreation with leisure, entertainment and retail attractions positioned to be the central hub of activity within a development. These customized combinations of activities enhance value and differentiate a development from others in a market or region.

MARKET ANALYSIS AND INSIGHTS

Market Visit Recap
Over the course of a three-day visit, from October 10th – 12th, the parties associated with Contour Entertainment made an onsite visit to Pahrump and Nye County. The goal of the meetings was to meet key project stakeholders and have an opportunity for all Contour Entertainment's sub-consultants to tour the region and its attractions.

While not every meeting was attended by each individual, the parties analyzing the project in conjunction with **Contour Entertainment**, included:

- Chris Brown, Contour Entertainment Inc.
- Matt Perry, President, National Sports Services (sub-consultant to Contour Entertainment)
- Dev Pathik, CEO, Sports Facilities Advisory (sub-consultant for National Sports Services)
- Don Holbrook, economic development consultant (sub-consultant to Contour Entertainment)
- Donald Hart, Stern Brothers & Associates (financial advisor for the project)

Samantha Carns, Executive Assistant for the Town of Pahrump, was the on-going host and tour guide for the Contour group. The tour of the region included a drive-around in all directions to get a sense of the town's access and its many resources. The various tours included the following:

- **Front Sight Firearms Training Institute**: Had the opportunity to see their facilities, learn about their programs, discuss their vision for future growth. Discussed Adventure Springs proposal and how it may benefit their mission. Met with Dennis Bradley, Director, Resort Development and Michael Meacher, VP/COO.

- **Spring Mountain Motor Resort and Country Club**: Toured their facilities and participated in ride-along opportunities on the track. Learned about the breadth of services offered, clientele and prospects for expansion. Discussed their needs and how a development like Adventure Springs will provide entertainment options for their customers and families. Discussed their plans for a water-based attraction, which may be compatible with Adventure Springs.

- **Pahrump Nugget Hotel & Casino**: Toured facility and had dinner with Jeremy Jenson, General Manager, and Jeffrey Rathjen, Assistant General Manager. Discussed ways in which a project like Adventure Springs can assist their business, especially in driving summer participants and tourists.

- **Sanders Winery**: Met with Jack Sanders. Saw their grounds and discussed their customer base, marketing plans and ways in which an entertainment complex can benefit the region.

- **Mountain Falls Golf Club**: Saw the clubhouse, course and surrounding community. Met with Greg Moynahan, General Manager of Mountain Falls, LLC, Pam Webster, Nye County Manager and Bill Kohbarger, Town Manager for the Town of Pahrump. Discussed the vision for the region and ways to increase tourist traffic via a development such as Adventure Springs.

- **Pahrump Valley Winery**: Toured their facilities. Was able to review our various meetings and tours while having dinner at the restaurant.

- **Lakeside Casino and RV Park**: Drove through the facility and discussed their clientele and issues with seasonality.

The parties were also able to see the proposed site for Adventure Springs Resort.

Additional **stakeholder meetings** were scheduled with the following individuals:

- Harley Kulkin, Town of Pahrump Board Member
- Mike Darby, Town of Pahrump Board Member
- Dr. Tom Waters, Town of Pahrump Board Member
- Vicky Parker, Town of Pahrump Board Member
- Arlette Ledbetter, Tourism Coordinator, Town of Pahrump
- Michael Sullivan, Finance Director, Town of Pahrump
- Bill Dolan, former vice-chair of the Town Board for the Town of Pahrump; Board Member of newly-formed Community Center Advisory Board.
- Allan Parker, Rural Nevada Development Corporation
- Other residents and Town of Pahrump officials in a public forum

Matt Perry and Dev Pathik, who had not visited Pahrump previously, were very impressed with the quality of current attractions in the region and the potential for the Adventure Springs Resort to drive additional tourism and complement existing adventure opportunities.

FRONT SIGHT
FIREARMS TRAINING INSTITUTE

Market Highlights, Advantages and Opportunities

Pahrump is uniquely situated to build upon its current collection of truly unique attractions and amenities. However, the town is not yet well suited to aggressively pursue youth and amateur sports tournaments. Several reasons lead to this conclusion.

The youth sports tournament marketplace is highly competitive. For a community to reap the economic benefits and positive economic impact of a youth and amateur sports complex, the community must attract teams and visitors who will stay for multiple nights and spend money on local recreation, retail, and dining.

The most successful youth sports tourism destinations provide a wide range of family activities, recreation amenities for the "non-player" brother or sister, and numerous non-smoking and non-casino based lodging options.

Pahrump's unpredictable lodging availability (due in part to major bookings which fill rooms followed by periods of high availability), relative lack of immediately available family recreation and entertainment, and it's distance to major population centers suggest that it is not currently well positioned for success in the youth and amateur sports tourism market place. Pahrump will not be able to realistically compete for major events against other tournament destinations which have already developed the recreation, lodging, and entertainment options described above. The solution to this short term challenge lies in proper sequencing and master planning.

To establish Pahrump as a highly successful youth-tournament sports-tourism destination, the development of entertainment and recreation amenities, lodging, and retail assets must occur prior to or simultaneous to youth and amateur sports fields or gymnasiums. National Sports Services believes that the development of fields and other sports tournament assets should be part of an overall master plan which includes family oriented recreation, entertainment, new lodging options, and attractions which provide more than one day worth of recreation.

The plans put forth by Contour Entertainment for The Adventure Springs Resort address this reality and provide a strategy for sequencing the development of playing surfaces as part of a truly world class entertainment and lifestyle destination. If a baseline commitment to the development of Adventure Springs is made, National Sports Services will work closely with Contour to identify surface materials and other design aspects to ensure that youth and amateur sports environments within Pahrump are ideally suited to attract national and regional events, which produce multi-day visits.

Additional recommendation are outlined in the section entitled "Sports Tourism".

The ***advantages*** exhibited in the Pahrump market include a proven ability to attract multi-day adult visitors with highly unique attractions, such as:

- Spring Mountain
- Front Sight
- Pahrump Valley Winery
- Mountain Falls Golf Club

The lost opportunities occur in the tens of thousands on an annual basis. These include quick stop or other visits by those driving between Las Vegas and Death Valley, and by other passersby, who do not spend money in Pahrump as they drive through. Several solutions can be implemented to help address this quandary, which include enhanced marketing and directional signage.

Immediate ***opportunities for improvement*** and for strengthening the brand and appeal of Pahrump include:

1. **Wayfinding and Signage**

   - "Welcome to Pahrump" and departure signs. The current signage does not speak to quality, adventure, or differentiation. New signage and welcome areas on both sides of the road should create a clear and well defined sense of arrival/departure.

   - Pahrump welcome center. There is no obvious welcome center. This should be highly visible, appealing, bus and car ready, and provide a full-service menu of local and regional options with maps and booking capabilities. The welcome center must also provide an experience or interaction that provides visitors with a reason to stop in. This could include a small desert wildlife nature center ("See our Live Lizard and Scorpion Exhibit") or other recreation attractions that promote local attractions. These could include signage for the welcome center that promotes the opportunity to:

     - "Fire a gun"
     - Drive the race car simulator
     - Taste award winning desert wine
     - Win an RV vacation

     The idea is to create a welcome experience that buses and others will visit because it is entertaining rather than simply informational.

   - Signage on the Highway. Currently the lack of signage for major attractions makes the city feel like a drive through experience rather than a destination.

ATTRACTIONS & EVENTS POTENTIAL

Principles to Success

National Sports Services has identified eight criteria which can be used to evaluate whether an attraction is worthy of further evaluation. New attractions should be evaluated based on these criteria:

1. Unique and Differentiated
2. Non-Parallel to what you can get in Vegas
3. Good fit with "Base Camp to Adventure" tagline
4. Potential to draw thousands of visitors annually
5. By maturity, potential to support hotel or RV stays over 15,000 nights annually
6. Ability to operate at maturity by year five
7. Operations that are trending upward in other markets
8. Appealing to third party marketers (booking agents, concierge, associations and/or major clubs that can support marketing of events)

Preliminary Recommendations for Venue/Offerings/Amenities/Events
Most of the recommendations put forth by NSS and SFA echo the recommendations contained in the Final Report: Entertainment Assessment provided by Contour Entertainment in September of 2011. These include the Welcome Center, Rodeo and Equestrian events, BMX/Motocross/ATV courses, Ropes Courses, Ziplines and Whitewater features.

The following list of attractions and venues meet the majority of the criteria and are worthy of further investigation. National Sports Services recommends development of marketing materials and a strategic marketing plan to attract proven private operators to Pahrump in these areas:

Rodeo Events
Pahrump has a storied history with rodeo events, including military rodeos, Rockin Rodeo Productions, the Professional Rodeo Cowboys Association and the high school rodeo circuit.

Caldwell Night Rodeo

Unfortunately, the number and popularity of rodeo events has diminished over the years. However, through focused efforts, rodeo events can be re-invigorated and expanded in the future, which may bring the return of PRCA events.

Top-drawing rodeo events can be as short as one weekend or as long as two weeks. Typically, they feature festivities including stagecoach rides, parades, vintage vehicles, Old West film festivals, Wild West reenactments, livestock competitions, and more.

- ***Caldwell Night Rodeo – Caldwell, ID***
  - Length: 5 nights
  - Month: August
  - Attendance: 40,000+
- ***Nebraskaland Days – North Platte, NE***
  - Length: 12 days
  - Month: June
  - Attendance: 100,000

Off-Road Vehicle Amenities

There are more than three dozen trail systems in Nevada and more than a dozen motocross tracks, but only seven sites that include both. The most popular single-attraction sites in the state regularly draw more than 5,000 ATVs per weekend during the peak riding system, so the potential for a track/trail combination warrants further evaluation. There is also an opportunity to develop off road trail heads and a trail system to support side-by-side off-road vehicles. This type of development will support RV and other visitors.

Motocross

ATVMX

Mini-Motocross

BMX

BMX made its Olympic debut at the 2008 Olympic Games in Beijing. Since then, the sport's popularity has continued to boom and now has more than 70,000 registered athletes in the U.S. competing in more than 11,000 events held annually at roughly 350 sanctioned tracks.

- Number of Acres for a BMX Track: 3-5 (including parking and additional amenities)
- Track Size: 150'x350' Perimeter
- Size With Spectator Seating: 400'x500'
- Dirt Needed: 2,000-4,000 Cubic Yards

Motocross

The motorized version of BMX, Motocross became an internationally-recognized sport in the 1920's and continues to be popular today. With different engine classes, bike styles, and race types, Motocross has continued to evolve and has spawned numerous dirt-track sports, including Freestyle, ATV/Quad Motocross, Supercross, Sidecar Racing, Pit Bike Racing, and Mini-Motocross. A Motocross track is the standard course type, whereas Supercross is held on a track with steeper inclines, larger jumps, and

obstacles. The season runs from March-November and attracts competitors ranging from 500 racers per weekend for ATV Motocross (ATVMX) events to thousands of racers for Motocross events.

Trail Systems

Requiring little more than a trailhead and undeveloped terrain, trail systems attract outdoor adventure seekers from all parts of the country. Trails can be created for use by single and side-by-side ATVs, UTVs, motorcycles, dirt-bikes, dune buggies, and more. Off-road riding is popular in Nevada, and with Pahrump's proximity to unique land features and mix of mountain ranges and valleys, a trail system with multiple themes and features could become a popular regional attraction.

Through coordination and consistency, the trail system can be enhanced with service amenities such as parking, water, restrooms, picnic areas, gazebos, way-finding signs, posted rules of the road and a true base camp environment. Ease of use can become a trademark for the trail system surrounding Pahrump, with a message that truly offers "something for everyone" in outdoor activities.

Trail management may include a user fee to provide for on-going use and maintenance of the trails.

- ***Hatfield-McCoy Trail System – West Virginia***
  - Number of Trail Systems: 7
  - Average Miles Per System: 63.7
  - Average Trailheads Per System: 1.14
  - Number of Riding Permits Sold in 2012: 34,000
  - Percent of Permits Sold to Out-Of-State Users: 81%

Canopy Tour and Zip Lines

Canopy tours are the fastest growing tourist attraction in the world. They offer a tree-top or pole-to-pole views, even when trees are sparse or non-existent. Designed as aerial adventure and ropes courses with functions ranging from pure recreational entertainment to high-level corporate teambuilding programs, these courses are an anchor attraction that draws group business and individual adventure-seekers alike. Start-up and construction costs typically range from $375,000 through $1,000,000 and courses can feature sky bridges, zip lines, cargo nets, rappel stations, and more. Because the majority of the action takes place 30-90 feet in the air, canopy tours and zip lines can just as effectively be constructed over a facility's amenities as they can be situated over natural attractions. An adventure park or canopy tour operation could be paired with trail heads to create an adventure recreation environment which supports family and non, off-roading visitors. Highly successful canopy tours draw 25,000 + visits annually.

Whitewater Course

A "whitewater course" is a man-made amenity that allows beginners, and Olympic athletes alike, to raft through rapids in locations where there otherwise would be none. Typically made of concrete and natural rock, whitewater courses pump water from a pond into a start pool and send kayaks, canoes, duckies, and rafts through the course. Best-in-class locations have multiple river sections for adventurers of various skill levels, or hydraulic systems that can be adjusted to offer Class I-IV rapids so children, families, and experts can all enjoy a day on the river, regardless of natural geography.

US National Whitewater Center (Charlotte)

Adventure Sports Center International (Maryland)

Whitewater courses are a highlight for outdoor adventure and eco-tourism destinations, and typically are one piece of a larger attraction. Accompanying amenities would typically include climbing, hiking, canopy tours, zip lines, mountain biking, and adventure courses. This type of amenity is part of the Adventure Springs Resort and should be developed as part of a larger mixed-use development. Examples of similar operations include:

- ***U.S. National Whitewater Center – Charlotte, NC***
  - Number of Whitewater Courses: 3
  - Rapids Classes: II-IV
  - Additional Water Activities: Paddle Boarding, War Canoes, Flatwater Kayaking
  - Accompanying Amenities: Zip Lines, Climbing, Eco Trekking, Canopy Tour, and More
  - Annual Visits: 500,000 , Annual Passes: 150,000

- ***Adventure Sports Center International – Deep Creek Lake, MD***
  - Season: May-October
  - Course length: 1700 ft
  - Drop: 24 ft
  - Number of adjustable wave locations: 6
  - Rapids Classes: I-IV
  - Accompanying Amenities: Climbing, Hiking, Biking

Desert Survival Operations
Pahrump could proactively seek out an experienced operator and provide incentive to attract such an operator.

Wilderness survival courses are the ultimate offering for extreme adventurists. Designed to sharpen technical skills, decision-making abilities, and stress management capacities, a professionally-led survival course can be built to suit small groups or individual students. Participants walk away with the confidence and positive mental attitude necessary to survive in extreme scenarios and applicable to all aspects of life, work, and relationships.

Cody Lundin's Desert Drifter Adventure Course

Survival courses draw from an 11 million-person segment of the country's population that participates in backpacking and wilderness camping annually.

Programs are typically 2-4 days long and include activities to address the psychological aspects of survival and culminate in a real survival scenario. Fees can be as low as $125 per day up as high as thousands per participant.

- ***Cody Lundin's Aboriginal Living Skills School – Desert Drifter Adventure Course***
  - Location: Arizona
  - Length: 7 Days
  - Number of Students: 10
  - Tuition: $2195

Additional Attractions to Consider:
- Nature Center
- Desert Life Zoo
- Helicopter Tours

Sports Tourism

There are more than two dozen major youth and amateur sports tourism destinations currently in planning or development by municipal governments across the country. This is indicative of a recent trend toward generating economic impact through regional and national amateur sports competitions, which creates an increasing inventory for tournament sites.

Pahrump should consider tournament-ready sports amenities, but should reserve a final decision as to the number and type of amenities until the project plan is more developed. In doing so, the founding team can ensure that the plan includes a unique set of amenities that will be the region's premier destination for youth and amateur tournament sports and be a barrier to entry for would-be competitors.

There are five factors that should be addressed in the initial consideration of the sports tourism components: type, use, number, space, and cost. Three types of amenities appear to offer the best opportunity to attract out-of-town sports competitors. Each is listed below and paired with factors for consideration.

Ripken Academy, Aberdeen, Maryland

Diamond Sports Fields

Use: Baseball and Softball

Number: Minimum 8, no more than 12, in the appropriate phase, potentially up to 32 in total; in any configuration, one field would be a "championship field" and feature enhancements to the fencing, seating, dugouts, scoreboard, etc.

Space: Each field - including parking, spectator seating, and circulation space - will require approximately 4 acres of land. This includes room for spectator seating and circulation as well as land for "quad buildings" to service each set of four fields with restrooms, a first aid station, and an ancillary concession stand. That does not include front office space or tournament hosting space to include a lounge, showcase area, registration/check-in, etc.

Cost: Cost can vary significantly based on turf type (natural vs. synthetic), dugout type (at-level vs. in-ground), field amenities (scoreboard, fencing, cameras, water, type/quality of lighting, etc.). Based on "world-class" standards, the rough budget for each field should be $800,000-1 million per field and $2-2.5 million for the championship field, not including land, initial site work, or parking.

Long Fields

Use: Soccer, Football, and Lacrosse; any number of other field-based sports can also be accommodated.

Number: Minimum 6, no more than 8 in the appropriate phase, potentially up to 16 in total; in any configuration, one field would be a "championship field" and feature enhancements to the seating, player benches, scoreboard, etc.

Space: Each field - including a field apron, parking, spectator seating, and circulation - will require approximately 3 acres. That does not include front office space or tournament hosting space to include restrooms, lounge areas, a showcase area, registration/check-in, etc.

Cost: Cost can vary significantly based on turf type (natural vs. synthetic) and field amenities (scoreboard, fencing, cameras, water, type/quality of lighting, etc.). Based on "world-class" standards, the rough budget for each field should be $1-1.2 million per field and $1.7-2 million for the championship field, not including land, initial site work, or parking.

Indoor Hardwood Courts

Use: Basketball and Volleyball; any number of other court-based sports and indoor events can also be accommodated.

Number: Minimum 6 pods, no more than 12 in appropriate phase, potentially up to 24 in total; each court pod would feature a 94'x50' basketball court or an 84'x50' basketball court (depending on target age groups for tournaments) and be cross-lined with two volleyball courts.

Space: Each court pod - including a court apron, parking, spectator seating, and circulation - will require approximately 26,000 square feet. That does not include front office space or tournament hosting space to include restrooms, concessions, lounge areas, a showcase area, registration/check-in, etc.

Cost: Cost can vary significantly based on court amenities (flooring system, basket types, net systems, scoreboards, cameras, seating type, type/quality of lighting, etc.). Based on "world-class" standards, the rough budget for each pod should be $900,000-1.1 million including the associated, insulated shell of the building.

MARKETING THE CONCEPT AND PROJECT

Key Marketing Drivers

1. Alliance and paid referral programs utilizing existing tourism marketing outlets
2. Way finding and alliance/partnership with tour operators
3. Major events PR and Media coverage for national and regional competitions
4. Partnerships with organizing, governing, associations and clubs: 4-H, Rodeo association, ATV clubs, etc.
5. Co-Marketing to spouses and families with Front Sight, Spring Mountain, Mountain Falls, and other existing operations

Options

1. Dispersed and separate operations
2. Centralized

Option 1 - has the advantage of requiring little up front funding and would be focused on attracting individual operators. This is a normal function of Economic Development and could include a concerted and focused effort to identify existing operators and a marketing campaign for the same.

Development costs and projected visits assume maturity achieved by year five.

Option 2 – is to focus on the value of a centralized location wherein the development costs and projected visits achieve maturity by year five.

National Sports Services has evaluated both options. Considering a 20 year horizon, the ***central location*** clearly provides the best opportunity to differentiate Pahrump.

Appendix

INTERNATIONAL STANDARDS

Sport and Organization	Dimensions	Functional Properties and Diagrams
Racquetball (International Racquetball Federation)	Length: 40' +/- 4.8" Width: 20' +/- 3.0" Height: 20' +/- 3.0"	Court wall shall be plumb vertically to within 1/2 inch in 20 feet at any place on the court; court walls shall be straight to within +/- 3/4 inch in the length of the side wall and 1/2 inch in the length of the front wall; walls of the court shall be plane with no indentations, holes, or open joints more than 3/32 inch in any dimension in the plane of the wall and have no variation from the true surface of more than 1/8 inch in 12 inches; playing floor shall be level to within 1/4 inch in any 10' radius.
Squash (World Squash Federation)	**Singles** Length: 9750 mm +/- 10 mm Width: 6400 mm +/- 10 mm Diagonals: 11665 mm +/- 25 mm **Doubles** Length: 9750 mm +/- 10 mm Width: 7620 mm +/- 10 mm Diagonals: 12375 mm +/- 25 mm Clear Height: The height to the underside of the lowest obstruction over the whole of the court shall be not less than 5.64 m	**Walls** Vertical to within +/- 5 mm in a height of 2 metres; straight to within +/- 15 mm in the length of any wall when measured horizontally at a height of 1 metre above finished floor level; walls shall be plane with no indentations, holes, or open joints of more than 2 mm across in any dimension and have no variations from the true surface of more than 3 mm when measured in any direction with a 1800 mm long straight edge.
Tennis (Int'l Tennis Federation)	Middle of net to singles sidelines = 4.115 m (+/- 5 mm) Middle of net to doubles sideline = 5.486 m (+/- 5 mm) Net to baseline = 11.887 m (+/- 12 mm) **Total width of court = 10.972 m +/- 10 mm** **Total length of court = 23.774 m +/- 24 mm)** Singles sideline to centre mark = 4.115 m (+/- 5 mm) Net to service line = 6.401 m (+/- 6 mm)	

Sport and Organization	Dimensions	Functional Properties and Diagrams
Volleyball (federation internationale de volleyball)	• Rectangle measuring 18 m x 9 m, surrounded by a free zone which is a minimum of 3 m wide on all sides. • The free playing space is the space above the playing area which is free from any obstructions. The free playing space shall measure a minimum of 7 m in height from the playing surface. • For FIVB World and Official Competitions, the free zone shall measure a minimum of 5 m from the sidelines and 8 m from the endlines. The free playing space shall measure a minimum of 12.5 m in height from the playing surface.	
Bodybuilding & Fitness (Int'l Federation of Bodybuilding & Fitness)	All int'l competitions will take place, wherever possible, in a theatre-like venue complete with an appropriately sized stage, professional lighting and sound, and tiered seating. The organizer must pay special attention to the following critical requirements: Staging: Event shall be held on a raised stage with an optimum height of 80 cm. If the venue has a large, flat seating area without tiered seats, the stage must be at an optimum height of 1 metre. If the stage is any higher than that, the seats for the judges must also be raised so as to five them a full view of the competitors.	The top of the stage should be covered by a plain grey carpet and the front and sides by cloth, paneling or paint. The stage background should be of a neutral, non-distracting color, preferably dark blue or black. The organizer will provide dressing rooms and washrooms/showers for the competitors. Next to the dressing room area and adjacent to the stage, there should be an area where the marshals may assemble the competitors prior to leading them onto the stage. In the marshalling area, the organizer shall provide an adequate amount of warm-up equipment (barbells of varying weights, dumbbells of varying weights, adjustable benches, etc.)
Soccer (Federation Internationale de Football Association)	Length: 100-110 m Width: 64-75 m	FIFA has specific requirements that be accommodated within the National Stadium (separate locker room for referees) and in other planned administrative facilities within the Sports Centre.
	Futsal (Court Soccer) Length: 25-42 m Width: 15-25 m The pitch shall be rectangular. The length of the touch line shall be greater than the length of the goal line. **International Matches** Length: 38-42 m Width: 18-25 m	
	Sand/Beach Soccer The surface is composed of sand, is level and free of pebbles, and any other objects which could injure the players. For international	

	competitions, the sand must be fine and at least 40 cm deep. It must be sifted until suitable for play, must not be rough or contain any other dangerous elements; however, it must not be so fine as to cause dust that sticks to the skin. Length: 35-37 m Width: 26-28 m	

Sport and Organization	Dimensions	Functional Properties and Diagrams
Basketball (Federation Internationale de Basketball Association)	Length: 28 m Width: 15 m Team bench areas: Marked outside the playing court on the same side as the scorer's table; limited by a line extending from the end line, at least 2 m in length and by another line at least 2 m in length drawn 5 m from the inside edge of the centre line and at right angles to the sideline. There must be 14 seats available in the team bench area for coaches, players, and team personnel. Any other persons shall be at least 2 m behind the team bench.	
Baseball (International Baseball Federation)	Field dimensions can vary. Foul lines must be 325' minimum and straightaway centerfield must be 400' minimum.	
Softball (International Softball Federation)	Fences: 4-6' high (1.2-2.0 m) Fast-pitch Female: 220' (67.1 m) Fast-pitch Male: 250' (76.2 m)	
Boxing (Amateur International Boxing Association)	**Competition Ring** 6.10 m2 inside the line of the ropes. For all other competitions, the size of the inside of the ropes shall be 4.90 m2 (16 feet) and the maximum size of 6.10 m2 (20 feet). The size of the apron is 85 cm from the ropes on each side. **Height of Ring** 100 cm from the ground for all AIBA approved events; for all other competitions, the competition ring shall not be less than 91 cm (3 feet) or more than 1.22 m (4 feet) above the ground or base.	

	Platform Shall be level and free from any obstructing projections and shall extend for at least 46 cm (18 inches) outside the line of the ropes; it shall be fitted with four corner posts which shall be well padded.	

Sport and Organization	Event	Dimensions	Functional Properties and Diagrams
Gymnastics (Federation Internationale de Gymnastique)	Floor	Performance Area = 1200 cm x 1200 cm (+/- 3 cm)	Equal elasticity on surface as well as dampening; No hindering motion energy; Elasticity and dampening must be balanced to guarantee the gymnast stability and freedom of movement (must not restrict turns and slide movements); Surface cover of Performance Area must provide balance between anti-skid and slippage (must not cause skin burns); Floor must not produce disturbing sound during execution of an exercise (must assure low noise level); Of plain colour with a clear contrast to the performance area.
		Diagonals of Performance Area = 1697 cm (+/- 5 cm)	
		Border = 100 cm min.	
		Horizontal Area, Width = 50 cm min.	
		Slope Max 25%, Width = 50 cm min.	
		Height of outer border at the very end = 3-5 cm max.	
		Delimitation Strip Width (when applicable) between Performance Area and Border = 5 cm (+/- 0-5 cm)	

Gymnastics (in general)

Minimum seating for spectators:
Artistic Gymnastics = 6,000
Rhythmic Gymnastics = 4,000
Trampoline Gymnastics = 3,000
Acrobatic Gymnastics = 3,000
Aerobic Gymnastics = 3,000

Temperature at least 20°C; effective and visible separation of competition area and accommodation for spectators; suitable and sufficient "warm-up" area reserved for participants only.

Artistic Gymnastics: Installation of a podium respecting the FIG Apparatus Norms is necessary; distance of sufficient safety between the apparatus and the edge of the podium is essential.

Rhythmic Gymnastics: Hall must have minimum height of 8 meters (10 to 12 m preferably); working surfaces of 13 m x 13 m (exterior of the line) are compulsory and a safety zone (also carpeted) of 50 cm width at the minimum must be provided along the edge of the floor area.

Trampoline Gymnastics: Hall must have minimum height of 8 meters (10 to 12 m preferably); hall must be equipped with four trampolines including end decks and with floor covering of the same brand and model, two Double Mini-Tramps with landing areas and with floor covering, one Tumbling Track with landing area floor covering, one springboard, and seven spotter mats.

Acrobatic Gymnastics: Hall must have minimum height of 8 meters (10 to 12 m preferably); length must be minimum 45 meters and the width 30 metres; hall must be equipped at minimum with a spring gymnastic type floor of 12 x 12 meters square working surface (including boundary lines), landing mats with thickness of 20 cm min. to 50 cm max. for the Men's Group Balance Exercise and sufficient tables and chairs for all the various judges.

Aerobic Gymnastics: Podium is 80 cm to 140 cm high and closed off at the rear with a background; podium can be no less than 14 m x 14 m in size; competition floor must be 12m x 12m with clearly marked competition area of 7m x 7m (individuals, mixed pairs, trios) and 10m x 10m (groups).

AGENDA ITEM REQUEST

Requests and backup must be into the Town Office by **3:00 p.m. five (05) business days before the preceding Town Board meeting** you wish the item presented. Town Board meetings are held on the second and fourth Tuesday of each month at 7:00 p.m. in the County Complex.

DATE AGENDA ITEM SUBMITTED 5/15/2013

DATE OF DESIRED BOARD MEETING 5/28/2013

CIRCLE ONE: Action Item Non-Action Item Presentation

ITEM REQUESTED FOR CONSIDERATION:
Discussion and Possible Decision to Approve Staff Placing a Request for Qualifications (RFQ) in the local and regional newspapers along with Airport National Trade Publications for the creation of a Financial Feasibility Scope for the Pahrump Proposed Airport.

If request for funding is approved by the Town Board, an invoice or letter from the requestor to Town of Pahrump/Accounts Payable is required to receive funding.

BRIEF SUMMARY OF ITEM:
See attached Staff memo, RFQ Financial Feasibility Scope, FAA AC 150/1500-14D and an email from Ms. Kennedy, FAA Airport Planner SFO-ADO.

BACKUP ATTACHED: ☒ YES ☐ NO

NAME OF PRESENTER(s) OF ITEM: William A. Kohbarger, Town Manager

SPONSORED BY:

William A. Kohbarger, Town Manager
Print Name

Signature

400 N. Hwy 160
Mailing Address

(775) 727-5107 ext. 305
Telephone Number

MEMO
TOWN OF PAHRUMP
AGENDA ITEM UPDATE
MEETING DATE: May 25, 2013

TO: Town Board

FROM: William A. Kohbarger, Town Manager

DATE: Wednesday, May 22, 2013

RE: **Discussion and Possible Decision** to Approve Staff Placing a Request for Qualifications (RFQ) in the local and regional newspapers along with Airport National Trade Publications for the creation of a Financial Feasibility Scope for the Pahrump Proposed Airport. (For Possible Action)

1) Background

The Town of Pahrump has been working toward building the Pahrump Valley General Aviation Airport for the past 14 years. The Town is currently in the middle of Phase I(c) of the Environmental Impact Statement (EIS) and just recently received an FAA Grant to move forward with Phase II of the EIS. However, this grant was closed due to no activity, and at no fault of the Town of Pahrump, according to a letter from the FAA dated: December 18, 2012.

In late 2011, the BLM expressed concerns about the financial stability of the Town to construct and operate the proposed airport, as well as the legality of the Town to enter into a lease with the BLM. (NOTE: On December 01, 2011 the Town, FAA and BLM received a legal opinion from Nye County District Attorney Brian Kunzi, which advised that the Town was within its legal rights to own and operate an airport and to receive conveyed property pursuant to several NRSs. (The Town Board was copied on the legal opinion created by Mr. Kunzi via email on December 01, 2011)).

Because the FAA believes the Town can enter into a lease, they have requested the Town to create a financial plan of action to address what they believe to be the only valid concern of the BLM.

In order to satisfy one of the requirements of the FAA and address one of the concerns of the BLM, the Town must show a revenue stream for the Proposed Pahrump Valley General Aviation Airport sufficient to match the Grant share, as well as to operate the Airport once it is completed.

At the Town Board meeting of December 13, 2011, the Town Board approved the creation of the 2% Airport Room Tax Fund reallocated from the Fairgrounds Room Tax Fund; creating a revenue stream of $100,000.00 annually for the airport.

Since that time several road blocks popped up that have temporarily stopped the EIS process. After numerous meetings with the FAA, BLM and Nye County the Pahrump Valley Airport is back on track.

The next steps require the Town to again apply for an FAA AIP Grant and obtain a Financial Feasibility Scope. This Grant will start Phase II of the EIS along with creating a Financial Feasibility Scope for the Airport.

The FAA advised the Town (April 2013) to proceed with an RFQ (Request for Qualifications) for a Financial consultant to complete the Financial Feasibility Scope. (See attached FAA email from Ms. Kennedy). In addition, the FAA further advised the Town to apply for a $720,000.00 AIP Grant instead of $600,000. The extra $120,000 will cover the cost of the Financial Consultant Report.

Therefore, staff is bringing this item to the Town Board for possible approval.

3) Fiscal Impact

All costs associated with the advertisement of the RFQ will be payable from the Airport Room Tax Fund.

4) Town Manager Recommendation and Board Action Requested

The Town Manager respectfully requests that the Town Board ***approve Staff Placing a Request for Qualifications (RFQ) in the local and regional newspapers along with Airport National Trade Publications for the creation of a Financial Feasibility Scope for the Pahrump Proposed Airport*** for the following reason(s):

1. The FAA has requested that the Town of Pahrump hire a financial consultant to provide a Financial Feasibility Scope for the Proposed Pahrump Valley Airport.
2. The cost to the Town for the Financial Feasibility Scope will be 8%; with 92% being covered under a future FAA AIP Grant.

If the Town Board should have any additional questions, we would be happy to answer them.

Town of Pahrump 400 N. Hwy 160 Pahrump, NV 89060 Phone:775.727.5107 Fax: 775.727.0345

Financial Feasibility Scope
RFQ

Introduction and Background:

- In 2003, the Town of Pahrump initiated an Airport Master Plan for a new Pahrump Valley Airport. The Airport Master Plan was completed in 2008. To move forward with the Environmental Impact Statement process a financial feasibility study has been requested by the Federal Aviation Administration.

Purpose:

- To identify sources of funding available to the Town to construct, operate and maintain the airport.

Tasks:

1) Estimate and/or revalidate proposed airport development costs
    a. Construction costs (runway/taxiway/apron costs, etc.)
    b. AIP eligible vs. ineligible project costs.
    c. Proposed phasing of projects
        i. Initial plan for operational airport (i.e.ARC A-I)
            1. Runway length and width, type of material to be used
        ii. Subsequent improvement/expansion schedule dependent on need.
2) How the Town will financially support the Proposed Airport, including identification of:
    a. Revenue and/or cash flow:
        i. Current funding sources (annually)
        ii. Future funding sources:
            1. Potential funding
            2. Committed funding
        iii. Rates, charges, expected funding
            1. Leases
            2. Loans
            3. Federal (non-FAA) and state grant funding
            4. Private investments
            5. Bond funding
3) Expenses/costs and source of funding for each
    a. Bureau of Land Management (BLM) cost of participation (AIP ineligible)
    b. BLM land lease (if applicable)
        i. Land Acquisition costs (if applicable)
    c. Access road construction
    d. Environmental studies
    e. Planning studies
    f. Airport Design

g. Initial construction costs
h. Annual on-going operation costs (AIP ineligible)
i. Annual ongoing maintenance costs (AIP ineligible)
j. Future construction
k. Other costs

4) Conclusions/Recommendations
5) Deliverables
   a. Draft submittals
   b. Final submittals
   c. Schedule

U.S. Department of Transportation

Federal Aviation Administration

Advisory Circular

Subject: ARCHITECTURAL, ENGINEERING, AND PLANNING CONSULTANT SERVICES FOR AIRPORT GRANT PROJECTS

Date: 30 September 2005
Initiated by: AAS-100

AC No.: 150/5100-14D
Change:

1. PURPOSE. This advisory circular (AC) provides guidance for airport sponsors in the selection and engagement of architectural, engineering, and planning consultants. It also discusses services that normally would be included in an airport grant project, types of contracts for these services, contract format and provisions, and guidelines for determining the reasonableness of consultant fees.

2. CANCELLATION. AC 150/5100-14C, *Architectural, Engineering, and Planning Consultant Services for Airport Grant Projects*, dated 2/16/94, is canceled.

3. APPLICATION. Airport sponsors must use qualifications based selection procedures in the selection and engagement of consultants in the same manner as Federal contracts for architectural and engineering services negotiated under Title IX of the Federal Property and Administration Services Act of 1949, or equivalent State/sponsor qualifications based requirements. The guidelines contained in this AC are recommended by the Federal Aviation Administration (FAA) to comply with Title 49 Code of Federal Regulations (CFR) § 18.36 when selecting consultants for airport projects funded under Federal grant programs. This AC does not apply to airport projects that are fully funded with passenger facility charge (PFC) funds.

4. PRINCIPAL CHANGES.

a. Clarified Broad Form Indemnification. Added a statement addressing the consequences of expanding consultant liability beyond the scope or purpose of a contract.

b. Expanded selection criteria and the method of evaluating potential consultants. Added flowcharts.

c. Expanded Contractor Contractual Requirements section. Added new table summarizing Methods of Contracting and Allowable Costs.

d. Increased the limit for use of informal procedures from $25,000 to $100,000.

e. Clarified Independent Fee Estimates. Added methods of determining fair and reasonable consultant fees to the Fee Estimate section.

f. Expanded discussion of analyzing fee estimates

g. Added Alternative Delivery Methods.

h. Updated contract provisions consistent with current laws and regulations.

i. Reorganized and expanded appendices to include referenced documents, definitions, and scope of services and record of negotiation examples.

David L. Bennett
Director of Airport Safety and Standards

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CHAPTER 1. INTRODUCTION

1-1. OVERVIEW. This advisory circular (AC) provides guidance for airport sponsors in the selection and engagement of architectural, engineering, and planning consultants. This AC discusses services that normally would be included in an airport grant project, types of contracts for these services, contract format, and guidelines for determining the reasonableness of consultant fees.

1-2. DEFINITIONS. Definitions of the terms used in this AC are listed in Appendix A.

1-3. REFERENCED DOCUMENTS. Documents and regulations referenced and cited throughout this circular are listed in Appendix B.

1-4. TYPES OF CONSULTANT SERVICES. There are two separate and distinct categories of consultant services that are utilized for projects conducted under airport grant programs. The first category involves planning services. The second involves Architectural/ Engineering (A/E) services for the design and construction administration/inspection of airport projects. These two categories of consultant services are discussed below.

a. Aviation planning services. This category includes studies under the broad headings of airport system and master planning, airport noise compatibility planning and environmental assessments and related studies. These studies include, but are not limited to, the following activities:

1. Design study to establish the framework and detailed work program.

2. Airport data collection and facility inventories.

3. Aeronautical activity forecasts and demand/capacity analyses.

4. Facility requirements determination.

5. Airfield modeling for capacity and delay.

6. Airport layout and terminal area plan development.

7. Airport noise studies under 14 CFR parts 150 and 161.

8. Compatible land-use planning in the vicinity of airports.

9. Airport site selection studies.

10. Airport development schedules and cost estimates.

11. Airport financial planning and benefit cost analysis.

12. Participation in public information and community involvement programs and/or public hearings relating to airport development and planning projects.

13. Environmental assessments (EA), environmental impact statements (EIS), and other studies in accordance with FAA Orders 5050.4 and 1050.1.

14. Airspace analysis.

b. Architectural/engineering services for airport development projects. This category includes the basic A/E services normally required for airport development projects. It involves services generally of an architectural, civil, geotechnical, structural, mechanical, and electrical engineering nature. In addition, there may be some services outside those normally considered basic that are discussed in paragraph 1-5. The basic services are usually conducted in, but are not limited to, the four distinct and sequential phases summarized below:

1. Preliminary Phase. This phase involves those activities required for defining the scope of a project and establishing preliminary requirements. Some examples of activities within this phase of a project include, but are not limited to:

   (a) Conferring with the sponsor on project requirements, finances, schedules, early phases of the project, and other pertinent matters and meeting with FAA and other concerned agencies and parties on matters affecting the project.

   (b) Planning, procuring, and/or preparing necessary surveys, geotechnical engineering investigations, field investigations, and architectural and engineering studies required for preliminary design considerations.

   (c) Developing design schematics, sketches, environmental and aesthetic considerations, project recommendations, and preliminary layouts and cost estimates.

2. Design Phase. This phase includes all activities required to undertake and accomplish a full and complete project design. Examples include, but are not limited to, those below:

   (a) Conducting and attending meetings and design conferences to obtain information and to coordinate or resolve design matters.

   (b) Collecting engineering data and undertaking field investigations; performing geotechnical engineering studies; and performing architectural, engineering, and special environmental studies.

   (c) Preparing necessary engineering reports and recommendations.

   (d) Preparing detailed plans, specifications, cost estimates, and design/construction schedules.

   (e) Preparing construction safety plans.

(f) Printing and providing necessary copies of engineering drawings and contract specifications.

3. Bidding and Negotiation Phase. These activities are sometimes considered part of the construction phase. They involve assisting the sponsor in advertising and securing bids, negotiating for services, analyzing bid results, furnishing recommendations on the award of contracts, and preparing contract documents.

4. Construction Phase. This phase includes all basic services rendered after the award of a construction contract, including, but not limited to, the following activities:

(a) Providing consultation and advice to the sponsor during all phases of construction.

(b) Representing the sponsor at preconstruction conferences.

(c) Inspecting work in progress periodically and providing appropriate reports to the sponsor.

(d) Reviewing and approving shop and erection drawings submitted by contractors for compliance with design concept/drawings.

(e) Reviewing, analyzing, and approving laboratory and mill test reports of materials and equipment.

(f) Preparing and negotiating change orders and supplemental agreements.

(g) Observing or reviewing performance tests required by specifications.

(h) Determining amounts owed to contractors and assisting sponsors in the preparation of payment requests for amounts reimbursable from grant projects.

(i) Making final inspections and submitting punch-lists and a report of the completed project to the sponsor.

(j) Reviewing operations and maintenance manuals.

1-5. SPECIAL SERVICES. The development of some projects may involve activities or studies outside the scope of the basic design services routinely performed by the consultant. These special services may vary greatly in scope, complexity, and timing and may involve a number of different disciplines and fields of expertise.

Consultants performing special services may be employed directly by the sponsor to implement one or more phases of a project or may be employed by the principal consultant via a subcontract agreement. In certain instances, these services may be performed by the principal consultant. Some examples of special services that might be employed for airport projects include, but are not limited to, the following:

a. Soil investigations, including core sam pling, laboratory tests, related analyses, and reports.

b. Detailed mill, shop, and/or laboratory inspections of materials and equipment.

c. Land surveys and topographic maps.

d. Field and/or construction surveys.

e. Photogram metry surveys.

f. Onsite construction inspection and/or m anagement involving the services of a full-tim e resident engineer(s), inspector(s), or m anager(s) during the construction or installation phase of a project. This differs from the periodic inspection responsibilities included as part of the basic services.

g. Special environmental studies and analyses.

h. Expert witness testimony in litigation involving specific projects.

i. Project feasibility studies.

j. Public information and community involvement surveys, studies, and activities.

k. Preparation of record drawings.

l. Assisting the sponsor in the preparation of necessary applications for local, State, and Federal grants.

m. Preparation of or updating of the airport layout plan.

n. Preparation of property maps.

o. Construction management.

p. Preparation of quality control plan.

q. Preparation of final report.

CHAPTER 2. PROCEDURES FOR SELECTION OF CONSULTANTS

2-1. GENERAL. The procedures included in this chapter provide guidance for sponsors in the selection and engagement of architectural, engineering, environmental, and planning consultants on projects funded wholly or in part under Federal airport grant programs. Adherence to these procedures will assure a sponsor of compliance with the requirements of 49 CFR 18 § 18.36 and 49 USC § 47107(a) 17, as amended.

a. 49 CFR § 18.36(t) requires that grantees and subgrantees extend the use of qualifications based (e.g., architectural, environmental, planning, and engineering services) contract selection procedures to certain other related areas and award such contracts in the same manner as Federal contracts for architectural and engineering services are negotiated under Title IX of the Federal Property and Administrative Services Act of 1949, or equivalent State or sponsor qualifications based requirements.

b. 49 USC § 47107(a) 17 states: "Each contract and subcontract for program management, construction management, planning studies, feasibility studies, architectural services, preliminary engineering, design engineering, surveying, mapping, and related services will be awarded in the same way that a contract for architectural and engineering services is negotiated under Chapter 11 of Title 40 or an equivalent qualifications based requirement prescribed for or by the sponsor." In addition to the services described in this statute, the professional and incidental services listed under A/E Services in Appendix A, must also be procured using qualifications based procedures.

   If a conflict exists between 49 CFR § 18.36 and 49 USC § 47107(a) 17, the statute will prevail.

c. Title IX of the Federal Property and Administrative Services Act of 1949 requires that qualifications based selection procedures be used for the selection of firms to perform architectural and engineering services. Qualifications based procedures require that a contract for A/E services be awarded pursuant to a fair and open selection process based on the qualifications of the firms. The fees for such services are established following selection of a firm through a negotiation process to determine a fair and reasonable price.

2-2. OBJECTIVE.

a. The selection of consultants must be made on the basis of fair negotiations and equitable fees and through selection procedures that are professionally acceptable, ensure maximum open and free competition, and avoid any suggestion of unfair or unethical conduct.

b. Consultants employed for work on projects involving airport grants must be responsible and possess the ability to perform successfully under the terms and conditions of the proposed procurement. Consideration should be given to such matters as integrity, record of past performance, extent of experience with the type of services required by the sponsor, technical resources, and accessibility to other necessary resources.

2-3. QUALIFICATIONS BASED SELECTION PROCEDURES. Consultants must be engaged on the basis of their qualifications and experience, with fees determined through negotiations following selection. This can be accomplished by means of qualifications based selection procedures, whereby Statements of Qualifications (SOQ) are requested from a number of consultants. The qualifications of consultants responding are evaluated and the best qualified consultant is selected, subject to a mutual understanding of the scope of services and negotiation of a fair and reasonable fee. Figure 2-1 is an overview of the recommended Qualifications Based Consultant Selection process.

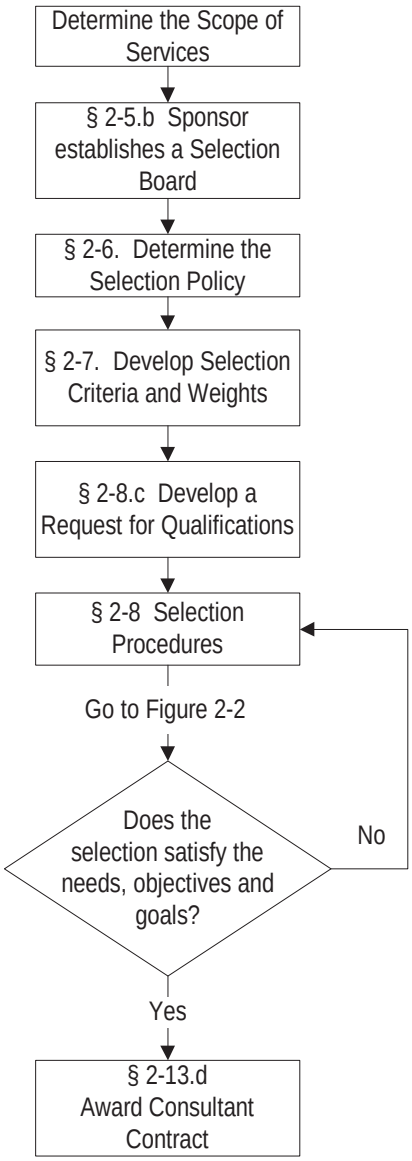

Figure 2-1. Qualifications Based Selection Process

2-4. OTHER SERVICES.

a. Where services are to be performed in conjunction with the architectural, planning, environmental, or engineering services, they must be contracted for in the course of procuring the A/E services.

b. Where services such as feasibility studies, construction management, program management and other services as defined in 49 USC § 47107(a) 17 and A/E services as defined in Appendix A are to be performed, but are not included in the basic A/E services, they must be procured using qualifications based procedures.

c. Where services are to be performed that are not in conjunction with A/E services and do not require performance by a licensed architect or engineer, the services should be acquired using local procurement procedures. An example of this type of special service would be soil borings, whereby the boring layout plan and interpretations of tests are not performed by the boring contractor. Soil borings conducted as part of a geotechnical engineering investigation or for which an independent engineer is responsible must be procured either in the course of procuring A/E services or by using qualifications based procedures.

d. Where services are to be performed in assisting the FAA in preparing an Environmental Impact Statement (EIS), they must be procured using qualifications based selection procedures (see paragraph 2-10).

2-5. SELECTING ORGANIZATION.

a. Within the sponsor's organization, an administrative policy should be established for designating persons authorized to select or recommend consultants for various assignments. The persons designated may include the administrator or the department head to be supplemented by others making up a selection board. The persons empowered to make the selection of one consultant over another must be kept free of pressures, both internal and external. Section 18.36(b)3 requires that sponsors maintain a written code of standards of conduct governing the performance of their employees engaged in the award and administration of contracts. They must not participate in selection or in the award or administration of a contract supported by Federal funds if a conflict of interest, real or apparent, would be involved.

b. The typical procedure for selecting a consultant is to use a selection board composed of at least three persons, with at least one being an engineer, airport planner, or other professional knowledgeable of the service required. For projects that have special design requirements or are particularly complex, the selection board should have additional technical members with the appropriate expertise in those required disciplines. The board should be prepared to evaluate potential consultants, i.e., conduct interviews and inquiries as desired and make recommendations. Based upon the recommendations of the board, the administrator or the governing body makes the final selection of the consultant(s).

2-6. POLICY FOR SELECTION. The selection of a consultant must be based on a comparative analysis of the professional qualifications necessary for satisfactory performance of the service required. Moreover, the selection process must satisfy requirements for open and free competition.

Sponsors may procure a consultant for several grant projects through one procurement action provided the following conditions are met (FAA Order 5100.38, Chapter 9):

a. The consultant is selected using the qualifications based selection procedures described in paragraph 2-8.

b. The parties competing for the work must be advised that the work is expected to be accomplished during the course of several grant projects. The expected schedule of projects must be defined, together with the Scope of Work and the required services. The scope of work should be described in sufficient detail so that all parties are adequately informed of the items to be accomplished.

c. All parties are advised that some of the services may not be required and that the sponsor reserves the right to initiate additional procurement action for any of the services included in the initial procurement.

d. The services are limited to those projects that can reasonably be expected to be initiated within five (5) years of the date the contract is signed by the consultant.

e. The negotiation of the fee is limited to the services expected to be performed under the initial grant (first grant negotiated during the contract period). The contract must be limited to the services covered by the negotiated fee. The negotiation of the fee for subsequent services, i.e., services included in the procurement action but not in the initial contract, must occur at the time those services are needed. A fee estimate must be performed for each of these negotiations. (See paragraph 2-12 for information on fee estimate.) If a fee cannot be agreed upon between the sponsor and the selected firm, then negotiations are terminated with that firm. However, rather than entering negotiations with the firm ranked next in place at the time the initial contract was negotiated, a new procurement action must be initiated (Order 5100.38, Chapter 9).

Unless there is a convincing reason to combine eligible and ineligible work in a single solicitation, sponsors should be discouraged from doing so (Order 5100.38, Chapter 9).

2-7. SELECTION CRITERIA. Based on the proposed scope of service(s) and prior to evaluating consultants, a sponsor(s) must develop an agreed-upon list of selection criteria to be used in evaluating potential consultants. Numerical rating factors (ranges) should be assigned to each criterion on the basis of the sponsor's priorities and conception of the importance of each factor in the attainment of a successful project. The sponsor(s) should include the criteria with a Request for Qualifications (RFQ) in advance of the selection process.

Based on a sponsor's goals/objectives for each project, the list of selection criteria will vary for

each RFQ and must be appropriate for the proposed scope of services. Suggested selection criteria include, but are not limited to, the following:

a. Capability to perform all or most aspects of the project and recent experience in airport projects comparable to the proposed task.

b. Key personnel's professional qualifications and experience and availability for the proposed project; their reputation and professional integrity and competence; and their knowledge of FAA regulations, policies, and procedures.

c. Current workload and demonstrated ability to meet schedules or deadlines.

d. Quality of projects previously undertaken and capability to complete projects without having major cost escalations or overruns.

e. Qualifications and experience of outside consultants regularly engaged by the consultant under consideration.

f. Capability of a branch office that will do the work to perform independently of the home office, or conversely, its capability to obtain necessary support from the home office. The use of geographic location may be a selection criteria provided its application leaves an appropriate number of qualified firms, given the nature and size of the project, to compete for the contract.

g. Ability to furnish qualified inspectors for construction inspection if applicable.

h. Demonstrated understanding of the project's potential problems and the sponsor's special concerns.

i. Degree of interest shown in undertaking the project and their familiarity with and proximity to the geographic location of the project.

j. Capability to incorporate and blend aesthetic and architectural concepts with the project design while accomplishing the basic requirements that transportation facilities be functional, safe, and efficient.

k. Evidence that the consultant has made good faith efforts in meeting Disadvantaged Business Enterprise (DBE) goals (49 CFR, § 26.53).

l. Capability to conduct a Value Engineering (VE) study for projects that are particularly complex or have unique features. Order 5100.38, Chapter 10, AC 150/5300-15, *Use of Value Engineering for Engineering and Design of Airport Grant Projects*, and AC 150/5370-10, *Standards for Specifying Construction of Airports,* contain additional guidance on VE studies.

2-8. SELECTION PROCEDURES. The sponsor must use the following selection procedures or equivalent State/sponsor qualifications based requirements for projects involving Federal airport grants (see Figures 2-1 and 2-2).

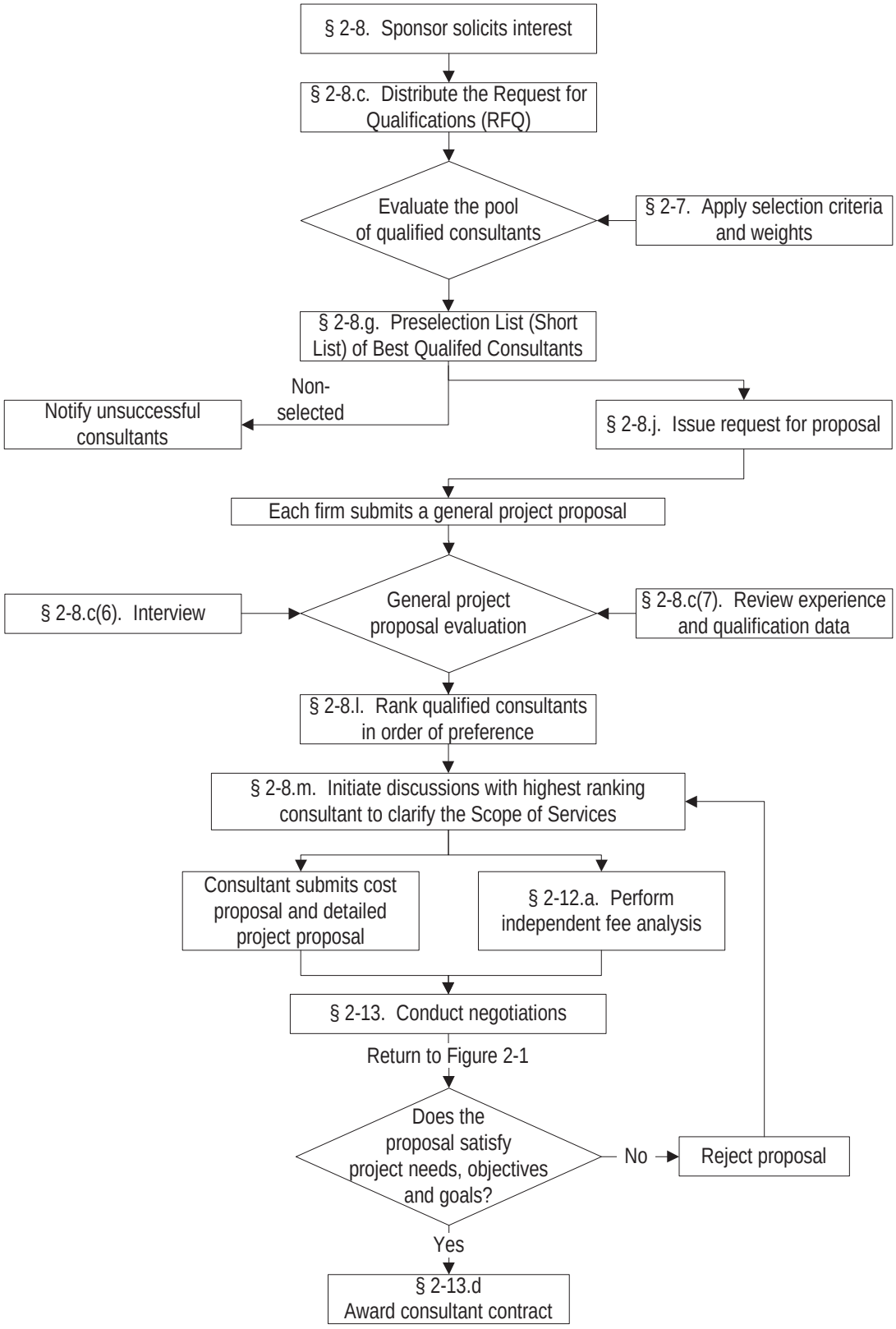

Figure 2-2. Consultant Selection Process

a. The selection board should review the nature of the proposed project and the general scope of services to be procured in order to ensure an understanding of the project requirements and the qualifications needed by the consultant.

b. As discussed in paragraph 2.7, the selection board must develop the selection criteria and the evaluation system used in preparing a pre-selection short-list of consultants who are best qualified for the project as well as in determining the final selection.

c. To obtain experience and qualification data from potentially qualified consultants, the sponsor should issue an RFQ inviting consultants to submit their experience and qualifications data relating to the proposed project usually in the form of a Statement of Qualifications (SOQ). To ensure the broadest publicity concerning sponsor interest in obtaining consultant services, public announcements for all projects should be advertised in local newspapers with a wide circulation and national trade journals and magazines. Public announcements should include information such as a description of the proposed project and its location, a description of the services, and the estimated range of construction costs. The public announcement should allow sufficient time for submission of the statement of qualifications.

d. Sponsors may also send the public announcements directly to known, potentially qualified consultants to determine their interest in the project and to request their experience and qualification data.

e. Affirmative steps pursuant to 49 CFR part 18 and good faith efforts should be taken to assure that small and minority firms are used whenever possible, consistent with 49 CFR part 26. These steps and efforts should include, but not be limited to, the following:

1. Include qualified small business and minority firms on solicitation lists.

2. Assure that small business and minority firms are solicited whenever they are potential sources. Consultation with regional Airports Divisions, Office of Civil Rights, and/or State transportation offices is encouraged.

3. Divide the total requirements into small tasks, when economically feasible, to permit maximum small business and DBE firm participation.

4. Use the services and assistance of the Small Business Administration, the Minority Business Development Agency of the Department of Commerce, and the Minority Resource Center Regional Centers of the Department of Transportation (http://osdbu.dot.gov).

5. Arrange solicitations, time for presentation of offers and delivery schedules to facilitate DBE and other small business participation.

6. Encourage consultants to subcontract portions of the work, even when they might otherwise perform the work with their own forces.

f. There are many sources from which the names of consultants can be obtained. Appendix C contains a partial list of potential sources of consultant firms. FAA Airports field offices may also furnish the names of consultants who have engaged in projects of similar nature in their areas of jurisdiction. However, with the exception of an EIS, FAA personnel will not recommend consultants or participate in the selection process. The addresses of FAA Airports Regional/District Offices having jurisdiction over specific geographic areas are available at http://www.faa.gov/airports/news_information/contact_info/regional/.

g. From the experience and qualification data obtained from consultants, the selection board should prepare a pre-selection short-list of the best qualified consultants for further consideration. With adequate response to the RFQ, the typical pre-selection short-list should consist of between three and five consultants.

h. At this point, consultants who expressed an interest in the project but were not included on the pre-selection short-list should be notified that they were unsuccessful.

i. Detailed information on the qualifications and performance data of each of the consultants on the pre-selection short-list should be obtained. This can be achieved by contacting former clients identified by the consultant in their statement of qualifications to ascertain the quality of work, ability to meet schedules, cost control, and consultant-client relationship.

j. At this point, the selection board should obtain a general project proposal from each of the firms on the pre-selection short-list, typically by issuing a Request for Proposal (RFP) to each consultant on the pre-selection short-list. The RFP should include a detailed description of the project and the proposed scope of services required. The selection criteria, including their relative importance that will be used to evaluate the proposals must also be made available to each of the firms on the pre-selection short-list. The RFP may not contain a request for any cost information, such as total cost, cost per hour, work hours, or other pricing data. Requests for cost or pricing information, prior to discussions with the best qualified firm, to define the scope of services is contrary to 49 USC § 47107 (a) 17 and 49 CFR § 18.36(f). The general project proposal will help the selection board recommend a consultant who can achieve design excellence, while successfully controlling time and costs and who has the ability to understand and accomplish the specialized requirements of the project. The elements of a typical general project proposal should include, but are not limited to, the following:

1. Team members, other key personnel, previous experience, and the role they will fill on the project. The qualifications and time commitment of the project manager proposed for the project.

2. Current workload.

3. Proposed project schedule, including major tasks and target completion dates.

4. Technical approach – a brief discussion of the tasks or steps that the consultant will take to accomplish the work described in the scope of services.

5. Value engineering – when a value engineering study is included in the selection criteria, a brief discussion of the consultant's capability, training, and experience to carry out such a study.

k. Conduct interviews with each consultant on the pre-selection short-list. On small projects, a telephone interview may be sufficient. The selection board may also, at its discretion, bypass the interview process ranking the pre-selection short-listed consultants based on submitted material.

l. Review the experience and qualifications data, the general project proposal, the interview results, and other relevant data. Using the selection criteria developed for the project; rank the qualified consultants in order of preference.

m. Initiate discussion with the first-ranked consultant to fully define the scope of work and services to be provided (see paragraph 2-11). After agreement on a detailed scope of services has been reached, the consultant should submit their cost proposals together with a detailed project proposal. Negotiations should then be conducted to reach a fair and reasonable fee, subject to the procedures indicated in paragraph 2-12 and 2-13.

n. Prepare a report recommending the consultant selected. The report should contain sufficient detail to indicate the extent of the review and the considerations used for the recommendations. The report should be forwarded to the sponsor's administrator or governing body authorized to review the recommendations of the selection board. The recommendations of the selection board should normally be accepted unless the report does not adequately support the recommendations. This will help to ensure complete fairness and open competition. If the recommendations are not accepted, the selection board should reconvene until acceptable recommendations have been agreed upon.

2-9. ALTERNATE SELECTION PROCEDURES.

a. Proposals Requested with Qualification Data. The selection procedure recommended in paragraph 2-8 should normally be followed in the procurement of consulting services. For small projects where the scope of work and services can be clearly defined or the sponsor anticipates receipt of less than four proposals, the sponsor may wish to solicit proposals at the time of advertising for experience and qualification data. In this case, the announcement must contain a detailed scope of services and indicate where the selection criteria can be obtained. The advertisement cannot request pricing information.

b. Informal Procedures. Informal Qualifications Based Selection procedures may be used for A/E procurements estimated to be less than $100,000. However, this does not preclude the sponsor from obtaining an independent fee estimate for A/E proposals less than $100,000 nor does it preclude the FAA from requiring independent cost estimates.

Under this procedure, a sponsor must call at least three firms and discuss their qualifications to perform the work. Negotiations must then be conducted with the best-qualified firm to arrive at a fee. These negotiations may be conducted via telephone. Sponsors must consult with FAA Airport personnel before using informal procedures to

assure that the circumstances justify their use. After selection, using this procedure, the sponsor must submit a statement to the FAA explaining the basis for the selection and method used to determine reasonableness of the fee. This may include:

1. Sponsor-prepared fee estimate.

2. Comparison with previous contracts of a similar nature.

3. Based on previous business experience.

c. Non-competitive Procedures. The FAA may authorize non-competitive negotiation for professional services if the cost of the contract is not expected to exceed $10,000 and the professional services are incidental to the grant project. When this procedure is used, the sponsor must submit a statement to the FAA explaining the basis used to determine reasonableness of cost as discussed in 2-9b above.

2-10. SELECTION PROCEDURES FOR ENVIRONMENTAL IMPACT STATEMENT (EIS) PREPARATION. The procurement of consultant services to assist the FAA in preparing an EIS is somewhat unique because the regulations implementing the National Environmental Policy Act (NEPA) (42 USC § 4321 et seq.), require Federal agencies to prepare the EIS or select the contractor that prepares the EIS (Orders 5050.4 and 1050.1 provide additional guidance). Selection of a consultant must, therefore, be made by the FAA from a short-list of qualified consultants submitted by the sponsor. The sponsor and the FAA must follow the selection procedures recommended in paragraph 2-8 with the following exceptions:

a. The proposed scope of work is to be provided by the FAA.

b. The FAA must concur with the selection and evaluation criteria prepared by the sponsor.

c. The FAA will be invited to participate with the sponsor in the interviews with consultants on the pre-selection short-list.

d. The sponsor may indicate to the FAA their ranking of the consultants on the pre-selection short-list after the interview process has been concluded. The FAA, however, is under no obligation to make a selection based on this ranking.

e. Using the previous sponsor/FAA agreed upon selection and evaluation criteria, the FAA will independently evaluate and rank the consultants on the pre-selection short-list in order of preference, based on qualifications.

f. The FAA must advise the sponsor of the FAA's ranking in order of preference, and the sponsor must advise and initiate discussions with the consultant ranked first.

g. The FAA's involvement in the negotiation of the project cost must be limited to making a reasonableness determination once a satisfactory cost proposal has been reached between the sponsor and the consultant.

h. The FAA must prepare a selection report for its records.

2-11. SCOPE OF SERVICES.

a. An important step in the negotiation process is to reach a complete and mutual understanding of the scope of services to be provided. The general scope of services developed during initiation of the procurement process is of necessity too broad to serve as the basis for a contractual agreement. A well-defined project description and scope of services should be developed between the sponsor and first-ranked consultant prior to negotiating a project design fee. This may be accomplished in a scoping meeting or separate investigation or study to clearly define the extent of the project. The sponsor's engineer or independent consultant (see paragraph 2-12c) should attend the meeting so they will have a complete understanding of the scope of services prior to developing a detailed fee estimate. Such a meeting offers the opportunity for refinement, amendment, and complete definition of the services to be rendered.

b. The scope of service(s) must be sufficiently detailed so that the consultant can make a reasonable fee estimate (see Appendix F). Although the scope of service(s) will vary from project to project (see samples in Appendix E), the following items are typical of those that should be considered in developing the scope of services:

1. List of meetings the consultant is expected to attend.

2. Design schedule.

3. Special services required.

4. Complexity of design.

5. Safety and operational considerations.

6. Environmental considerations.

7. Survey and geotechnical testing requirements.

8. Inspection services during construction.

9. Quality control during construction.

10. Preparation of forms, letters, documents, and reports.

11. Airport Layout Plan updates.

12. Property map preparation.

13. Quality control during design.

14. Coordination with other consultants and agencies.

15. Deliverables.

16. Data and material furnished by the sponsor.

17. Testing and commissioning requirements.

18. City/county requirements.

19. Number of bid packages.

20. Complexity of construction phasing to minimize impacts on airport operations.

2-12. FEE ESTIMATE.

A sponsor must perform some form of fee analysis for every A/E contract (49 CFR § 18.36). The method and degree of analysis is dependent on the facts surrounding the contract. Sponsors have an obligation to obtain a fair and reasonable fee in all cases, and the FAA retains the right to disallow negotiated fees that are determined to be unreasonable.

a. In order to properly evaluate the consultant's cost proposal, a sponsor having a staff with experience in estimating the professional services and negotiating contracts for these services must develop its own fee estimate for the services, based on the scope of services agreed upon in paragraph 2-11.

b. Sponsors having no staff with this expertise or having minimal or no previous experience may not be able to perform these services in-house. In these instances, if the sponsor has a consultant on retainer who has experience with the services involved and who is not being considered for the project, the sponsor may engage the consultant to develop the fee estimate. State aviation personnel who have experience with the services involved may also be used.

c. Alternatively, an independent engineering, architecture, or planning firm may be retained by the sponsor to aid in developing the scope of services and/or fee estimate for professional services. A preliminary fee estimate should be made prior to advertising for an SOQ and experience and a detailed fee estimate must be made after discussions to determine a detailed scope of service (see paragraph 2-11). The firm retained to make the detailed fee estimate must not have been on the pre-selection short-list. The firm must have recent experience in airport work similar to that proposed and be familiar with FAA requirements and procedures. The sponsor should request evidence that the firm meets the above requirements.

d. The firm hired to perform any of these functions may be retained using informal qualifications based procedures if the cost is under $100,000 (see paragraph 2-9b); however, that firm will not be eligible for consideration for work on the project.

e. The sponsor must have a detailed fee estimate to properly evaluate the cost of professional services. Appendices F and G present sample formats for consultant

services fee/cost and detailed fee/cost analysis respectively, however any format that meets this purpose is acceptable.

f. Prior to initiating further discussions with the first-ranked consultant, the sponsor must sign and date the independent cost estimate and retain it for their records.

When evaluating the reasonableness of a consultant's fee proposal, a general review standard used within the FAA and industry is whether the total fee proposal, as well as individual tasks within the proposal, is within 10% of the independent fee estimate. In general, when the consultant's fee proposal and the sponsor's independent fee estimate are within 10% of each other, the fee can be determined to be reasonable. When differences exceed 10%, however, the sponsor should review those areas with the consultant to determine if there is a misunderstanding of the scope of services or level of effort required and attempt to resolve the differences. While this should not be construed as policy, the use of the 10% standard is one method to help identify areas of significant difference between the consultant's fee proposal and the independent fee estimate.

Another source on estimating consultant's cost can be found in ASCE Manuals and Reports on Engineering Practice No. 45, "How to Work Effectively with Consulting Engineers." However, these graphs must be used with judgment and within their stated limitations. Other resources include project history files, previous contracts, etc.

2-13. NEGOTIATIONS.

a. After developing a detailed scope of services and an independent fee estimate, the sponsor must enter into negotiations with the consultant given first preference by the selection board. At this time the sponsor may elect to inform the other firms on the pre-selection shortlist that negotiations have been initiated with the first-ranked firm. If an independent firm has been retained by the sponsor for the purpose of preparing an independent fee estimate, the firm may be consulted by the sponsor during negotiations, to clarify problem areas, but not to review the consultant's fee proposal or attend any negotiating sessions.

b. Based on the scope of services agreed upon in paragraph 2-11, the sponsor must request the consultant to submit the proposed fee and supporting cost breakdown. The consultant must prepare a detailed estimate of the hours and cost required for each of the major tasks. In addition to charges for labor, the consultant should, if appropriate, indicate the costs for subcontractors, travel, living expenses, reproduction, and other out-of-pocket expenses expected to be incurred.

c. Negotiations should be based upon the data submitted by the consultant and an evaluation of the specific work hours required for each task. The sponsor should subject the consultant's data to a technical/engineering analysis. Based on this analysis, the sponsor should identify differences in the work-hour estimates. Significant differences, either positive or negative, between the estimate submitted by the consultant and the estimate developed by the sponsor should be resolved, and revisions should be made to the work hours or scope of services as required. The fee should then be evaluated, taking into

consideration the experience level required by the engineer working on each task. A sample fee/cost analysis form is shown in Appendix G.

d. If a mutually satisfactory contract cannot be negotiated with the first-ranked consultant, the negotiations must be terminated and the consultant notified. Negotiations must then be initiated with the consultant given second preference by the selection board. This procedure must be continued with recommended consultants in the sequence of ranking established by the selection board until a mutually satisfactory contract has been negotiated. Once negotiations have been terminated with a firm and begun with another, they cannot be reopened with the former firm.

e. A record of negotiations must be prepared by the sponsor and included in the contract file. This record must contain sufficient detail to reflect any changes in the scope of services controlling the establishment of the cost and other terms of the contract. An explanation must be provided for any significant differences between the sponsor's original estimate and the final fee agreed upon. The scope of services, draft contract, sponsor's independent fee estimate, consultant's fee proposal with any revisions, and detailed fee analysis must be attached to the report. A sample Record of Negotiations is contained in Appendix H.

f. Upon completion of successful negotiations, all consultants interviewed by the selection board should be informed of the consultant selected for the project.

g. FAA personnel will not be present and will not participate in the negotiation process. The FAA's role is to make a judgment on the reasonableness of the compensation for the services to be furnished and to ensure that all services required for a particular project have been included in the proposal.

h. If requested by the FAA, the sponsor must submit the record of negotiations and all attachments to the FAA for a reasonableness of cost determination (Order 5100.38, Chapter 9).

2-14. SPONSOR FORCE ACCOUNT PROJECTS. Proposals to accomplish airport engineering with the sponsor's own personnel or by its agent must be approved by the FAA. Proposals must be submitted in writing and subjected to a review similar to that for engineering contracts. Most of the factors considered in the selection of a consultant would be applicable to approval of services to be done by force account. The sponsor's proposal to use force account rather than contract-engineering services must be fully documented and should contain as a minimum:

a. Justification for doing the work by force account rather than by contract;

b. Estimate of costs, including detailed data on estimated work hours, hourly rates, non-salary expenses, and indirect costs;

c. Names and engineering qualifications of personnel that will be accomplishing specific tasks;

d. Statements concerning the capability of the sponsor to perform the various tasks of design, supervision, inspections, testing, etc., as applicable to the project with argum ents to support the decision to use force account;

e. Summary of sponsor's experience with air port engineering pertaining to projects with similar design scopes; and

f. Statement by the sponsor on the ability of its personnel to integrate the project into their workload, with a schedule of accom plishment of tasks, date by which the work will be completed, or dates within which it will take place.

Intentionally left blank.

CHAPTER 3. CONTRACT FORMAT AND PROVISIONS

3-1. GENERAL.

a. The relationship of the consultant with the sponsor should be clearly defined by a written agreement before commencement of actual work. All of the terms should be clearly defined in the agreement. It should state the parties to the contract and define the complete extent and character of the work to be performed as well as conditions relating to any time limitations that may be involved. The terms and payments for various services should be included. The scope of the consultant effort should be described in complete detail to determine the sufficiency of the supervisory and inspection staff and to determine whether some services will need to be otherwise contracted for or be provided by the sponsor.

b. Consultant contracts usually cover highly technical services. Therefore, to assure the soundness of a legal document, it is essential that someone who has thorough knowledge of the project prepare the sections describing services to be performed, sequence of work, information to be furnished by the sponsor, and terms of payment.

3-2. CONTRACT FORMAT. Many government agencies, business firms, and engineering organizations have developed standardized forms for engineering and planning contracts. The American Council of Engineering Companies, the National Society of Professional Engineers, and the American Society of Civil Engineers have developed such standardized forms. Some State aviation departments have developed standardized forms for engineering services provided in their own states. The American Institute of Architects has standardized forms for architectural contracts. It is often necessary to modify these standard agreements to reflect the specific terms and conditions applicable to a particular project, as well as the mandatory contract provisions in paragraph 3-4.

3-3. DIVISION OF RESPONSIBILITY AND AUTHORITY.

a. It is common to have one firm provide the basic services and one or more firms provide special services. In these cases, the firm providing the basic consultant services is considered the primary engineer or principal consultant as defined in Appendix A. As such, the principal consultant represents the sponsor in coordinating and overseeing the work of other engineering/consultant firms and has the overall responsibility to coordinate the work and to review the work products for general conformance to the requirements of the sponsor. Therefore, it is extremely important that the contract documents clearly specify the division of responsibility and authority between all parties involved in carrying out elements of the project.

b. The contract between the sponsor and consultant is based on the scope of services established earlier in the process (see paragraph 2-11) and involves carrying out professional duties under the requirements of law. The contract must not attempt to make the consultant an indemnitor of the sponsor such as in the event of the sponsor's negligence or the absence of any wrongdoing by the consultant. The consultant must

fully stand behind their services and indemnify the sponsor for damages and expenses caused by their own errors, omissions, and negligent or wrongful acts.

c. Expanding the consultant's liability beyond the scope or purpose of a contract could affect the competitive process of contract award in a way that conflicts with the requirements of 49 CFR part 18 and may impact Federal eligibility.

3-4. MANDATORY CONTRACT PROVISIONS. Federal laws and regulations prescribe that certain provisions be included in federally funded contracts. For purposes of this section, the term "contract" includes subcontracts. The type of contract must be appropriate for the particular procurement.

The provisions that pertain to consultant contracts, including the source of each requirement are listed in Table 3-1. Specific wording of Federal contract provisions is available on the FAA website at http://www.faa.gov/airports/aip/procurement/.

Table 3-1. Mandatory Federal Contract Provisions for Professional Services (A/E) Contracts

Provision	Law/Statute
Provisions for all A/E Contracts	
Civil Rights Act of 1964, Title VI - Contractor Contractual Requirements	49 CFR part 21
Airport and Airway Improvement Act of 1982, Section 520	49 USC § 47123
Disadvantaged Business Enterprise	49 CFR part 26
Lobbying and Influencing Federal Employees	49 CFR part 20
Access to Records and Reports	49 CFR § 18.36
Breach of Contract Terms	49 CFR § 18.36
Rights to Inventions	49 CFR § 18.36
Trade Restriction Clause	49 CFR part 30
Additional Provisions for A/E Contracts Exceeding $10,000	
Termination of Contract	49 CFR § 18.36
Additional Provisions for A/E Contracts Exceeding $25,000	
Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion	49 CFR part 29

3-5. TIME OVERRUNS BEYOND CONTROL OF THE CONSULTANT. Frequently, the consultant is called upon to continue technical inspection services on construction contracts overrunning the program schedule contemplated at the time of negotiation. In most instances, the time element is beyond the control of the consultant. To provide for the contingency of overrun of time, the agreement between the sponsor and the consultant should state the period for which the compensation applies and that the consultant must be reimbursed for services in excess of the specified period of time at a mutually acceptable fee negotiated at the time all the pertinent circumstances are known. The cost of additional consultant technical inspection services that would result from contractor caused construction delays should be included in the liquidated damages established for construction contracts.

3-6. OWNERSHIP OF DRAWINGS AND CONTRACT DOCUMENTS.

a. Original documents, such as tracings, plans, specifications, maps, basic survey notes and sketches, charts, computations, and other data prepared or obtained under the terms of the contract, are instruments of service and remain the property of the consultant unless otherwise agreed to by both parties. Reproducible copies of drawings and copies of other pertinent data should be made available to the sponsor upon request. Copies of disks containing all drawings should be furnished to the sponsor. Terms and conditions for sponsor's reuse of documents/data on other projects should be addressed in the contract.

b. When a contract is only for preliminary plans, no commitment that would constitute a limitation on the subsequent use of the preliminary plans or ideas incorporated therein should be stated or implied.

3-7. CONTRACT CHECKLIST. The following checklist identifies important items and provisions to be considered in preparing any contract for consultant services. It is not all-inclusive because each contract will vary based on the unique requirements of the project scope of services.

a. Effective date of contract.

b. Names and descriptions of the parties to the agreement with their addresses and, in the case of a corporate body, the legal description of the corporation.

c. Nature, extent, and character of the project, the location thereof, and the time limitations.

d. Services, including performance and delivery schedules, to be rendered by the consultant.

e. Delineation of responsibilities of the consultant, the sponsor, and other consultants and parties involved in the performance of the project, particularly key personnel such as the project manager.

f. Delineation of the duties and responsibilities of the resident engineer/inspector.

g. Inclusion of mandatory contract provisions identified in paragraph 3-4.

h. Provision for renegotiation of the contract on the basis of change in the scope of the project, changes in conditions, additional work, etc.

i. Provision that reproducible copies of planning and design drawings and specifications be made available to the sponsor upon request.

j. Compensation, including methods of payment and payment schedules, for services to be rendered by consultants.

k. Provision for the termination of the consultant services before completion of work.

l. Provision for preparation of a Quality Control Plan as required by the special provisions of the grant agreement.

m. Provision for preparation of an Engineer's Design Report and Final Report.

3-8. FAA CONTRACT REVIEW.

a. FAA Airports field office personnel are available to assist the sponsor and provide guidance on:

   1. The scope of services to be provided;

   2. The appropriate type of contract;

   3. The mandatory contract provisions to be included; and

   4. Sponsor certification requirements.

b. If deemed necessary by the FAA, a draft of the contract will be submitted to ensure that:

   1. The scope of the engineering is described completely;

   2. The fees and reimbursements are reasonable and eligible as shown by a cost/price analysis;

   3. The type of contract is appropriate; and

   4. The engineering/consulting firm and the proposed contract terms are acceptable.

c. Pre-award review of proposed contracts is required under certain circumstances. Additional guidance is available in Order 5100.38, Chapter 9.

3-9. FAA CONTRACT APPROVAL.

FAA Airports offices are authorized to accept certifications from sponsors that they will comply with statutory and administrative requirements. Use of sponsor certifications for selection of engineering, architectural, professional services, and planning consultants is encouraged. Acceptance by the FAA of the sponsor's certification does not limit the FAA's ability to request and review documentation to ensure the accuracy of the certification. Reference Order 5100.38, Chapter 10 and Appendix 5, *Sponsor Certification Forms*, "Selection of Consultants;" and 49 USC 47105 (d).

CHAPTER 4. METHODS OF CONTRACTING AND ALLOWABLE COSTS

4-1. GENERAL. The method of contracting selected for consultant services is dependent on the types of services required and specific circumstances relating to the individual project. The various types of contracts and methods of compensation are discussed in this chapter and listed in Table 4-1. Contracts may be negotiated to include a combination of two or more of these methods.

4-2. DIRECT PERSONAL SERVICES.

a. Direct personal services are usually charged on a per diem basis. This method is particularly suited to court work or similar efforts involving intermittent personal service.

b. When such consulting or expert services are furnished, the consultant is compensated for the time devoted to the work and travel. The per diem charge should be based on the complexity of the work involved and the experience of the consultant. In addition to the compensation based on per diem, the consultant is reimbursed for travel and other out-of-pocket expenses incurred while away from the normal place of business provided they are reasonable, allocable, and of a generally allowable nature. Additionally, reimbursable expenses at the normal place of business may be reimbursed, such as special computer work, rendering, exhibits, provided they are reasonable, allocable, and of a generally allowable nature.

c. For services in court or on other engagements in which the consultant appears as an expert, a per diem charge is considered to be earned for each day of such appearance, although the consultant may not be called to testify or, if called, may finish his/her testimony in a fraction of a day.

d. On occasion, the urgency of the engagement requires the consultant to work longer than the normal day. In some instances, this requirement is a necessary feature of the services, and an understanding should be made with the sponsor as to what constitutes a day. In such cases, the per diem rate may be based on the normal number of working hours per day, or the per diem rate may be increased to take into consideration the extended work day.

e. For certain kinds of work, compensation based on hourly rates is an equitable arrangement. Compensation for consultant service on an hourly basis demands a higher rate per hour than would be represented in a per diem rate. Also, the hourly rates should apply to time for travel involved, plus reimbursement for travel costs, subsistence, and other out-of-pocket expenses. Depending on the duration of the services, compensation on an hourly basis may include an agreement on a preset minimum amount or retainer in addition to the payments based on the hourly rates.

f. If public hearings are involved in the consultant services, determination of the fee could present a problem since extensive hearings and follow-up work may be required. In these instances, the per diem approach may be considered as an appropriate method of payment for services rendered subsequent to the initial hearing. An estimated upper limit should be set forth in the contract. The contract should provide for renegotiation of the upper limit if unforeseeable conditions are encountered.

Table 4-1. Methods of Contracting and Allowable Costs

Type of Service	Compensation	Allowable Cost
§4-2. Direct Personal Services	▪ Per Diem. ▪ Hourly Rate (§4-2.e).	Costs must be allowable, reasonable, and allocable to the project. Costs must be consistent with 49 CFR § 18.36, FAA Order 5100.38 and OMB Circular A-87.
§4-3. Retainer	▪ Fixed sum. ▪ Paid monthly. ▪ Some other mutually agreeable basis.	
§4-4. Cost-Plus-a-Fixed-Fee (NTE)	Fixed sum.	
§4-5. Fixed Lump-Sum Payment	Fixed sum.	
§4-6. Cost-Plus-a-Percentage-of-Cost	Prohibited method.	Prohibited.
§4-7. Phasing of Work	▪ May include two or more of the above methods of compensation.	Costs must be allowable, reasonable, and allocable to the project. Costs must be consistent with 49 CFR § 18.36, FAA Order 5100.38 and OMB Circular A-87.
§4-8. Alternative Delivery Methods ▪ Construction Manager-At-Risk. ▪ Task Order Contracting. ▪ Design Build.	▪ Negotiated ceiling ▪ Annual ceiling w/ maximum/order ▪ May include lump sum, cost plus, cost w/ guaranteed maximum, etc.	

NOTE: Non-allowable costs for all types of service:

a. Costs of amusement and social activities and incidental costs relating thereto such as meals, lodging, rentals, transportation, and gratuities.
b. Contributions and donations.
c. Bad debts, including losses due to uncollectible customer's accounts and other claims, related collection costs, and related legal costs, arising from other businesses of the consultant.
d. Dividend provisions or payments and, in the case of sole proprietors and partners, distributions of profit.
e. Interest on borrowed capital.
f. Bonus payment for early completion of work.

4-3. RETAINER.

a. The engagement of consultants on a retainer basis is a common practice. This practice assures the sponsor of always having the services of a certain individual engineer or organization available for future work. This method is used in cases of protracted litigation or for work over the years when the services of the consultant may be intermittent. It is also used in the development of undertakings for which the services of a consultant specialist are not required on a full-time basis. On large projects, this method enables the sponsor to have the specialists who prepared the original plans and specifications on hand for maintenance or additions.

b. The retainer fee varies with the character and value of the services to the sponsor and with the reputation and standing of the consultant in his/her profession.

c. The terms of agreement for services on a retainer basis vary widely. Compensation may be based on a fixed sum, paid monthly, or on some other mutually agreeable basis, with per diem or hourly rates in addition to time spent at the request of the sponsor. In any case, the same principles, explained previously for per diem or hourly charges, govern under retainer contracts.

d. This type of contract is rarely used for grant projects. However, it is permissible to use a firm on retainer for projects without further procurement action if:

   1. The retainer contract was awarded as a result of competition.

   2. The parties competing for the retainer were advised that subsequent grant funded projects (including the scope of work for those projects) would be performed under the retainer contract.

   3. The price for the work performed under the grant will be fair and reasonable and supported by a price or cost analysis.

e. Detailed records should be kept to identify the work that is part of a Federal grant project and eligible for reimbursement.

4-4. COST-PLUS-A-FIXED-FEE (Not To Exceed (NTE)).

a. The cost-plus-a-fixed-fee contract is frequently used when the consultant is required to start work before the cost and scope of the project can be accurately determined. It is recommended that services for the construction phase of a project be paid for under a cost-plus-a-fixed-fee type contract.

b. This type of contract provides for reimbursement of allowable costs such as salary, overhead, and direct non-salary expenses, plus a fixed fee.

c. A cost-plus-a-fixed-fee proposal should be accompanied by the consultant's estimate. The estimate should detail the direct labor costs by categories of employees, work hours, and hourly rate; overhead; direct non-salary expenses; and the fixed fee.

d. The fee is fixed and does not vary no matter what the costs turn out to be. In most instances, however, a ceiling is applied which establishes an upper limit on the allowable costs. In establishing the upper limit, an allowance for contingencies should be included so that, as such contingencies are encountered, renegotiation of the upper limit will not be necessary. The intent of the upper limit is to ensure that the allowable costs do not exceed an agreed-upon ceiling without prior approval of the sponsor. (If Federal participation is desired in the increased cost, the sponsor must obtain the prior approval of the FAA.) Such contracts should contain provisions that provide for renegotiation of both the upper limit and the fixed fee if the scope of work described in the contract has changed.

e. Any increase in costs should be fully justified by the consultant prior to approval by the sponsor. As the consultant is approaching the upper limit and it becomes apparent that the project cannot be completed within that limit, he should alert the sponsor. Approval must be obtained before the upper limit is exceeded.

f. Overhead charges will vary according to the nature, type, diversity, size of firm, and number/amount of contracts currently held by the firm. The consultant should be prepared to validate the overhead costs with a certified statement from the sponsor's auditor, state's auditor, or consultant's accountant. A firm can demonstrate that the non-allowable costs are not included in its overhead calculation rather than requiring a complete audit in advance of contracting. Otherwise, if the consulting firm has been audited by an agency of the Federal Government within the previous 12 months, the overhead rate determined by this audit may be used.

g. Fixed-fee is in addition to reimbursement for salary, overhead, and direct non-salary expenses. The consultant is paid a fixed amount for profit, willingness to serve, and assumption of responsibility. This may be an amount based on the estimated design cost of the project at the time the consultant is engaged and will vary with the scope of the services involved.

4-5. FIXED LUMP-SUM PAYMENT.

a. The fixed lump-sum payment contract is normally used when the scope of work can be clearly and fully defined at the time the agreement for services is prepared.

b. The fixed amount of compensation is determined by estimating the allowable costs such as salary, overhead, and direct non-salary expenses, plus a reasonable margin of profit all expressed as a single lump sum. A lump sum proposal must be accompanied by the consultant's estimate. The estimate must detail the direct labor costs by categories of employees, work hours, and hourly rate; overhead; direct non-salary expenses; and profit.

c. Where consultation is undertaken on a lump-sum basis, the agreement must contain a clearly stated time limit during which the services will be performed. In design contracts, there should be a provision for changes required after the approval of preliminary designs with a clear understanding as to where the final approval authority lies.

d. Lump-sum contracts must contain a clause that provides for renegotiation if the scope of work described in the contract has changed.

e. Overhead charges will vary according to the nature, type, diversity, size of firm, and number/amount of contracts currently held by the firm. Guidance is provided in paragraph 4-4f.

4-6. COST-PLUS-A-PERCENTAGE-OF-COST. Cost-plus-a-percentage-of-cost (CPPC) methods of contracting are prohibited for consultant services under airport grant programs. CPPC contracts may be defined as a payment formula based on a fixed predetermined percentage rate of actual performance costs by which the sum of the consultant's entitlement, uncertain at the time of agreement, increases commensurately with increased performance costs. The types of contracts discussed below are based on the CPPC methods of contracting and, therefore, are prohibited:

a. Salary Cost Times a Multiplier, Plus Direct Non-salary Expense. This type of contract contains CPPC methods of contracting because the consultant's indirect cost and profit are not fixed at the time the contract is signed.

b. Percentage of Construction Costs. This type of contract contains CPPC methods of contracting since a portion of the consultant's fee that does not reflect actual costs constitutes a profit that is not fixed at the time the contract is executed.

4-7. PHASING OF WORK. Design projects may be negotiated to be performed in phases and include two or more of the foregoing methods of compensation. For example, the first phase of a project might cover the development of the precise scope of work for a project and be paid for under a cost-plus-fixed-payment contract. The follow-on work could then be negotiated on the basis of information developed in the first phase and might be accomplished under a lump-sum contract.

4-8. ALTERNATIVE DELIVERY METHODS. There are three basic forms of alternative delivery methods (see FAA Order 5100.38, Chapter 9, Section 3, *Alternative Delivery Methods*):

a. Construction Manager-At-Risk (CM-A-R). The sponsor would engage a design firm for the design of the project. At an early stage of design, a contract is let for the CM-A-R in which the contractor reviews designs as they evolve to provide expertise for the construction phase. The CM-A-R and the sponsor also negotiate a ceiling amount for the construction beyond which the CM is “at risk.”

b. Task Order Contracting. The sponsor would procure for an annual need and estimate a ceiling amount and most frequently a maximum per order amount. The contract is also

procured on the basis of criteria such as standard fees or unit rates and provides the standard contract clauses.

c. Design Build. This is a method of contracting in which two distinct phases of project accomplishment, design phase and construction phase, are combined into a seamless process performed by one contractor who retains single-source responsibility for that entire process. Due to time savings in the contracting process as well as earlier commencement of construction, design build may provide cost savings. There are many recognized forms of design build and the following is a brief description. There may be hybrid types of design build that use variations of the basic philosophies.

1. Design build project delivery can be performed by a single company with both design and construction capability in-house or by a team of design firms and contracting firms working under a single design build contract. The design build firm/team contracts to design and build the facility and retains the risk for overall project completion, budget, and schedule. There is no division of responsibility to the sponsor between the design organization and the construction organization.

2. Design build services can be performed under all of the contractual methods used for construction including lump sum, cost plus (excluding cost-plus-percentage-of-costs which is unauthorized), cost with a guaranteed maximum, etc. Design fees can be included in the overall contract price or separated as a subset of the price.

3. Contracting for design build services can be done by either of two basic methods, Qualifications Based Selection or Competitive Proposal Selection.

   (a) Qualifications based selection (QBS). In this method, contracting for design-build services is nearly identical to selection procedures commonly used for professional design services. The sponsor solicits proposals for the project, and design-build firms and teams respond with qualification information as prescribed in the solicitation. The sponsor chooses a short list of the most qualified firms/teams, and presentations/interviews are made by those firms/teams. The sponsor then selects the most qualified firm/team and negotiates a contract for professional services. The contract provides for subsequent establishment of a guaranteed maximum price (or lump sum, cost-plus fee or another approved form) and guaranteed completion date for the entire project at an agreed level of completion of the preliminary design work.

   (b) Competitive Proposal Selection (CPS). The contracting process for design-build services is accomplished in two steps. The sponsor first prepares a design criteria package for the project using in-house staff or a retained design firm. Design-build firms/teams respond to a solicitation, and are short-listed in the same process used for QBS. In the second step, a design criteria package is issued to the short-listed firms/teams, who respond with separate technical and price proposals. Technical proposals are evaluated first, using a numerical "points earned" system. Then, price proposals are opened and prices are factored into the "points earned" system to determine the final selection. A

common method of "scoring" price information is to divide the price by the technical points score and the resulting low score is selected.

(c) Under CPS, the sponsor must bear the cost of design criteria package preparation. Each short-listed design-build firm/team must bear the cost of preparing a technical proposal with preliminary drawings and outline specifications, along with a conceptual cost estimate to establish a price. To control this substantial cost, sponsors short-lists should not be longer than 3-4 firms/teams. Sponsors should also consider granting a stipend to each unsuccessful firm/team in return for the right to use any concepts from the unsuccessful firms/teams technical proposals for the project.

(d) Refer to FAA Order 5100.38, Chapter 9 for information on the limitations on the approval of projects for design-build contracting

4-9. ALLOWABLE COSTS. Costs incurred must be consistent with the Federal cost principles contained in 48 CFR part 31, Office of Management and Budget (OMB) Circular A-87, and FAA Order 5100.38 to be reimbursable under an airport planning or development grant. The following are typical expenses allowable under the above regulations:

a. Direct Salary Costs.

1. Direct salary costs include the cost of salaries of engineers, planners, computer aided design and drafting (CADD) technicians, surveyors, stenographers, administrative support etc., for time directly chargeable to the project.

2. Salaries or imputed salaries of partners or principals, to the extent that they perform technical or advisory services directly applicable to the project, are to be added to salary cost.

b. Overhead Costs. Overhead costs include overhead on direct salary costs and general and administrative overhead.

1. Labor Overhead. Overhead on direct salary costs includes sick leave, vacation, and holiday pay; unemployment, excise and payroll taxes; contributions for social security, employment compensation insurance, retirement benefits, and medical insurance benefits; and any other benefits customarily paid to or available to all employees. The allowable percentage for labor overhead allocable to a project is the ratio of (a) a firm's total direct labor overhead costs to (b) a firm's total direct salary costs (excluding overtime) for a given period.

2. General and Administrative Overhead. General and administrative overhead includes the following indirect costs which are not directly attributable to specific projects:

(a) Provisions for office, light, heat, and similar terms for working space, depreciation allowances or rental of furniture, computer equipment and

engineering instruments, and office and computer/CADD supplies not identifiable to specific projects.

(b) Taxes and insurance other than those included as salary cost, but excluding State and Federal income taxes.

(c) Library and periodical expenses and other means of keeping abreast of advances in engineering such as attendance at technical and professional meetings and subscriptions to trade, business, professional, or technical periodicals.

(d) Executive, administrative, accounting, legal, and administrative support salaries and expenses (other than identifiable salaries included in salary costs and expenses included in reimbursable non-salary expenses, plus salaries or imputed salaries of partners and principals) to the extent that they perform general executive and administrative services as distinguished from technical or advisory services directly applicable to particular projects.

(e) Costs of memberships in trade, business, technical, and professional organizations.

(f) Incentive compensation for management employees, cash bonuses except for early completion of work, suggestion awards, safety awards, and incentive compensation based on production, cost reduction, or efficient performance are allowable to the extent that the overall compensation is determined to be reasonable, and such costs are paid or accrued pursuant to an agreement entered into in good faith between the consultant and the employees before the services are rendered or pursuant to an established plan followed by the consultant so consistently as to imply, in effect, an agreement to make such payment. The allowable percentage for general and administrative overhead allocable to a project is the ratio of (a) all general and administrative costs to (b) total direct salary costs (excluding overtime) for a given period.

c. Direct Non-salary Expenses. Direct non-salary expenses usually incurred may include the following (detailed records must be kept to support charges and allow auditing):

1. Living and traveling expenses of employees, partners, and principals when away from the home office on business connected with the project. (Records must include employee name, dates, points of travel, mileage rate, lodging, and meals.)

2. Identifiable communication expenses such as long-distance telephone, telegraph, cable, express charges, and postage, other than for general correspondence.

3. Services directly applicable to the work such as special legal and accounting expenses, computer rental and programming costs, special consultants, borings, laboratory charges, commercial printing and bindings, and similar costs not applicable to general overhead.

4. Identifiable computer and office supplies and stenographic supplies and expenses charged to the sponsor's work as distinguished from such supplies and expenses that are applicable to two or more projects.

5. Identifiable reproduction costs applicable to the work.

6. Advertising costs that are solely for the recruitment of personnel required for the performance by the consultant of obligations arising under the contract.

7. Sub-consultant and outside services.

4-10. NON-ALLOWABLE COSTS. The expenses listed below are not allowable for reimbursement under an airport grant:

a. Costs of amusement and social activities and incidental costs such as meals, lodging, rentals, transportation, and gratuities.

b. Contributions and donations.

c. Bad debts, including losses due to uncollectible customer's accounts and other claims, related collection costs, and related legal costs, arising from other businesses of the consultant.

d. Dividend provisions or payments and, in the case of sole proprietors and partners, distributions of profit.

e. Interest on borrowed capital.

f. Bonus payment for early completion of work.

4-11. FIXED FEE. To all the estimated costs, including overhead, a percentage rate is applied to determine payment for profit, willingness to serve, and assumption of responsibility.

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APPENDIX A. DEFINITIONS

Some common terms used in this AC are defined below. Additional definitions of terms and phrases are available in Order 5100.38.

a. Architectural/Engineering (A/E) Services. The term "architectural and engineering services" means:

   1. Professional services of an architectural or engineering nature, as defined by State law, if applicable, which are required to be performed or approved by a person licensed, registered, or certified to provide such services as described in this paragraph;

   2. Professional services of an architectural or engineering nature performed by contract that are associated with research, planning, development, design, construction, alteration, or repair of real property; and

   3. Such other professional services of an architectural or engineering nature, or incidental services, which members of the architectural and engineering professions (and individuals in their employ) may logically or justifiably perform, including studies, investigations, surveying and mapping, tests, evaluations, consultations, comprehensive planning, program management, conceptual designs, plans and specifications, value engineering, construction phase services, soil engineering, drawing reviews, preparation of operating and maintenance manuals, and other related services.

b. Consultant. A firm, individual, partnership, corporation, or joint venture that performs architectural, engineering or planning services as defined in paragraphs a and d, employed to undertake work funded under an FAA airport grant assistance program.

c. Fee. Compensation paid to the consultant for professional services rendered.

d. Planning Services. Professional services of a planning firm include: airport master and system plan studies, airport noise compatibility plans (14 CFR part 150 studies), and environmental assessments and related studies.

e. Primary Engineer or Principal Consultant. A firm that is held responsible for the overall performance of the service, including that which is accomplished by others under separate or special service contracts.

f. Sponsor. A public agency or private owner of a public-use airport that submits to the Secretary an application for financial assistance for the airport (49 USC § 47102(19)).

Intentionally left blank.

APPENDIX B. BIBLIOGRAPHY

This bibliography covers Public Law, FAA orde rs, Advisory Circulars (ACs), and Code of Federal Regulations (CFRs) referenced within this AC.

PUBLIC LAW

a. Brooks Act: Federal Government Selection of Architects and Engineers. Public Law 92-582, 92nd Congress, H.R. 12807, October 27, 1972.

(See http://www.firstgov.gov.)

b. *United States Code.* Title 40 Subtitle I, Chapter 11 Selection of Architects and Engineers.

(See http://uscode.house.gov or http://www.gpoaccess.gov/uscode.)

c. *United States Code.* Title 42 Chapter 55 USC 4321 National Environmental Act of 1969.

(See http://uscode.house.gov or http://www.gpoaccess.gov/uscode.)

d. *United States Code.* Title 49 Subtitle VII, Aviation Program s, USC §47123 Nondiscrimination.

(See http://uscode.house.gov or http://www.gpoaccess.gov/uscode.)

e. *United States Code.* Title 49 Subtitle VII, Aviati on Program s, §47107(a) 17, Project Grant Application Approval Conditioned on Assurances About Airport Operations.

(See http://uscode.house.gov or http://www.gpoaccess.gov/uscode.)

f. *United States Code.* Title 49 Subtitle VII, Chapter 471 USC §47102 Definitions.

(See http://uscode.house.gov or http://www.gpoaccess.gov/uscode.)

g. *United States Code.* Title 49 Subtitle VII, Chapter 471 USC §47105 Project Grant Applications.

(See http://uscode.house.gov or http://www.gpoaccess.gov/uscode.)

CODE OF FEDERAL REGULATIONS (See http://www.gpoaccess.gov/cfr/.)

a. Airport Noise Compatibility Planning. *Code of Federal Regulations.* Title 14 CFR part 150.

b. Contract Cost Principles and Procedures. *Code of Federal Regulations.* Title 48 CFR part 31.

c. Government-wide Debarment and Suspension (Nonprocurement). *Code of Federal Regulations.* Title 49 CFR part 29.

d. Labor Standards Provisions Applicable to Contracts Covering Federally Financed and Assisted Construction. *Code of Federal Regulations.* Title 29 CFR part 5.

e. New Restrictions on Lobbying. *Code of Federal Regulations.* Title 49 CFR part 20.

f. Nondiscrimination in Federally-Assisted Programs of the Department of Transportation--Effectuation of Title VI of the Civil Rights Act of 1964. *Code of Federal Regulations.* Title 49 CFR part 21.

g. Office of Federal Contract Compliance Programs, Equal Employment Opportunity, Department of Labor. *Code of Federal Regulations.* Title 41 CFR part 60.

h. Participation by Disadvantaged Business Enterprises (DBE) in Department of Transportation Financial Assistance Programs. *Code of Federal Regulations.* Title 49 CFR part 26.

i. Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments. *Code of Federal Regulations.* Title 49 CFR part 18.

FAA ORDERS AND ADVISORY CIRCULARS

a. U.S. Department of Transportation. Federal Aviation Administration. Order 1050.1, *Environmental Impacts: Policies and Procedures*.

(See http://www.faa.gov/regulations_policies/orders_notices/.)

b. U.S. Department of Transportation. Federal Aviation Administration. Order 5050.4, *Airport Environmental Handbook*.

(See http://www.faa.gov/airports/resources/publications/orders/.)

c. U.S. Department of Transportation. Federal Aviation Administration. Order 5100.38, *Airport Improvement Program Handbook*.

(See http://www.faa.gov/airports/resources/publications/orders/.)

d. U.S. Department of Transportation. Federal Aviation Administration. Advisory Circular 150/5300-15, *Use of Value Engineering for Engineering and Design of Airport Grant Projects*.

(See http://www.faa.gov/airports/resources/advisory_circulars/.)

Intentionally left blank.

APPENDIX C. SOURCES OF CONSULTANTS

Sources of consultants include, but are not limited to, the following professional societies.

AIRPORT CONSULTANTS COUNCIL (ACC)
908 King Street, Suite 100
Alexandria, VA 22314
Telephone: 703-683-5900
FAX: 703-683-2564
http://www.acconline.org/

AMERICAN COUNCIL OF ENGINEERING COMPANIES (ACEC)
1015 15th Street 8th Floor, N.W.
Washington, DC 20005-2605
Telephone: 202-347-7474
FAX: 202-898-0068
e-mail: acec@acec.org
www.acec.org/

AMERICAN INSTITUTE OF ARCHITECTS (AIA)
1735 New York Ave., NW
Washington, DC 20006-5292
Telephone: 800-AIA-3837 or
202-626-7300
FAX: 202-626-7547
www.aia.org

AMERICAN SOCIETY OF CIVIL ENGINEERS (ASCE)
101 Constitution Avenue, NW Suite 375 East
Washington, DC 20001
Telephone: 800 548-2723 X7850 or
202-789-7850
FAX: 202-789-2501
www.asce.org

NATIONAL SOCIETY OF PROFESSIONAL ENGINEERS (NSPE)
1420 King Street
Alexandria, VA 22314-2794
Telephone: 703-684-2800
FAX: 703-836-4875
www.nspe.org

Other sources of consultants are available from:

- The professional services directories published in aviation magazines and trade journals.
- Other airport operators having undertaken similar projects.
- State boards of professional engineering registration.
- State aviation agencies and local telephone directories.

FAA Airports field offices may also furnish the names of consultants who have engaged in projects of similar nature in their areas of jurisdiction. However, FAA personnel will not recommend consultants or participate in the selection process.

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APPENDIX D. FAA AND STATE AGENCY ADDRESSES

FEDERAL AVIATION ADMINISTRATION. The FAA Airports Regional or District/Development Office (ADO) addresses may be found by accessing http://www.faa.gov/news_information/contact_info/regional/.

STATE AGENCY ADDRESSES. Information pertaining to the National Association of State Aviation Officials (NASAO), State aviation offices, and U.S. Territory aviation offices is listed below.

NASAO

NATIONAL ASSOCIATION OF STATE AVIATION OFFICIALS (NASAO)
1010 Wayne Avenue - Suite 930
Silver Spring, MD 20910
Telephone: 301-588-0587
FAX: 301-585-1803
http://www.nasao.org

State Aviation Offices

ALABAMA
Alabama Department of Transportation
Aeronautics Bureau
1409 Coliseum Blvd.
Montgomery, AL 36130
Telephone: 334-242-6820
FAX: 205-240-3274
http://www.dot.state.al.us/Docs/Bureaus/Aeronautics

ALASKA
Department of Transportation & Public Facilities
Statewide Aviation
4111 Aviation Ave.
P.O. Box 196900
Anchorage, AK 99519-6900
Telephone: 907-269-0730
FAX: 907-269-0489
http://www.dot.state.ak.us/

ARIZONA
Division of Aeronautics
Arizona Department of Transportation
255 E. Osborn Road, Suite 101
Phoenix, AZ 85012
or
Mail Drop 426M
Phoenix, AZ 85002-3588
Telephone: 602-294-9144
FAX: 602-294-9141
http://www.dot.state.az.us/Aviation/index.asp

ARKANSAS
Department of Aeronautics
Regional Airport Terminal Building
1 Airport Drive, 3rd Floor
Little Rock, AR 72202
Telephone: 501-376-6781
FAX: 501-378-0820
http://www.ahtd.state.ar.us

CALIFORNIA
Division of Aeronautics Program
Department of Transportation
1120 N. Street-Room 3300
P.O. Box 942874
Sacramento, CA 94274-0001
Telephone: 916-654-4959
FAX: 916-653-9531
Postal Address:
Division of Aeronautics, MS 40
P. O. Box 942874
Sacramento, CA 94274-0001
http://www.dot.ca.gov/hq/planning/aeronaut/htmlfile/index.php

COLORADO
Colorado Department of Transportation
Division of Aeronautics
5126 Front Range Parkway
Watkins, CO 80137
Telephone: 303-261-4418
FAX: 303-261-9608
http://www.colorado-aeronautics.org

CONNECTICUT
Bureau of Aviation and Ports
Connecticut Department of Transportation
2800 Berlin Turnpike
P.O. Box 317546
Newington, CT 06131-7546
Telephone: 860-594-2529
FAX: 860-594-2574
http://www.ct.gov/dot

DELAWARE
Office of Aeronautics
Delaware Transportation Authority
Department of Transportation
800 Bay Road
P.O. Box 778
Dover, DE 19903
Telephone: 302-760-2149
FAX: 302-739-2251
http://www.state.de.us/deldot/info/air.html

FLORIDA
Aviation Office
Florida Department of Transportation
605 Suwannee Street
Mail Stop 46
Tallahassee, FL 32399-0450
Telephone: 850-414-4500
FAX: 850-412-4508
http://www.dot.state.fl.us/aviation/

GEORGIA
Georgia Department of Transportation
Office of Intermodal Programs-Aviation
276 Memorial Drive, SW
Atlanta, GA 30303-3743
Telephone: 404-651-9221
FAX: 404-657-5209
http://www.dot.state.ga.us

HAWAII
Airports Division
Hawaii Department of Transportation
Honolulu International Airport
400 Rodgers Blvd. Suite 700
Honolulu, HI 96819-1898
Telephone: 808-838-8600
FAX: 808-838-8734
http://www.hawaii.gov/dot/airports

IDAHO
Division of Aeronautics
Idaho Department of Transportation
3483 Rickenbacker Street
P.O. Box 7129
Boise, ID 83705
Telephone: 208-334-8775
FAX: 208-334-8789
http://www.itd.idaho.gov/aero/

ILLINOIS
Division of Aeronautics
Department of Transportation
Abraham Lincoln Capital Airport
One Langhorne Bond Dr.
Springfield, IL 62707-8415
Telephone: 217-785-8500
FAX: 217-785-4533
http://www.dot.state.il.us/aero/

INDIANA
Aeronautics Section
Indiana Department of Transportation
100 N. Senate Ave. Room N901
Indianapolis, IN 46204-2219
Telephone: 317-232-1496
FAX: 317-232-1499
http://www.in.gov/dot/modetrans
http://www.state.in.us/dot/sitemap/#4

IOWA
Office of Aviation
Air and Transit Division
Iowa Department of Transportation
800 Lincoln Way
Ames, IA 50010
Telephone: 515-239-1659
FAX: 515-233-7983
www.iawings.com

KANSAS
Division of Aviation
Kansas Department of Transportation
700 SW Harrison
Topeka, KS 66603-3754
Telephone: 785-296-2553
FAX: 785-296-3833
http://www.ksdot.org/divaviation/

KENTUCKY
Division of Aeronautics
Kentucky Transportation Cabinet
200 Mero Street W3-09-02
Frankfort, KY 40622
Telephone: 502-564-4480
FAX: 502-564-7953
http://www.kytc.state.ky.us/aviation

LOUISIANA
Aviation Division
Department of Transportation &
Development
8900 Jimmy Wedell Drive
P.O. Box 94245
Baton Rouge, LA 70804-9245
Telephone: 225-274-4112
FAX: 225-274-4181
http://www.dotd.louisiana.gov/intermodal/aviation

MAINE
Office of Passenger Transportation
Maine Department of Transportation
16 State House Station
Augusta, ME 04333
Telephone: 207-624-3250
FAX: 207-624-3251
http://www.maine.gov/mdot-stage/aviation/aviation-home.php

MARYLAND
Maryland Aviation Administration
Maryland Department of Transportation
P.O. Box 8766
Baltimore/Washington Intl. Airport, MD
21240
Telephone: 410-859-7111
FAX: 410-850-4729
http://www.marylandaviation.com

MASSACHUSETTS
Massachusetts Aeronautics Commission
10 Park Plaza, Suite 3510
Boston, MA 02116-3966
Telephone: 617-973-8881
FAX: 617-973-8889
http://www.massaeronautics.org

MICHIGAN
Bureau of Aeronautics
Department of Transportation
2700 East Airport Service Drive
Capital City Airport
Lansing, MI 48906-2160
Telephone: 517-335-9568
FAX: 517-321-6522
www.michigan.gov

MINNESOTA
Aeronautics Office
Minnesota Department of Transportation
222 East Plato Boulevard
St. Paul, MN 55107-1618
Telephone: 651-296-8202
FAX: 651-297-5643
http://www.dot.state.mn.us/aero/

MISSISSIPPI
Mississippi Department of Transportation
Aeronautics Division
401 Northwest Street
Jackson, MS 39201
Telephone: 601-359-7850
FAX: 601-359-7855
www.gomdot.com

MISSOURI
Department of Highways & Transportation
Aviation Section
DOT Bldg.
2217 St. Mary's Blvd
P.O. Box 270
Jefferson City, MO 65102
Telephone: 573-751-2589
FAX: 573-526-4709
http://www.modot.state.mo.us/othertransportation/

MONTANA
Aeronautics Division
Department of Transportation
P.O. Box 200507
Helena, MT 59620-0507
Telephone: 406-444-9547
FAX: 406-444-2519
http://www.mdt.state.mt.us/aeronautics

NEBRASKA
Nebraska Department of Aeronautics
P.O. Box 82088
Lincoln, NE 68501
Telephone: 402-471-2371
FAX: 402-471-2906
www.aero.state.ne.us

NEVADA
Nevada Department of Transportation
1263 South Stewart Street
Carson City, NV 89712
Telephone: 775-888-7464
FAX: 775-888-7207
http://www.nevadadot.com

NEW HAMPSHIRE
Division of Aeronautics
Municipal Airport
65 Airport Road
Concord, NH 03301-5298
Telephone: 603-271-2551
FAX: 603-271-1689
http://www.nh.gov/dot/aeronautics

NEW JERSEY
Division of Aeronautics and Freight Systems
New Jersey Department of Transportation
1035 Parkway Avenue CN 610
Trenton, NJ 08625
Telephone: 609-530-2900
FAX: 609-530-4549
http://www.state.nj.us/transportation

NEW MEXICO
Aviation Division
State Highway and Transportation Department
P.O. Box 1149
1550 Pacheco St.
Santa Fe, NM 87504-1149
Telephone: 505-476-0930
FAX: 505-476-0942
www.nmshtd.state.nm.us/

NEW YORK
Aviation Services Bureau
New York State Department of Transportation
50 Wolf Rd.
Albany, NY 12232-0414
Telephone: 518-457-8343
FAX: 518-457-9779
http://www.dot.state.ny.us/pubtrans/airhome.html

NORTH CAROLINA
Division of Aviation
1050 Meridian Dr.
RDU Airport, NC 27623
or
North Carolina Department of Transportation
Division of Aviation
1560 Mail Service Center
Raleigh, NC 27699-1560
Telephone 919-840-0112
FAX 919-840-9267
http://www.dot.state.nc.us/transit/aviation

NORTH DAKOTA
North Dakota Aeronautics Commission
2301 University Drive
Bldg. 1652-22
Box 5020
Bismarck, ND 58502
Telephone: 701-328-9650
FAX: 701-328-9656
http://www.state.nd.us/ndaero/

OHIO
Ohio Department of Transportation
Division of Aviation
2829 West Dublin-Granville Road
Columbus, OH 43235
Telephone: 614-793-5040
FAX: 614 761-9609
http://www.dot.state.oh.us/aviation

OKLAHOMA
Oklahoma Aeronautics Commission
Department of Transportation Building
3700 N. Classen Blvd. Suite 240
Oklahoma City OK 73118
Telephone: 405-604-6900
FAX: 405-604-6919
http://www.aeronautics.state.ok.us

OREGON
Department of Aviation
Oregon Department of Transportation
3040 25th Street, SE
Salem, OR 97302
Telephone: 503-378-4880
FAX: 503-373-1688
http://www.aviation.state.or.us

PENNSYLVANIA
Bureau of Aviation
Pennsylvania Department of Transportation
PO Box 3457
Harrisburg International Airport
Middletown, PA 17057
Telephone: 717-705-1260
FAX: 717-705-1255
http://www.dot.state.pa.us

PUERTO RICO
Puerto Rico Ports Authority
P.O. Box 362829
San Juan, PR 00936-2829
Telephone: 809-723-2260
FAX: 809-722-7867
www.dtop.gov.pr

RHODE ISLAND
Rhode Island Airport Corporation
Department of Airports
Theodore Francis Green Airport
2000 Post Road
Warwick, RI 02886-1533
Telephone: 401-737-4000
FAX: 401-732-3034
http://www.pvdairport.com

SOUTH CAROLINA
Division of Aeronautics
2553 Airport Blvd.
P.O. Box 280068
Columbia, SC 29228-0068
Telephone: 803-896-6260
FAX: 803-922-0574
http://www.scaeronautics.com

SOUTH DAKOTA
Office of Aeronautics
Becker-Hansen Building
700 Broadway Avenue East
Pierre, SD 57501-2586
Telephone: 605-773-7045
FAX: 605-773-3921
http://www.sddot.com/fpa/aeronautics/index.htm

TENNESSEE
Aeronautics Division
Tennessee Department of Transportation
607 Hanger Lane Bldg. 4219
P.O. Box 17326
Nashville, TN 37217
Telephone: 615-741-3208
FAX: 615-741-4959
http://www.state.tn.us

TEXAS
Texas Department of Transportation
Division of Aviation
125 E. 11th St.
Austin, TX 78701-2483
Telephone: 512-416-4500
FAX: 512-416-4510
http://www.dot.state.tx.us

UTAH
Aeronautical Operations Division
Utah Department of Transportation
135 North 2400 West
Salt Lake City, UT 84116
Telephone: 801-715-2260
FAX: 801-715-2276
http://www.dot.state.ut.us

VERMONT
Agency of Transportation
Maintenance and Aviation Division
National Life Building, Drawer 33
Montpelier, VT 05633
Telephone: 802-828-2833
FAX: 802-828-2848
http://www.vermontairports.com/air.htm

VIRGINIA
Department of Aviation
5702 Gulfstream Rd.
Richmond, VA 23250-2422
Telephone: 804-236-3624
FAX: 804-236-3635
http://www.doav.virginia.gov

WASHINGTON
Washington Department of Transportation
WSDOT Aviation
3704 172nd St. NE
Arlington, WA 98223-6336
Telephone: 360-651-6300
FAX: 360-651-6319
http://www.wsdot.wa.gov/aviation

WEST VIRGINIA
Department of Transportation
Aeronautics Commission
1900 Kanawha Blvd. East
Building 5, Room A-503
Charleston, WV 25305
Telephone: 304-558-3436
FAX: 304-558-03333
http://www.wvdot.com/1_airports/1e_commission.htm

WISCONSIN
Bureau of Aeronautics
Wisconsin Department of Transportation
P.O. Box 7914
Madison, WI 53707-7914
Telephone: 608-266-3351
FAX: 608-267-6748
www.dot.wisconsin.gov/modes/air.htm

WYOMING
Wyoming Department of Transportation
Aeronautics Division
5300 Bishop Boulevard
Cheyenne, WY 82009-3340
Telephone: 307-777-3952
FAX: 307-637-7352
www.dot.state.wy.us

US Territory Aviation Offices

AMERICAN SAMOA
Director
Department of Port Administration
American Samoa Government
P.O. Box 1539
Pago Pago, American Samoa 96799
Telephone: 684-633-4251
FAX: 684-633-5281
www.asg-gov.net

GUAM
Executive Manager
A.B. Won Pat Guam International
Airport Authority (GIAA)
P.O. Box 8770
Tamuning, GU 96931
Telephone: 671-646-0300
FAX: 671-646-8823
www.guamairport.com

NORTHERN MARIANA ISLANDS
Executive Director
Commonwealth Ports Authority
Saipan International Airport
P.O. Box 501055
Saipan, MP 96950-1055
Telephone: 670-644-3500
FAX: 670-234-5962
www.cpa.gov.mp

PUERTO RICO
Puerto Rico Ports Authority
P.O. Box 362829
San Juan, PR 00936-2829
Telephone: 809-723-2260
FAX: 809-722-7867
www.dtop.gov.pr

VIRGIN ISLANDS
Virgin Islands Port Authority
P.O. Box 301707
St. Thomas, VI 00803-1707
Telephone: 340-714-6601
Fax: 340 774-0025
http://www.viport.com

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APPENDIX E. SCOPE OF SERVICES SAMPLES

This appendix contains three different examples of Scope of Services. Example 1 is a Design Services scope, Example 2 is a Planning Services scope, and Example 3 is a Construction Services scope. Samples may not necessarily include all provisions and terms required by this AC. If a conflict exists between these examples and the AC, the AC will prevail.

EXAMPLE 1. DESIGN SERVICES SCOPE

TAXIWAY A SOUTH AND HOLDING APRON RECONSTRUCTION AND NEW HARDSTAND

ABC INTERNATIONAL AIRPORT

The consultant will provide the required professional services to design the reconstruction of Taxiway A South and holding apron and the proposed hardstand (attach a drawing or exhibit if necessary). This work will be performed and constructed under a Federal Aviation Administration (FAA) Airport Improvement Program (AIP) grant to the airport.

Taxiway A South will be constructed in Portland Cement concrete and will be widened to 100 feet and have new 40-feet-wide asphalt shoulders added. The South Holding Apron will be reconstructed to essentially the same configuration as presently exists. Centerline taxiway lighting will be added to the taxiway and through the holding apron to Runway 18L/36R. Control panels in the FAA tower and field lighting electrical vault will also be modified for the new centerline lighting.

The new hardstand will be located north of the Airlift Airlines Maintenance Facility (currently under construction) south of the northeast Cargo Taxilane and west of the flying Bears hardstand. The hardstand will be a Portland Cement concrete apron with lighting similar to other hardstands, drainage to the Industrial Waste Sewerage System (IWS), and other utilities including fire protection. No downstream IWS changes are anticipated. It is anticipated that utilities are immediately available for fire protection adjacent to hardstand.

Professional services to be provided by the consultant will include civil, electrical and structural, and geotechnical engineering services required to accomplish the following items:

PHASE 1 - PRELIMINARY DESIGN

The preliminary design phase is intended to identify and evaluate alternatives to assure cost effective and practical solutions for the work items identified. The consultant will complete its evaluation of alternatives through contacts with local authorities and review of the preapplication, field investigations, and a practical design approach. The design will take advantage of local knowledge and experience and utilize expertise from recent construction projects to design a cost-effective project and ensure competitive construction bids. Activities include:

a. Coordinate with airport operations, FAA tower, and the airlines to minimize impacts in day-to-day operations of the airlines and air cargo lines. Also coordinate with facilities and maintenance and fire department. (This will require four coordination meetings throughout the design.)

b. Prepare a preliminary estimate of probable construction costs and schematic design for each element of the project.

c. Provide all geotechnical investigation and analysis and pavement and other nondestructive testing and analysis required for the design.

d. Coordinate with the airport's project manager for required survey information.

e. Prepare an overall construction phasing plan in order to maximize project constructability and minimize interference with airport operations. The consultant's phasing plan must take into account other airport construction projects.

f. Determine aircraft usage through coordination with Airport staff and information furnished by the sponsor. Design the pavements to meet the anticipated aircraft traffic.

PHASE 2 - ENGINEERING PHASE ACTIVITIES

a. Evaluate local conditions.

1. Evaluate local material suppliers, sources, and capabilities.

2. Evaluate drainage alternatives.

3. Review electrical lighting layouts and determine system relocation capacities.

b. Review and evaluate project layout.

1. Verify master plan dimensions and data.

2. Review findings and recommendations with airport personnel.

c. Complete a soils investigation, soils report, and recommendations including:

1. Field Exploration.

(a) Conduct test pit explorations with a rubber-tired backhoe at various locations to a maximum depth of 8 feet in the runway, taxiway, and apron areas. Log and field classify soils and obtain samples for laboratory testing.

2. Laboratory Testing.

(a) Perform laboratory index and strength tests as follows:

(1) Compacted CBR test (3 compaction points/test).

(2) Standard Proctor (4 point) compaction tests.

(3) Atterberg limit determinations.

(4) Sieve analysis.

(5) Unit weight and water content determinations.

(6) FAA soil classifications for all samples.

d. Complete necessary topography and site su rveying, including establishm ent of project control points.

e. Complete pavem ent section alternatives analysis and provide recom mendations including:

1. Conduct an initial cost analysis, life-cycle cost analysis, and analysis of locally available resources for up to three alternatives.

2. Strategize bidding procedures and pavement section alternatives to provide a basis for competitive bidding.

f. Complete preliminary plan and profile design for the runway, taxiway, and apron area.

g. Complete preliminary runway lighting, signing, and system circuitry layout.

h. Provide recommendations for construction phasing to the sponsor for their review.

i. Complete estimates of probable construction costs for the recommended alternatives.

j. Provide five sets of review documents.

k. Complete the preliminary design report including:

1. Geotechnical investigation.

2. Topographical survey.

3. Prelim inary plans.

4. Pavement section design and analysis.

5. Drainage design analysis.

6. Estimates of probable construction costs.

7. Final summary and recommendations.

8. Phasing and scheduling recommendations.

l. Solicit comments on preliminary design from airport personnel and the FAA.

PHASE 3 - FINAL DESIGN

In the decision phase, the consultant will provide well-defined construction requirements, with selected bid alternatives as appropriate to provide a basis for competitive construction bids. Construction schedules will be closely coordinated to assure the best possible weather conditions and the least possible interference with airport operations. Assist the airport with the advertisement, notification of local airport users, and generally complete the final construction contract documents for the project. The following outline describes in greater detail the tasks and products.

a. Incorporate preliminary design comments and respond as necessary to requests for additional information.

b. Provide final design drawings, specifications, and final estimate of probable construction costs and schedule for the project.

c. Provide Engineering Report.

d. Develop specifications using Advisory Circular 150/5370-10, *Standards for Specifying Construction of Airports*, as amended, and utilize standard provisions supplied by the sponsor.

e. Develop a safety plan in accordance with AC 150/5370-2, *Operational Safety on Airports During Construction*.

f. Design all improvements in accordance with FAA standards and guidelines and in accordance with the Airport Certification Manual.

g. Coordinate the design of the project with existing and ultimate grades established at adjacent areas.

h. Provide for all required design of utilities and services within the area defined in the preliminary design.

i. Complete final quantity calculations.

j. Solicit sponsor and FAA review and approval.

k. Provide ___ sets of contract documents.

l. Assist airport with advertising and interpretation of project requirements.

m. Assist airport with preparation of the FAA application.

n. Provide review of all submittal and shop drawings during construction.

o. Provide technical assistance and recommendations to the sponsor during construction.

p. The following project schedule will be utilized unless otherwise approve by the sponsor: Taxiway A South and the Holding Apron porti on of the project will be phased to be constructed on an accelerated basis to be completed within two (2) m onths of the construction consultant's notice to proceed or earlier, if possible. During construction, runway 18L/36R will be kept in service at all tim es. The project lim its will be def ined such that the construction activities will not im pact the operation of the runway as defined by airport and FAA operational criteria.

q. The construction budget for the project is $____, including construction change order contingency. The consultant will evaluate the feasibility of this budget and keep the sponsor apprised during each phase of the desi gn. The consultant will advise the sponsor as to options available for reducing construc tion costs to stay w ithin the budget, if it appears that likely consultant bid prices will exceed this budget.

The design schedule is anticipated to be as follows:

Commission Authorization of Consultant Contract - 10/10/XX
Contract Execution - 10/10/XX
Start Design - 10/11/XX
50 Percent Design Review - 11/22/XX
Complete Design, Submit Estimates, Plans and Specs for Review 1/12/XX

Advertise for Bids - 3/21/XX
Open Bids - 4/11/XX
Prepare Award Memo - 4/12/XX
Award Construction Contract - 4/25/XX
Construction Contract Executed - 5/08/XX
Construction Notice to Proceed - 5/14/XX
Complete Taxiway A South & Holding Apron - 7/13/XX
Complete Hardstand Construction - 11/01/XX

PHASE 4 - CONSTRUCTION SERVICES

During the construction phase of the project, the consultant will assist the sponsor to monitor and document progress f or quality and cost. Review consultant paym ent requests, com plete necessary quality control testing, establish necessa ry survey control, continually inform the

sponsor on project progress and problems, conduct the final project inspection, and complete the associated certification.

ACTIVITIES

a. Assist with prebid conference and bid opening. Issue addenda, prepare an abstract of bids, and make recommendations for award.

b. Assist in award notification to successful bidder and notify and return bid bonds to the unsuccessful bidders.

c. Solicit and review bonds, insurance certificates, construction schedules, etc.

d. Conduct preconstruction conference.

e. Complete construction staking, provide horizontal and vertical control.

f. Provide resident project representative to monitor and document construction progress, confirm conformance with schedules, plans and specifications, measure and document construction pay quantities, document significant conversations or situations, document input or visits by local authorities, etc.

g. Prepare change orders and supplemental agreement, if required.

h. Prepare and submit inspection reports.

i. Prepare and confirm monthly payment request.

j. Conduct necessary quality control testing.

k. Conduct and document periodic wage rate interviews.

l. Conduct a final project inspection with airport personnel, the FAA, and the consultant.

m. Prepare as-constructed drawings and the final project from information furnished by the consultant.

EXAMPLE 2. PLANNING SERVICES SCOPE

AIRPORT LAYOUT PLAN UPDATE

ANYTOWN MUNICIPAL AIRPORT

The purpose of this Airport Layout Plan Update (ALPU) is to identify potential development options specifically associated with closed Runway 10-28 at Anytown Municipal Airport. The existing Airport Layout Plan (ALP) is an integral component of the Airport Master Plan Update (AMPU) completed in 1999, which was based on data compiled in the mid 1990s, which is now nearly 10 years old. Since that time, a number of critical growth and operational issues have surfaced that need to be assessed and factored into the preferred layout plan. Included in this assessment is a fresh look at terminal area development, growth within the adjoining (off-airport) industrial park, and an evaluation of airport land usage for aeronautical/nonaeronautical purposes.

This ALPU will help the community focus on the best course of action for continued development of the airport, by identifying the key critical issues the airport faces in the next five to ten years.

CRITICAL ISSUES

Anytown is in a multiyear airport development plan that includes the reconstruction of Runway 15-33, expansion of hangar and aircraft parking facilities, construction of an airport access road, plus plans for the development of a new terminal building, expanded aircraft parking, and fueling facilities.

The airport is now in a position to start focusing on long-term landside development, particularly along the closed runway, with a realistic assessment of the existing terminal area configuration on the east end of the closed runway. An equally important component of this study is the identification of aviation development limits on the west end of the closed runway over the next 20 years. These limits are critical to future expansion of both the airport and adjacent industrial park.

TASKS

XYZ Company proposes to provide the following services. To the maximum extent possible, and unless otherwise noted, data from the most recent AMPU and ALP will be used. In the interest of cost savings, updated aerial mapping will not be obtained for this project. XYZ Company will rely on existing data.

CONCEPT

XYZ Company will prepare a written report and update the ALP, focusing on development of airport landside facilities, with emphasis on the closed runway, and the limits of compatible aviation development. Findings will be presented in written form at key phases through the term of this project, with each subsequent part building on previously submitted information. This

concept will result in the development of a complete draft report that will then be updated to reflect agreed upon changes, resulting ultimately in the final ALPU.

TASK A - STUDY DESIGN/ADMINISTRATIVE

a. Project Scoping Meeting. The consultant will arrange and attend a project scoping meeting with the FAA, state, and city of Anytown (Sponsor) to review the project scope and tasks and to confirm the specific requirements of the ALPU.

b. Refine Scope of Services. XYZ Company will refine and prepare a detailed scope of services and fee to complete the defined tasks for submission to the sponsor, state, and FAA.

c. Prepare Grant Application. XYZ Company will prepare and submit applications for Federal assistance. The sponsor will sign and distribute the applications to state and FAA. The grant application will be submitted on or about April 15, 20XX.

d. Attend City Council Meeting. XYZ Company will attend a regularly scheduled city council meeting for the purpose of answering questions and addressing issues concerning this project.

e. Grant Administration. XYZ Company will submit a monthly invoice to the sponsor, including supporting documentation which specifically describes the work and other items for which the billing is submitted. The billing report will also include an estimate of the percent complete of each task appearing on the report. The sponsor will be billed on a monthly basis for all work conducted in association with this project.

   The FAA and state will reimburse the sponsor for these fees through the grant reimbursement process. XYZ Company will prepare these grant reimbursement requests for the sponsor's signature and distribution to the FAA and state. It is anticipated that seven grant reimbursement requests will be prepared during the life of this project.

TASK B - ALPU REPORT

XYZ Company will prepare an ALPU report consisting of five chapters and various appendices, developed in two phases (draft and final).

Chapter 1 - Inventory and Forecasts

a. Update Existing Activity: This task will update existing based aircraft totals and evaluate current aircraft operations using industry standards, observations, and discussions with airport operators and users. The sponsor will provide XYZ Company will an accurate list of all based aircraft by aircraft make and model, sorted by hangared aircraft and aircraft parked on open aprons.

b. Field Inventory: XYZ Company will conduct a site field investigation of the airport that will provide an update of recently constructed facilities as well as potential development areas.

c. Identify On-Airport Developable Land: XYZ Company will use existing base mapping superimposed by the airport property line and resource protection limits to identify areas of airport property that can be "disturbed" or used for future airport development. This task will focus on the closed runway.

d. Evaluate Existing Lease Agreements. XYZ Company will obtain and evaluate existing airport lease agreements for compliance with FAA grant assurances.

e. Review SASP: XYZ Company will obtain and review aircraft and operational data in the current State Aviation Systems Plan (SASP) as applicable to Anytown.

f. Update 19XX Forecasts. The 19XX AMPU forecasts will be updated based on current aircraft loading and operations and projected forward 5, 10 and 20 years using SASP forecasts.

g. Forward Draft Findings. XYZ Company will prepare and submit a draft Inventory and Forecasts Chapter, providing 10 copies of the draft chapter to the sponsor and one copy each to the state and FAA. It is recommended that the sponsor post this report on its website. XYZ Company will provide a copy of the report as it progresses, in Adobe® PDF format, to the sponsor's webmaster or information technology (IT) department.

h. Meeting. XYZ Company will present the Inventory and Forecast data to the sponsor; answering questions and resolving any conflicts prior to starting the next phase of the project.

Chapter 2 - Demand/Capacity Analysis & Facility Requirements. Pending receipt and resolution of comments from the sponsor, state, and the FAA on Chapter 1, XYZ Company will prepare Chapter 2. XYZ Company will review and respond to comments to all parties.

a. Landside Facility Capacities: XYZ Company will identify the capacity of the existing landside facilities including, but not limited to aviation facilities: hangars, aircraft parking, fuel facilities; compatible non-aviation facilities: industrial park; and common facilities: automobile parking and access roads

b. Airside Facility Requirements: This ALPU will not evaluate airside facilities (runway, taxiways, etc).

c. Landside Facility Requirements: XYZ Company will evaluate existing landside facilities and compliance with FAA safety and design requirements. Based on the safety and capacity computations as well as the forecasts of aviation demand for the airport, XYZ Company will identify the needed improvements for the landside facilities (i.e., hangars, aircraft parking, automobile parking and access, and aircraft fueling facilities).

d. Forward Draft Findings: XYZ Company will prepare and submit the Capacity and Facilities Chapter, providing 10 copies of the draft chapter to the sponsor and one copy each to the state and FAA.

e. Meeting. XYZ Company will present its findings from the first two chapters to the sponsor; answering questions and resolving any conflicts prior to starting the next phase of the project.

Chapter 3 - Alternative Developments. Pending receipt and resolution of comments from the sponsor, state, and FAA on Chapter 2, XYZ Company will prepare Chapter 3. XYZ Company will review and respond to comments to all parties.

a. Identify Limits of Short-Term Aviation Development. Based on previously developed forecasts (Chapter 1) and identified facility needs (Chapter 2), XYZ Company will identify areas of airport property that can be used for future airport development. Emphasis will be placed along the entire closer runway corridor, with particular attention given to realistic development of the existing terminal area.

b. Identify Potential Nonaeronautical Use. XYZ Company will analyze future aviation needs (projected in 5, 10, and 20 year periods) and then identify on-airport areas potentially available for compatible nonaeronautical use. Emphasis will be placed on development in the area along or in the vicinity of the west end of the closed runway.

c. Identify Development Alternatives: The objective of this task is to identify feasible landside alternative development plans for the airport based on Tasks A and B above. While a variety of alternative solutions could be considered, for the purposes of this study, XYZ Company will develop a series of possible alternatives consistent with the needs of the sponsor.

d. Forward Draft Findings: XYZ Company will prepare and submit the Alternatives Chapter addressing the tasks in this chapter, providing 10 copies of the draft chapter to the city, and one copy each to the state and FAA.

e. Preferred Alternative Meeting: XYZ Company will meet with the sponsor to assist him in evaluating and selecting the preferred alternative. Subsequent to the selection of the preferred alternative, XYZ Company will complete and submit an updated Alternatives Chapter to all parties.

Chapter 4 - Environmental Evaluation. Pending receipt and resolution of comments from the sponsor, state, and FAA on Chapter 3, XYZ Company will prepare Chapter 4. XYZ Company will review and respond to comments to all parties.

a. Identify Existing Environmental Conditions. This task will include the collection of data to identify protected resources and environmental issues as defined by the 21 impact categories found in FAA Order 5050.4, *Airport Environmental Handbook*, in the vicinity of the airport that are anticipated to be impacted by the proposed capital improvements or existing operations. A review of existing data and coordination with appropriate regulatory agencies will identify potential protected resources and issues important to the

human and natural environment that may require additional data collection beyond the scope of this study. XYZ Company will conduct one site visit to compare existing conditions to written data.

In addition, XYZ Company will review previous environmental permitting and, if applicable, protected resource mitigation performed as part of previous airport and industrial park improvement projects. This information will be useful to the sponsor when future environmental permits need to be obtained.

Delineated flagged wetlands will be identified and evaluated using the current Federal and State (and local, if applicable) methodologies. These wetland boundaries, which are already digitized, will be placed on the appropriate airport plans and figures.

b. Identify Potential Adverse Impacts: Based upon the recommended airport improvements identified as the preferred alternative, potential impacts to the environment that are protected by local, State, and Federal regulations will be identified for the first five years of the planning period.

c. Describe Regulatory Requirements: XYZ Company will identify the permit requirements for the anticipated first five years of airport improvements. This information can then be used to plan the phasing requirements for each project (refer to Chapter 5 – Implementation Schedule & Financial Analysis).

d. Forward Draft Findings: XYZ Company will prepare and forward the Environmental Chapter covering the tasks described in this section. This chapter will provide the basis for the environmental permitting requirements and financial impacts presented in Chapter 6. XYZ Company will provide copies as previously described above.

Chapter 5 - Implementation & Financial Analysis. Pending receipt and resolution of comments from the sponsor, state, and FAA on Chapter 4, XYZ Company will prepare Chapter 5. XYZ Company will review and respond to comments to all parties.

a. Implementation Schedule. Based on the adopted preferred alternative, a phased implementation schedule will be developed. This schedule will be based on demand levels and their estimated timeframes for realization. This schedule will not only include the development previously mentioned, but also major maintenance projects that were identified and necessary to maintain the viability of the airport.

b. Capital Improvement Plan. The ALPU will include a CIP using planning-level opinions of cost for each of the projects, both for development and maintenance of the airport. The distribution of eligible costs between the sponsor, state, FAA, and private investors will be evaluated for the presence of extensive financial burdens during any one timeframe; if necessary, projects may be shifted to offset this burden.

c. Funding Sources: XYZ Company will identify typical and potential funding sources for paying for proposed airport improvements or necessary maintenance projects.

d. Forward Draft Findings. XYZ Company will prepare and forward the Implementation Schedule and Financial Analysis Chapter covering the tasks described in this section. This chapter will provide the basis for future capital planning considerations on the part of the state and FAA. XYZ Company will provide copies as previously described above.

TASK C – UPDATE ALP

Three key components of the ALP will be updated: Existing Airport Layout Plan, Terminal Plan, and Ultimate Airport Layout Plan. The Approach Plan and Profile, Land-Use, and CFR Part 77 Analysis sheets will not be updated. Based on the selection of the preferred alternative, several drawings of the existing ALP set will require revisions and updating. All plans will be prepared to conform to state and FAA CADD standards and will be made available in electronic format.

a. Existing Airport Facilities Plan: This drawing will be updated reflecting changes since completion of the existing drawing. This drawing will be prepared at a scale of either 1″ = 300′ or 1″ = 400′.

b. Ultimate Airport Layout Plan: This drawing will be revised reflecting the preferred alternate layout. This drawing will be prepared at a scale of either 1″ = 300′ or 1″ = 400′.

c. Terminal Area Plan: This drawing will be prepared at a scale of either 1″ = 50′ or 100′ reflecting the revised preferred layout.

d. Forward Draft Findings: XYZ Company will prepare and submit the revised ALP drawings. One full-size 24″ x 36″ set will be provided each to the sponsor, FAA, and the state. In addition, a reduced 11″ x 17″ set will be provided in Adobe PDF to the sponsor's webmaster for inclusion on the city's website.

TASK D – FINAL DOCUMENTATION

a. Final Meeting. XYZ Company will hold a final project meeting with the sponsor, state, and FAA to review the project and solicit all final comments.

b. Final Report. Pending receipt of comments from all interested parties, a final ALPU report will be prepared. Bound, printed copies will be distributed to the sponsor, state, and FAA. Additional copies of the final report will be available upon request on CD-ROM in Adobe PDF format.

c. Airport Layout Plan. Four (4) full-size sets of the final ALP set will be distributed to the sponsor, state, and FAA for approval signatures. All signatory parties and XYZ Company will receive one (1) signed ALP set for their files.

ANTICIPATED PROJECT SCHEDULE

The following anticipated project schedule is based on the timely receipt and resolution of comments from the sponsor, state, and FAA:

Task	Date
Study Design	May 20XX
Inventory and Forecasts	June 20XX
Capacity Analysis and Facility Requirements	August 20XX
Alternatives Development	September 20XX
Environmental Evaluation	October 20XX
Financial Analysis	November 20XX
Airport Plans	December 20XX
Final Documentation	January 20XX

EXAMPLE 3. CONSTRUCTION SERVICES SCOPE

DESIGN AND CONSTRUCT 6-UNIT HANGAR

ANYTOWN MUNICIPAL AIRPORT

ARTICLE A - DATA COLLECTION AND PROJECT DEVELOPMENT

a. Predesign Conference - A representative of the engineer will attend a predesign meeting at the offices of the state to provide the representatives of the owner, the FAA, and the state with the opportunity to review and discuss the nature and extent of the project and to establish the project design criteria, budget, and schedule. The engineer will coordinate the date and time of the predesign conference via teleconferences, letters, faxes and emails to the representatives of the owner, the FAA and the state. The engineer will prepare a presentation of the project components for discussion at the predesign conference. The engineer will use the Airports Division Predesign Conference *Form XX* to determine the design and construction parameters that will be used for this project.

b. Review and Evaluate Existing Data - The engineer will compile the existing data that was prepared for previous projects at the airport, that is germane to the project, and that might be useful in the design of the project. The existing data includes airport master plan, airport Exhibit "A" property plan, engineering drawings, airspace obstruction analyses, aerial photogrammetry data, and aerial photographs. The engineer will utilize the pertinent data and information as appropriate to prepare worksheets to facilitate the development of the project. The engineer will review the existing data for accuracy and completeness and to determine the feasibility of utilizing the data to prepare plans and specifications for the design and construction of the project.

c. Site Location Survey - The engineer will retain a professional land surveyor who is licensed in the State to provide site location survey services in the vicinity of the proposed hangar project area sufficient to prepare the project plans. The land surveyor may be required to locate the pertinent existing physical features within the vicinity of the project including pavements, drainage structures, swales and ditches, fence lines, property lines, rights-of-way, and tree and brush lines. The engineer will incorporate the results of the survey into the project plans to supplement the available existing data for the project locations.

Expenses - The engineer will incur certain miscellaneous project related expenses during this phase of the work which may include but will not be limited to: meals, lodging, mileage cost at $0.405 per mile, tolls, overnight shipping, plans, photocopies, photographic materials, equipment rental, survey materials, long distance telephone calls from the field, newspaper advertisements, and miscellaneous vendor invoices. These expenses will be included in the engineer's contract with the owner.

Outside Services - The engineer will incur certain project related costs during the data collection and project development phase of the work in the form of subconsultant costs for land surveying. These costs will be included in the engineer's contract with the owner.

ARTICLE B - DESIGNS, PLANS AND SPECIFICATIONS

a. Project Plans - The engineer will prepare preliminary and final plans based on the existing conditions plans that were prepared during the data collection phase of the project. The engineer will prepare the plans based on the locations of pavements, buildings, wetlands, tree lines, pole lines, fences, property lines, aviation easements, rights-of-way and other considerations to sufficiently depict the project area for the construction of the hangar. The engineer will evaluate the project work area to identify other necessary incidental improvements that should be included in the project. The engineer will incorporate the electrical and structural plans into the project plans. The engineer will coordinate the development of the project plans with the staff of their aviation planning and environmental departments including:

- Title sheet
- Site plan
- Grading Plan
- Civil Details
- Cross Sections
- Hangar Elevations and Details
- Floor Plan and Details
- Foundation Plan and Details
- Building Details and Typical Sections
- Electrical Layout Plan
- Electrical Schedules and One-Line Diagram
- Electrical Specifications

The engineer will distribute the preliminary plans to the owner, the state, and the FAA for review. The engineer will provide the owner with one (1) set of preliminary plans for review and comments. The engineer will provide the state with two (2) sets of preliminary plans for review and comments. The engineer will provide the FAA with five (5) sets of preliminary plans for review and comments. The engineer will further develop the preliminary plans into final plans subsequent to the review and comment period.

The engineer will distribute the final plans to the owner, the state, and the FAA. The engineer will provide the owner with one (1) set of final plans. The engineer will provide the state with one (1) set of final plans. The engineer will provide the FAA with one (1) set of final plans.

b. Project Specifications and Contract Documents – The engineer will prepare preliminary and final specifications and construction contract documents based on the preliminary and final plans. The engineer will incorporate the electrical and structural specifications into the project specifications. The specifications will establish the requirements for the project in accordance with the current version of and changes to FAA AC 150/5370-10 *"Standards for Specifying Construction of Airports"* including general provisions and technical specifications.

The contract documents will include: Invitation to Bid, Information for Bidders, Bid Proposal, Schedule of Items, consultant's Qualifications and Certifications, Buy

American Requirements, Contract Agreement, Notice to Bidders (Bonding), Bid Bond, Payment Bond, Performance Bond, Maintenance Bond, and Insurance Requirements. The contract documents will include Federal special provisions including: Federal Requirements for Construction Contracts $100,000 and Over, Instructions to Bidders, Certification for Nonsegregated Facilities, Required Assurances, Disadvantaged Business Enterprise Eligibility Requirements, and Federal wage rate requirements for Anytown USA.

The engineer will distribute the preliminary specifications and contract documents to the owner, the state, and the FAA for review and approval. The engineer will provide the owner with one (1) set of preliminary specifications and contract documents for review and comment. The engineer will provide the state with one (1) set of preliminary specifications and contract documents for review and comment. The engineer will provide the FAA with one (1) set of preliminary specifications and contract documents for review and comment. The engineer will further develop the preliminary specifications and contract documents into final specifications and contract documents subsequent to the review and comment period.

The engineer will distribute the final specifications and contract documents to the owner, the state, and the FAA. The engineer will provide the owner with one (1) set of final specifications and contract documents. The engineer will provide the state with one (1) set of final specifications and contract documents. The engineer will provide the FAA with one (1) set of final specifications and contract documents.

c. Estimates - The engineer will prepare estimates of material quantities and construction costs based on the plans, specifications, and environmental permitting requirements. The engineer will incorporate the electrical and structural estimates into the project estimates. The estimates will be distributed to the owner, the state, and the FAA for review and modification. The owner, the state and the FAA each will be provided with one (1) copy of the estimates.

NOTE: *The construction cost estimates will reflect the engineer's opinion of probable construction costs and will be based on the engineer's experience with similar recent construction. The engineer has no control over the actual cost of consultant labor and materials or over the competitive bidding and construction market conditions. The engineer cannot guarantee the accuracy of the construction cost estimates when compared to the consultants' construction bids or to the final project construction cost.*

d. Electrical Design, Specifications and Estimates - The engineer will utilize the staff of their electrical division for the design of the electrical components of the hangar building. The engineer will visit the project site to determine the availability and suitability of the existing electrical system for the proposed project. The engineer will prepare electrical plans in the form of one line diagrams, electrical service installation details, panel schedules, lighting plan, power plan, and fixture schedule. The engineer will prepare electrical specifications and cost estimates for the construction of a pre-engineered metal building. The engineer will incorporate the electrical plans, specifications, and cost estimates into the project plans, project specifications and project cost estimates.

e. Structural Design, Specifications and Estimates - The engineer will utilize the staff of their structural division for the design of the structural components of a hangar building measuring approximately 33-feet wide by 252-feet long. The engineer will visit the project site to determine the suitability of the proposed site for the hangar building. The engineer will utilize the geotechnical data compiled for the recent runway, taxiway, and apron reconstruction projects to evaluate the suitability of the existing soils to design the building foundation. The engineer will prepare structural plans in the form of building elevations, floor plans, foundation plans, reinforcing plans, structural cross sections, and details suitable for establishing the requirements of a pre-engineered metal building. The engineer will prepare structural specifications and cost estimates for the construction of the pre-engineered metal building. The engineer will incorporate the structural plans, specifications, and cost estimates into the project plans, project specifications and project cost estimates.

f. Quality Control and Design Review - The engineer will conduct in-house quality control and design review meeting with experienced representatives of the engineer. The engineer will provide staff members with the opportunity to perform independent analyses of the final plans and specifications to ensure clarity, accuracy, completeness, and constructability. The electrical and structural plans will be reviewed separately by senior staff members in those disciplines. Subsequent to the independent reviews, a special in-house project review meeting will be conducted to discuss and consolidate the findings of the reviewers. The recommendations of the design review team will be incorporated into the final plans and specifications.

Expenses - The engineer will incur certain miscellaneous project related expenses during this phase of the work which may include but will not be limited to: meals, lodging, mileage cost at $0.405 per mile, tolls, overnight shipping, plans, photocopies, photographic materials, equipment rental, survey materials, long distance telephone calls from the field, and miscellaneous vendor invoices. These expenses will be included in the engineer's contract with the owner.

ARTICLE C - ENVIRONMENTAL SERVICES

a. Regulatory Review - The engineer will evaluate the preliminary design of the project to determine the environmental impacts of the project. The engineer will review the latest pertinent Federal, State, and local environmental regulatory measures for recent changes and compliance issues. The engineer will contact the appropriate Federal, State, and local regulatory authorities to ascertain the permitting requirements for the project based on the anticipated final design and its potential environmental impacts. The engineer will contact regulatory authorities through telephone calls, letter correspondence, fax, and email to confirm environmental, aviation, and municipal zoning regulations. The engineer will review the available environmental documents including the airport master plan and wetlands studies for environmental issues and recommendations. The engineer will incorporate the recommendations of the regulatory agencies into the final design of the project to mitigate the environmental aspects of the project.

b. Facility Storm Water Pollution Prevention Plan - The engineer will amend the owner's airport Storm Water Pollution Prevention Plan (SWPPP) which was prepared in 1996 for the owner's airport industrial use as required by the National Pollution Discharge Elimination System (NPDES) regulations. The engineer will prepare a revised airport

base map depicting the hangar development and other incidental changes. The engineer will prepare a narrative describing the changes at the airport. The engineer will deliver the revised base map and narrative to the owner for inclusion in the SWPPP as an appendix.

Expenses - The engineer will incur certain miscellaneous project related expenses during this phase of the work which may include but will not be limited to: meals, lodging, mileage cost at $0.405 per mile, tolls, overnight shipping, plans, photocopies, photographic materials, equipment rental, survey materials, long distance telephone calls from the field, newspaper advertisements, permit application fees, and miscellaneous vendor invoices. These expenses will be included in the engineer's contract with the owner.

ARTICLE D - PROJECT ADMINISTRATION

a. Scope of Services and Contract - The engineer will communicate and coordinate with the owner via telephone, letters, fax, and email requesting the authority to proceed with the preliminary phases of the proposed project pending the execution of the engineering services agreement. The engineer will prepare an engineering services agreement including a detailed work scope narrative and itemized fee schedules for submission to the owner, the state, and the FAA for review and approval. The engineer will coordinate the preparation of the contract with the staff of their planning, CADD, and environmental departments.

   The engineer will make changes to the work scope narrative and the fee schedules of the selected proposal. The engineer will make changes to the contract document standard provisions at the request of the owner's legal counsel and with the approval of the engineer's executive management. The engineer will prepare letters of transmittal and will distribute three (3) copies the final contract to the owner and the engineer's executive management for original authorized signatures. The engineer will prepare letters of transmittal and will distribute one (1) signed original copy of the fully executed contract to the owner, one (1) signed original copy to the engineer's executive management, one (1) signed photocopy to the state, and one (1) signed photocopy to the FAA.

b. FAA Grant Application - The engineer will prepare seven (7) copies of the formal FAA grant application including letters of transmittal, Standard Form 424, Standard Form 5100-100, project narrative, cost estimate, project schedule, location sketch, statement of environmental action, statement of airport user coordination, statement of intergovernmental coordination, statement of owner DBE program status, sponsor certifications, and grant assurances. The engineer will submit the grant application to the owner with transmittal letters for signatures and forwarding to the FAA and state. The engineer will review the Federal grant offer and assist the owner in complying with the terms and conditions of the grant offer.

c. Executive Order 12372 - The engineer will communicate with the Anystate Office of State Planning to confirm the requirements of the submission package for intergovernmental agency review in accordance with Executive Order 12372. The engineer will prepare and submit six (6) copies of the submission package with a cover letter. The engineer will also prepare and deliver one (1) submission package with a cover letter directly to the U.S. Fish and Wildlife Service to facilitate Federal agency

review of the proposed project. The engineer will obtain response letters at the end of the review period identifying specific requirements to be incorporated into the proposed project.

d. Reimbursement Requests - The engineer will prepare the Federal and State reimbursement requests using FAA Forms 5100-X and 5100-6X and State Form 55XX including letters of transmittal to the FAA and state. The engineer will compile the sponsor administration costs, engineering costs, subconsultant costs and construction costs. The engineer will submit five (5) copies of each reimbursement request package to the owner with transmittal letters for signature and forwarding to the FAA and the state for payment. It is anticipated that a total of six (6) reimbursement request packages including the final reimbursement request will be prepared and submitted during the course of the project.

   The engineer will compile, review, and approve the consultant's construction cost data and will prepare FAA Form 51XX-8 periodic cost estimates. The engineer will submit seven (7) copies of the periodic cost estimates to the consultant for signature and return to the engineer for inclusion in the reimbursement request packages. It is anticipated that a total of four (4) periodic cost estimates will be prepared and submitted during the course of the project.

e. In-House Administration - The engineer will provide general project administration and coordination including in-house staff review of the project's progress, in-house staff communication, and dissemination of project data and information to in-house staff in the form of internal memos, discussions, meetings, and updates to apprise the project team of new developments throughout the design phases of the project. The engineer will prepare an in-house project work plan for distribution to the engineer's design team members to inform them of the project goals and objectives including scope of work, team assignments and responsibilities, project budget, project schedule, project contacts, and contract requirements, obligations, and limitations.

f. Outside Administration - The engineer will provide general project administration and coordination including disseminating interim project data and information to the owner, the state, the FAA, and the engineer's subconsultants in the form of telephone conversations, letters, faxes, email, copies, etc. to apprise the owner, the state, and the FAA of new developments throughout the design phase of the project.

g. Accounting Administration - The engineer will provide general project administration and coordination with the staff of their accounting department. The engineer will prepare the internal close out forms. The engineer will verify and reconcile the monthly accounting statements and will prepare memos for adjustments and corrections when necessary. The engineer will approve and process invoices received from subconsultants and vendors providing services to the engineer throughout the design phases of the project. The engineer will prepare and submit monthly invoices to the owner for services provided to the owner and for costs incurred by the engineer and their subconsultants. It is anticipated that a total of six (6) invoices will be prepared and submitted during the course of the project.

h. Miscellaneous Administration - The engineer will provide miscellaneous project administration and coordination duties which are not specifically addressed or anticipated in other project related tasks including telephone conversations with the owner, the state, the FAA, and other interested parties; disseminating interim project information to the owner, the state, the FAA, and other interested parties; and organizing, maintaining, and archiving the project records for six (6) years.

i. Disadvantaged Business Enterprise Program - The engineer will update the airport Disadvantaged Business Enterprise (DBE) program in accordance with 49 CFR Part 26 *Participation by Disadvantaged Business Enterprises in Department of Transportation Financial Assistance Programs.* The engineer will review the methodology for evaluating the availability of DBE businesses to provide services and products for airport projects in the Federal fiscal year 20XX. The engineer will review the airport's service area by analyzing the utilization of DBE businesses on previous airport projects. The engineer will prepare a legal advertisement describing the revised DBE utilization goal and methodology. The engineer will deliver the advertisement to the owner to publish in one (1) newspaper as a public notice to provide a thirty day public comment period. The engineer will submit the revised DBE program to the FAA Office of Civil Rights review and comments. The engineer will prepare the DBE program annual update on Form 4XXX at the conclusion of Federal fiscal year 20XX to reflect the actual DBE utilization on airport projects.

Expenses - The engineer will incur certain miscellaneous project related expenses during this phase of the work which may include but will not be limited to: meals, lodging, mileage cost at $0.405 per mile, tolls, overnight shipping, plans, photocopies, photographic materials, equipment rental, survey materials, long distance telephone calls from the field, and miscellaneous vendor invoices. These expenses will be included in the engineer's contract with the owner.

ARTICLE E - BIDDING SERVICES AND CONSTRUCTION ARRANGEMENTS

a. Bid Documents - The engineer will prepare XX sets of bid documents comprising the construction plans, construction specifications, and construction contract in accordance with the requirements of the owner, the state, and the FAA.

b. Bid Advertisement - The engineer will prepare a legal advertisement and deliver it to three (3) newspapers to publish as a solicitation for construction bids in accordance with the owner's bidding procedures. The engineer will deliver the bid advertisement to five (5) plan viewing rooms for publication in order to maximize the project exposure and generate widespread consultant interest in the project. The engineer will communicate with the plan viewing rooms and similar industry entities to provide technical information for their publications. The engineer will notify the state and the FAA of the project's advertisement.

c. Distribute Bid Documents - The engineer will contact consultants who are potential bidders in order to maximize consultant participation in the project. The engineer will issue the bid documents to the interested bidders and to five (5) plan viewing rooms. The engineer will maintain a list of the bid document recipients including the recipient's name, overnight mailing address, telephone number, and fax number for use in issuing

addenda. The engineer will distribute the bid document recipient list to interested parties if requested by potential bidders.

d. Pre-Bid Conference - The engineer will attend the pre-bid conference at the airport to present the project to interested parties and to answer consultants' and subconsultants' questions. The engineer will conduct a site walk of the project area to allow the consultants and subconsultants to observe the existing conditions first-hand and to ask questions regarding their observations. The engineer will prepare written responses to questions that require additional information that is not available at the time of the pre-bid conferences. The engineer will distribute the responses to the bid document recipients and pre-bid conference attendees.

e. Bid Questions and Addenda - The engineer will answer questions and provide technical advice to the potential bidders concerning the bid documents. The engineer will answer questions and provide technical advice to the owner concerning the bid documents. The engineer will prepare and issue one (1) addenda to the bid document recipients to clarify, modify, or correct the bid documents.

f. Bid Analyses, Recommendation and Award - The engineer will conduct a detailed analysis of the consultants' bids for completeness and accuracy and will note omissions and discrepancies. The engineer will compile a bid summary comprising the results of the bids for distribution to the bid document recipients. The engineer will write a letter to the owner recommending the award of the construction contract to the apparent low bidder based on the bid analyses. With the concurrence of the owner, the state and the FAA, the engineer will issue a written notification to the successful bidder informing the bidder of the bid results. The engineer will disseminate the bid results to the plan viewing rooms.

g. Bid Sureties - The engineer will issue letters to the unsuccessful bidders returning the bid sureties, distributing the bid summary, and describing the bid results. The engineer will return the bid surety to the successful bidder after the bidder has executed the construction contract. The engineer will return the bid surety to the second low bidder after the successful bidder has executed the construction contract.

h. Consultant Coordination - The engineer will prepare six (6) copies of the consultant's bid proposal package for use as the construction contract document. The engineer will coordinate with and provide information to the consultant to facilitate the preparation and execution of the construction contract document. The engineer will review the consultant's construction contract for accuracy and completeness before submitting the document to the owner for final signatures. The engineer will prepare a checklist of tasks to be performed by the owner to fully execute the construction contract. The engineer will distribute the construction contract documents at the preconstruction conference.

Expenses - The engineer will incur certain project related expenses during this phase of the work which may include but will not be limited to: meals, lodging, mileage cost at $0.405 per mile, tolls, overnight shipping, plans, photocopies, photographic materials, equipment rental, survey materials, long distance telephone calls from the field, and miscellaneous vendor invoices. These expenses will be included in the engineer's contract with the owner.

ARTICLE F - CONSTRUCTION ADMINISTRATION

a. Preconstruction Conference - The engineer will coordinate the time, date, and location of the preconstruction conference. The engineer will notify the owner, the FAA, the state, the consultant, the resident engineer, and other interested parties of the preconstruction conference and will invite their representatives to attend. The engineer will conduct the preconstruction conference in accordance with FAA AC 150/5300-9 *Predesign, Prebid, and Preconstruction Conferences for Airport Grant Projects* to ensure that the attendees are aware of the design, construction, and safety requirements of the project and are informed of their individual responsibilities.

b. Shop Drawing Review - The engineer will review the shop drawings and materials submittals that are furnished by the consultant as required by the construction contract documents. The engineer will either fully approve, conditionally approve, or reject the shop drawings and materials. The engineer will return conditionally approved and rejected shop drawings and materials submittals to the consultant for changes or revisions prior to the use of the materials on the project. The engineer will review only one resubmission of a conditionally approved or rejected shop drawing or submittal. The engineer will prepare and maintain a submittal register identifying the submittal number, description, specification section, specification paragraph, received date, action date, and action taken. The engineer will distribute copies of the submittals and the updated submittal register to the owner and the consultant.

c. Construction Administration - The engineer will provide general consultation and advice to the owner during the construction phase of the project. The engineer will provide general coordination between the owner, the state, and the FAA during the construction phase of the project. The engineer will assist the owner with the preparation and issuance of change orders, recommend construction specification waivers, and advise the owner as to the consultant's performance. The engineer will review daily progress reports, monthly construction progress reports, wage survey records, and certified payrolls. The engineer will distribute copies of the monthly construction progress reports to the owner, the FAA, and the state.

The engineer will provide general supervision and support to the resident engineer including, but not limited to, coordinating field survey personnel, processing the resident engineer's weekly time sheets and expense sheets, providing technical documentation, providing field office supplies and materials, performing construction contract interpretation, analyzing unusual or unique developments or complications during construction, and communicating and corresponding with the consultant regarding contract administration, project changes, bonding and insurance issues, and other construction related matters.

The engineer will communicate and coordinate with the consultant on a regular basis throughout the construction phase of the project in the form of teleconferences, letters, memos, faxes, and email.

d. Supervisory Site Visits - The engineer will make supervisory visits to the construction site to observe the progress, safety, and quality of the construction. The engineer will coordinate the site visits with the owner and representatives of the electrical and

structural divisions. The engineer's representatives will meet with the representatives of the owner and the consultant to discuss the project's progress and to identify areas of concern to facilitate the construction.

e. Final Inspection - The engineer will conduct a site walk and final inspection of the project to confirm the completeness and quality of the construction. The engineer will coordinate the date and time of the final inspection via teleconferences, letters, faxes and email to the owner, the FAA, the state, the resident engineer, and the consultant. The engineer will prepare a summary report of the final inspection, including a punch list of work items that the consultant must accomplish to complete the project. The engineer will distribute the summary report to the owner, the FAA, the state, the resident engineer, and the consultant.

f. Record Drawings - The engineer will prepare four (4) sets of paper copies of the record drawings and final quantities representing the completed project and reflecting the actual work accomplished during construction. The engineer will distribute the four (4) sets of record drawings to the owner, the FAA, and the state for signatures. The engineer will prepare and distribute one (1) set of mylar copies of the record drawings to the owner after the record drawings have been signed by all parties. The engineer will provide the owner with electronic files of the record drawings in AutoCAD DWG format and PDF format on CD-ROM.

g. Airport Layout Plan Drawing - The engineer will update the electronic versions of the Ultimate Airport Layout Plan drawing which is identified as Sheet 3 of the Airport Layout Plan drawing set. The engineer will update the drawing to reflect the actual work accomplished by the project.

h. Airport Terminal Area Plan Drawing - The engineer will update the electronic version of the Airport Terminal Area Plan drawing which is identified as Sheet 4 of the Airport Layout Plan drawing set. The engineer will update the drawing to reflect the actual work accomplished by the project and previous airport development.

i. Project Close Out Report - The engineer will prepare the final project documentation in the form of a project close out report that consolidates the project related information that will be required by the FAA to formally close out the project. The engineer will include in the close out report all general, fiscal, miscellaneous, engineering and construction information, and submissions/certifications listed on the FAA project closure summary checklist. The engineer will distribute one (1) copy of the project close out report each to the owner, the FAA and the state.

Expenses - The engineer will incur certain project related expenses during this phase of the work which may include but will not be limited to: meals, lodging, mileage cost at $0.405 per mile, tolls, overnight shipping, plans, photocopies, photographic materials, equipment rental, survey materials, and long distance telephone calls from the field. These expenses will be included in the engineer's contract with the owner.

Outside Services - The engineer will incur certain project related costs during the construction administration phase of the work in the form of subconsultant costs for geotechnical testing services. These costs will be included in the engineer's contract with the owner.

ARTICLE G - TECHNICAL OBSERVATION OF CONSTRUCTION

a. Resident Engineer - The engineer will provide a qualified construction resident engineer to observe that the construction is carried out in reasonable conformity with the contract documents and in accordance with the customary practices of professional engineers and consultants. The resident engineer will be available for both full-time and part-time construction observation services during the 90 calendar day duration of the project as required by the nature of the ongoing construction activities.

For budgeting purposes, the resident engineer can be available sixteen (16) hours per week for twelve (12) weeks including travel time for a total of 192 hours during the course of the construction. The resident engineer can also be available for eight (8) hours to attend the final inspection. Variations to this proposed manhour distribution may be necessary as the work progresses but must not exceed 200 manhours. Additional manhours for the resident engineer must be addressed by a supplemental agreement.

The resident engineer will be the engineer's primary contact with the consultant and their subconsultants during the course of construction. The resident engineer will be available to meet with the representatives of the owner, the FAA, the state, and other interested parties at the project location. The resident engineer will coordinate and supervise the engineer's subconsultants and personnel who are performing on-site testing, surveying, or other project related services.

The resident engineer will monitor and coordinate the construction progress; will coordinate with the owner, the engineer, and the consultant; will provide construction oversight to ensure that the work is proceeding according to the construction contract documents; and will notify the engineer if problems, disputes, or changes arise during the course of construction.

The resident engineer will prepare and maintain cost estimates and construction quantity estimates for use in preparing monthly payment reimbursement requests and for monitoring the progress of the consultant's work. The resident engineer will prepare daily construction progress reports of the construction activities that are observed and will submit the reports to the engineer for review. The resident engineer will prepare monthly construction summary reports of completed work that has been accepted and approved by the consultant and will submit the reports to the engineer for review.

The resident engineer will conduct Federal wage rate surveys with the consultant's personnel and their subconsultants' personnel to ensure compliance with the U.S. Department of Labor regulations for federally funded construction projects. The resident engineer will submit the wage rate survey records to the engineer for review.

The resident engineer will assist the consultant with construction surveying to identify the limits of work, to determine elevations and grades, to locate physical features discovered during the course of construction, and to calculate quantities of materials either removed or utilized on the project. The consultant's construction survey data will be incorporated into the record drawings at the completion of the project. The engineer will provide the resident engineer with CADD support to plot the results of the construction survey data

and to generate electronic drawings, sketches, and details at the request of the resident engineer to facilitate the construction.

Expenses - The engineer will incur certain project related expenses during the course of the technical observation of construction phase of the work which may include but will not be limited to: meals, lodging, mileage cost at $0.405 per mile, tolls, overnight shipping, blueprints, photocopies, photographic materials, equipment rental, survey materials, long distance telephone calls from the field, and miscellaneous vendor invoices. These expenses will be included in the engineer's contract with the owner.

Outside Services - The engineer will incur certain project related costs during the technical observation phase of the work in the form of geotechnical subconsultant costs for quality assurance testing of construction materials and practices. These costs will be included in the engineer's contract with the owner.

Intentionally left blank.

APPENDIX F. CONSULTANT SERVICES FEE/COSTS SAMPLE

This example can be modified as necessary for any type of project.

Airport: _____

Project: _____

Date: _____

THIS IS A SAMPLE ANY SIMILAR FORM MAY BE USED

TASKS VARY WITH SCOPE AND CATEGORY/PHASE OF SERVICE

EMPLOYEE CLASSIFICATIONS VARY WITH EACH CONSULTANT AND PROJECT

HOURS WILL VARY BY LEVEL OF WORK AND AS NEGOTIATED

TOTAL HOURS IS THE SUM OF EACH COLUMN

HOURLY RATE VARIES BY CONSULTANT

DIRECT SALARY COST ARE TOTAL HOURS MULTIPLIED BY HOURLY RATE

		EMPLOYEE CLASSIFICATIONS					
	TASKS	**DIRECTOR AVIATION**	**PROJECT MANAGER**	**AIRPORT PLANNER**	**ENVIRO. ANALYST**	**CADD TECH**	**CLERICAL**
		HOURS					
1	Project Scoping Meeting						
2	Refine Scope and Fee						
3	Prepare Grant Application						
4	Attend City Council Meeting						
5	Update Existing Activity						
6	Field Inventory						
7	Identify On-Airport Developable Land						
8	Evaluate Existing Lease Agreements						
9	Update 1999 Forecasts						
10	Review and Respond to Comments						
11	Landside Facility Capacity & Requirements						
12	Meeting						
13	Review and Respond to Comments						
14	Identify Limits of Aviation Development						
15	Identify Development Alternatives						
16	Review and Respond to Comments						
17	Identify Existing Environmental Conditions						
18	Describe Regulatory Requirements						
19	Prepare and Forward Draft Findings						
20	Implementation Plan & Capital Improvement Plan						
21	Existing Airport Facilities Plan						
22	Ultimate Airport Layout Plan						
23	Final Meeting						
24	Prepare and Forward Final Report						
25	Prepare and Forward Final Airport Layout Plan						
	TOTAL HOURS	**0**	**0**	**0**	**0**	**0**	**0**
	HOURLY RATE	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**
	DIRECT SALARY COST	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**

Direct Nonsalary Expenses	
Travel (x miles at $x.xx/mile)	$0.00
Per Diem	$0.00
Reproduction	$0.00
Testing	$0.00
Consultants/Outside Services	$0.00
Other	$0.00
Total Direct Nonsalary Expenses	**$0.00**

Total Direct Salary Costs	$0.00
Overhead (xxx % of Direct Labor Costs)	$0.00
Total Labor Cost	**$0.00**
Fixed Fee (xx % of Total Labor Cost)	$0.00
Subtotal	**$0.00**
Total Direct Nonsalary Expenses	$0.00
TOTAL COST (Total Labor, Fixed Fee & Expenses)	**$0.00**

Intentionally left blank.

APPENDIX G. DETAILED FEE/COST ANALYSIS SAMPLE

DATE: _____

PROJECT: _____

ESTIMATED CONSTRUCTION COSTS (ECC): $_____

ESTIMATED CONSTRUCTION DURATION: _____
i.e. calendar days

THIS IS A SAMPLE
ANY SIMILAR FORM MAY BE USED

ITEM	SPONSOR'S INDEPENDENT ESTIMATE	CONSULTANT FEE PROPOSAL	NEGOTIATION	
			DIFFERENCE	OBJECTIVE
Wages and Overhead	$	$	$	
Overhead Percent				
Principal $/Hour				
Project Mangager $/Hour				
Civil Engineer $/Hour				
Electrical Engineer $/Hour				
CADD Technician $/Hour				
Resident Engineer $/Hour				
Inspector $/Hour				
Project Engineer (Construction) $/Hour				
Surveyor $/Hour				
2-Man Crew				
WORKHOURS				
Principal				
Project Manager				
Civil Engineer				
Electrical Engineer				
CADD Technician				
Resident Engineer				
Inspector				
Project Engineer (Construction)				
Surveyors				
Workhour Totals				
Geotech	$	$	$	
Travel	$	$	$	
Printing	$	$	$	
Total Fee	$	$	$	
As percent of ECC				

EMPLOYEE CLASSIFICATIONS AND THEIR TITLES VARY WITH EACH CONSULTANT AND THE PROJECT SCOPE

Intentionally left blank.

APPENDIX H. RECORD OF NEGOTIATIONS SAMPLE

ARCHITECTURAL AND ENGINEERING SERVICES

DATE:

Job Title
Location:
Anticipated A.I.P. Grant:

a. The consulting firm of XYZ was selected on January 21, 20XX, from those consultants who submitted their qualifications. A scope of work and detailed independent cost estimate in the amount of $44,364 for the design phase and $54,956 for the construction phase were prepared by the sponsor on February 21 and submitted to the ADO on February 23.

b. The scope of work and request for fee proposal were sent to XYZ Consultants on February 23.

c. The meeting was held on February 27 with the sponsor, consultant, and FAA to ensure the consultant had a thorough understanding of the scope of work.

d. The consultant submitted their fee proposal for the work on March 2, broken down as follows:

   Design Phase $58,224
   Construction Phase $66,345

e. A detailed cost analysis comparing the detailed independent estimate with the consultant's fee proposal was done on March 6 and negotiation objectives were established.

f. The sponsor's negotiator, Mr. A called Mr. X of XYZ Consultants on March 7 to discuss the fee proposal. It was agreed that the construction duration of 60 days was adequate. The consultant was told that their overhead rate appeared high and asked to submit a detailed statement of overhead expenses for the previous year to verify their rate. Also the man hours for the principal and project manager seemed excessive. It was also noted that both a resident engineer and an inspector were not needed on the construction site fulltime. The surveying manhours during construction were also excessive. The consultant agreed to revise their fee proposal and resubmit it to the sponsor.

g. The consultant submitted a revised fee proposal for the work on March 9, broken down as follows:

   Design Phase $51,286
   Construction Phase $59,432

h. The detailed cost analysis was revised on March 12 to reflect the consultant's revised fee proposal.

i. The sponsor's negotiator met with Mr. X of XYZ Consultants at the sponsor's office on March 13. Ineligible costs for entertainment and interest expense were deleted from the consultant's overhead and an acceptable overhead rate of 134 percent was agreed upon. A combined time of 60 man hours for the principal and project manager were agreed upon allowing 15 for the principal and 45 for the project manager. The consultant's figures of 302 civil work hours, 120 electrical work hours, and 410 drafting work hours were accepted. The consultant agreed to have a full time inspector on the job with a resident engineer also on the job one third of the time. The construction surveying work hours were reduced to 32 hours of a three-man crew. The consultant agreed to make the discussed changes and submit a final fee proposal.

j. The consultant submitted a final fee proposal for the work on March 14, broken down as follows:

   Design Phase $47,324
   Construction Phase $56,658

k. The final fee proposal is considered reasonable by the sponsor. A contract has been prepared for the agreement between the sponsor and consultant. The scope of work, draft contract, sponsor's independent cost estimate, consultant's fee proposals with revisions and detailed cost analysis are attached to this record of negotiation and hereby submitted to the ADO for a reasonableness of cost determination.

l. The negotiations were conducted in good faith to ensure the fees are fair and reasonable. The procedures outlined in AC 150/5100-14 have been followed.

Sponsor's Signature

From: Katherine.Kennedy@faa.gov
Sent: Thursday, April 18, 2013 3:03 PM
To: bkohbarger@pahrumpnv.org
Cc: Douglas.Pomeroy@faa.gov
Subject: Financial Feasibility Scope
Attachments: Financial Feasibility Scope.docx

Hi Bill,

Nice chatting with you today. Attached in the financial feasibility scope. The consultant selection AC can be found at:

http://www.faa.gov/airports/resources/advisory_circulars/index.cfm/go/document.information/documentNumber/150_5100-14D

Also, the Airport Consultants Council website is www.acconline.org . There is an email address on the main page to send your ad if interested in advertising.

If you come across any issues or questions, please don't hesitate to ask.

Have a great day,

Katherine Kennedy
Airports Planner, SFO ADO
Federal Aviation Administration
(650) 827-7611

AGENDA ITEM REQUEST

Requests and backup must be into the Town Office by **3:00 p.m. five (05) business days before the preceding Town Board meeting** you wish the item presented. Town Board meetings are held on the second and fourth Tuesday of each month at 7:00 p.m. in the County Complex.

DATE AGENDA ITEM SUBMITTED 5/15/2013

DATE OF DESIRED BOARD MEETING 5/28/2013

CIRCLE ONE: (Action Item) Non-Action Item Presentation

ITEM REQUESTED FOR CONSIDERATION:
Discussion and Possible Decision to Approve a Recommendation from the Arena Advisory Board to Waive 33% of the Arena Registration Fee and the 10% Gate Fee for Non-Profits for the Brightlite Cancer Foundation Rodeo being held June 15-16, 2013.

If request for funding is approved by the Town Board, an invoice or letter from the requestor to Town of Pahrump/Accounts Payable is required to receive funding.

BRIEF SUMMARY OF ITEM:
See attached May 9, 2013 Minutes of the Arena Advisory Board.

BACKUP ATTACHED: ☒ YES ☐ NO

NAME OF PRESENTER(s) OF ITEM: Mr. Dolan, Town Board Vice-Chair

SPONSORED BY:

Mr. Dolan, Town Board Vice-Chair	
Print Name	Signature
400 N. Hwy 160	(775) 727-5107
Mailing Address	Telephone Number

AGENDA ITEM REQUEST

Requests and backup must be into the Town Office by **3:00 p.m. five (05) business days before the preceding Town Board meeting** you wish the item presented. Town Board meetings are held on the second and fourth Tuesday of each month at 7:00 p.m. in the County Complex.

DATE AGENDA ITEM SUBMITTED	DATE OF DESIRED BOARD MEETING
5/21/2013	5/28/2013

CIRCLE ONE: (Action Item) Non-Action Item Presentation

ITEM REQUESTED FOR CONSIDERATION:
Discussion and Possible Decision to Add a new Article under Section 6.3 "Board Vice Chair of the Pahrump Town Board Policy, which will detail when the Accounts payables Must be reviewed and signed by the signing committee.
If request for funding is approved by the Town Board, an invoice or letter from the requestor to Town of Pahrump/Accounts Payable is required to receive funding.

BRIEF SUMMARY OF ITEM:
See attached new Article 6.3.4 "The Accounts Payables must be reviewed and signed by. the Signing Committee no later than noon the Monday preceding the Town Board meeting.

BACKUP ATTACHED: ☒ YES ☐ NO

NAME OF PRESENTER(s) OF ITEM: Mr. Dolan, Town Board Vice-Chairman

SPONSORED BY:

Mr. Dolan, Town Board Vice Chair	
Print Name	Signature
400 N. Hwy 160	(775) 727-5107
Mailing Address	Telephone Number

6.3 Board Vice-Chair

6.3.1 The Vice-Chair shall preside over all meetings of the Board in the absence or incapacity of the Chairperson and shall be responsible for fulfilling the duties of the Board Chair.

6.3.2 The Vice-Chair shall serve as the liaison to the Town Finance Director

6.3.3 The Vice-Chair shall oversee the appointment of two Board members to review vouchers prior to each regular Board meeting. The review assignment may be rotated among the Board members every three months. It should also be understood that any of the Town Board members may view the vouchers rather assigned or not.

6.3.4 The Accounts Payables must be reviewed and signed no later noon on Monday preceding the Town Board meeting.

AGENDA ITEM REQUEST

Requests and backup must be into the Town Office by **3:00 p.m. five (05) business days before the preceding Town Board meeting** you wish the item presented. Town Board meetings are held on the second and fourth Tuesday of each month at 7:00 p.m. in the County Complex.

DATE AGENDA ITEM SUBMITTED	DATE OF DESIRED BOARD MEETING
5/15/2013	5/28/2013

CIRCLE ONE: Action Item Non-Action Item Presentation

ITEM REQUESTED FOR CONSIDERATION:
Closed Session(s)

a. Discussion and Possible Decision regarding a Closed Session, to receive information and advice from the Town Attorney regarding potential or existing litigation pursuant to 241.015(2)(b)(2).

b. Discussion and Possible Decision regarding a Closed Session pursuant to NRS 288.220 for purposes of conferring with Town's Management Representatives Regarding Labor Negotiations.

If request for funding is approved by the Town Board, an invoice or letter from the requestor to Town of Pahrump/Accounts Payable is required to receive funding.

BRIEF SUMMARY OF ITEM:

BACKUP ATTACHED: ☐ YES ☒ NO

NAME OF PRESENTER(s) OF ITEM: Pahrump Town Board

SPONSORED BY:

Pahrump Town Board	*Pahrump Town Board*
Print Name	Signature
400 N. Hwy 160	(775) 727-5107
Mailing Address	Telephone Number

AGENDA ITEM REQUEST

Requests and backup must be into the Town Office by **3:00 p.m. five (05) business days before the preceding Town Board meeting** you wish the item presented. Town Board meetings are held on the second and fourth Tuesday of each month at 7:00 p.m. in the County Complex.

DATE AGENDA ITEM SUBMITTED 5/15/2013

DATE OF DESIRED BOARD MEETING 5/28/2013

CIRCLE ONE: Action Item Non-Action Item Presentation

ITEM REQUESTED FOR CONSIDERATION:
Future Meetings/Workshops: Date, Time and Location

If request for funding is approved by the Town Board, an invoice or letter from the requestor to Town of Pahrump/Accounts Payable is required to receive funding.

BRIEF SUMMARY OF ITEM:

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BACKUP ATTACHED: ☐ YES ☒ NO

NAME OF PRESENTER(s) OF ITEM: Pahrump Town Board

SPONSORED BY:

Pahrump Town Board	*Pahrump Town Board*
Print Name	Signature
400 N. Hwy 160	(775) 727-5107
Mailing Address	Telephone Number

AGENDA ITEM REQUEST

Requests and backup must be into the Town Office by **3:00 p.m. five (05) business days before the preceding Town Board meeting** you wish the item presented. Town Board meetings are held on the second and fourth Tuesday of each month at 7:00 p.m. in the County Complex.

DATE AGENDA ITEM SUBMITTED 5/15/2013

DATE OF DESIRED BOARD MEETING 5/28/2013

CIRCLE ONE: Action Item Non-Action Item Presentation

ITEM REQUESTED FOR CONSIDERATION:
Public/Board/Staff Comment

If request for funding is approved by the Town Board, an invoice or letter from the requestor to Town of Pahrump/Accounts Payable is required to receive funding.

BRIEF SUMMARY OF ITEM:

BACKUP ATTACHED: ☐ YES ☒ NO

NAME OF PRESENTER(s) OF ITEM: Pahrump Citizens, Town Board, & Staff

SPONSORED BY:

Pahrump Town Board
Print Name

Pahrump Town Board
Signature

400 N. Hwy 160
Mailing Address

(775) 727-5107
Telephone Number

AGENDA ITEM REQUEST

Requests and backup must be into the Town Office by **3:00 p.m. five (05) business days before the preceding Town Board meeting** you wish the item presented. Town Board meetings are held on the second and fourth Tuesday of each month at 7:00 p.m. in the County Complex.

DATE AGENDA ITEM SUBMITTED: 5/15/2013

DATE OF DESIRED BOARD MEETING: 5/28/2013

CIRCLE ONE: Action Item Non-Action Item Presentation

ITEM REQUESTED FOR CONSIDERATION:
Adjournment

If request for funding is approved by the Town Board, an invoice or letter from the requestor to Town of Pahrump/Accounts Payable is required to receive funding.

BRIEF SUMMARY OF ITEM:
Good Night Pahrump Citizens, Town Board, and Staff.

BACKUP ATTACHED: ☐ YES ☒ NO

NAME OF PRESENTER(s) OF ITEM: Pahrump Town Board

SPONSORED BY:

Pahrump Town Board	*Pahrump Town Board*
Print Name	Signature
400 N. Hwy 160	(775) 727-5107
Mailing Address	Telephone Number