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**CONTRACT FOR PROFESSIONAL SERVICES
OF
INDEPENDENT CONTRACTOR**

BUREAU OF LAND RIGHT
CARSON CITY
FIELD OFFICE

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BARBARA REED
[Signature]
DEPUTY

A CONTRACT BETWEEN
DOUGLAS COUNTY
AND
HOBBS, ONG AND ASSOCIATES

NAME AND TITLE OF INDEPENDENT CONTRACTOR

**3900 Paradise Road, Suite 152
Las Vegas, NV 89109**

ADDRESS OF INDEPENDENT CONTRACTOR

WHEREAS, Douglas County, a political subdivision of the State of Nevada, from time to time requires the services of independent contractors; and

WHEREAS, it is deemed that the professional services of Contractor herein specified are both necessary and desirable and in the best interests of Douglas County; and

WHEREAS, Contractor represents that he is duly qualified, equipped, staffed, ready, willing and able to perform and render the services hereinafter described;

NOW, THEREFORE, in consideration of the agreements herein made, the parties mutually agree as follows:

1. EFFECTIVE DATE OF CONTRACT. This contract shall not become effective until and unless approved by the Douglas County Board of County Commissioners or Purchasing and Contracts Administrator; whichever is required.

2. INDEPENDENT CONTRACTOR STATUS. The parties agree that Contractor shall have the status of an independent contractor and that this contract, by explicit agreement of the parties, incorporates and applies the provisions of NRS 284.173, as necessarily adapted, to the parties, including that Contractor is not a County employee and that there shall be no:

- (1) Withholding of income taxes by the County;
- (2) Industrial insurance coverage provided by the County;
- (3) Participation in group insurance plans which may be available to Employees of the County;
- (4) Participation or contributions by either the independent contractor or the County to the public employees retirement system;
- (5) Accumulation of vacation leave or sick leave;
- (6) Unemployment compensation coverage provided by the County if the requirements of NRS 612.085 for Independent contractors are met.

3. INDUSTRIAL INSURANCE. If applicable, contractor further agrees, as a precondition to the performance of any work under this contract and as a precondition to any obligation of the County to make any payment under this contract, to provide the County with a work certificate and/or a certificate issued by a qualified insurer in accordance with NRS § 616B.627. Contractor also agrees, prior to commencing any work under the contract, to complete and to provide the following written request to the insurer:

Hobbs, Ong and Associates has entered into a contract with Douglas County to perform work from May 2, 2002 to August 15, 2002 and requests that the insurer System provide to Douglas County 1) a certificate of coverage issued pursuant to NRS § 616.280 and 2) notice of any lapse in coverage or nonpayment of coverage that the contractor is required to maintain. The certificate and notice should be mailed to: Douglas County Manager; Post Office Box 218; Minden, Nevada 89423

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Contractor agrees to maintain required workers compensation coverage throughout the entire term on the contract. If Contractor does not maintain coverage throughout the entire term on the contract, Contractor agrees that County may, at any time the coverage is not maintained by Contractor, order the Contractor to stop work, suspend the contract, or terminate the contract. For each six month period this contract is in effect, Contractor agrees, prior to the expiration of the six month period, to provide another written request to the insurer for the provision of a certificate and notice of lapse in or nonpayment of coverage. If Contractor does not make the request or does not provide the certificate before the expiration of the six month period, Contractor agrees that County may order the Contractor to stop work, suspend the contract, or terminate the contract.

4. SERVICES TO BE PERFORMED. The parties agree that the services to be performed are as provided for in attachment "A".

5. PAYMENT FOR SERVICES. Contractor agrees to provide the services set forth in Paragraph (4) at a cost of \$33,000.00. Unless Contractor has received a written exemption from the County, Contractor shall submit monthly requests for payment for services performed under this agreement. Requests for payment by Contractor may only be made for reimbursement of actual cash disbursed. Requests for payment shall be submitted no later than fifteen (15) days after the end of a month and must include a detailed summary of the expenditures reported in a form that supports the approved budget. Specifically, Contractor agrees to provide with each request for payment a schedule of actual expenditures for the period, cumulative total expenditures for the entire contract, and a comparison of cumulative total expenditures to the approved budget. County agrees to pay Contractor installments as follows:

6. TERMINATION OF CONTRACT. This contract may be revoked without cause by either party, provided that a revocation shall not be effective until 45 days after a party has served written notice upon the other party.

7. NONAPPROPRIATION. All payments under this contract are contingent upon the availability to the County of the necessary funds. In accordance with NRS § 354.626, NRS § 244.320, and any other applicable provision of law, the financial obligations under this contract between the parties shall not exceed those monies appropriated and approved by the County for this contract for the then current fiscal year under the Local Government Budget Act. This contract shall terminate and the County's obligations under it shall be extinguished at the end of any fiscal year in which the County fails to appropriate monies for the ensuing fiscal year sufficient for the performance of this contract.

Nothing in this contract shall be construed to provide Contractor with a right of payment over any other entity. Any funds obligated by the County under this contract that are not paid to Contractor shall automatically revert to the County's discretionary control upon the completion, termination, or cancellation of the agreement. The County shall not have any obligation to re-award or to provide, in any manner, the unexpended funds to Contractor. Contractor shall have no claim of any sort to the unexpended funds.

8. PENALTIES AND RETENTIONS. No payments will be made by the County until any required reports or deliverables have been submitted to and approved by the County. Late submission of any report or other deliverable may, at the sole election of the County, result in a 10% penalty on the total contract amount for each week or portion of a week that such reports or deliverables are late. Any assessed penalty may, at the County's election, be withheld by the County or be billed to Contractor. Contractor agrees to pay any penalty assessment billed to Contractor by the County within 30 days of the mailing of the bill by the County. Any fund obligated by the County under this agreement that are not expended by Contractor shall automatically revert back to the County upon the completion, termination or cancellation of the agreement. The County shall not have any obligation to re-award or to provide, in any manner, the unexpended funds to Contractor. Contractor shall have no claim of any sort to the unexpended funds. In addition, the County may, in its sole discretion, retain an amount of up to 10% from each payment made under ¶ 5 until the contract is completed to the County's satisfaction and finally accepted by the County.

9. CONSTRUCTION OF CONTRACT. This contract shall be construed and interpreted according to the laws of the State of Nevada.

10. COMPLIANCE WITH APPLICABLE LAWS. Contractor shall fully and completely comply with all applicable local state and federal laws, regulations, orders, or requirements of any sort in carrying out the

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obligations of this contract, including, but not limited to, all federal, state, and local accounting procedures and requirements and all immigration and naturalization laws.

11. ASSIGNMENT. Contractor shall neither assign, transfer nor delegate any rights, obligations or duties under this contract without the prior written consent of the County.

12. COUNTY INSPECTION. The books, records, documents and accounting procedures and practices of Contractor related to this contract shall be subject to inspection, examination and audit by the County, including, but not limited to, the contracting agency, the County Manager, the District Attorney, and, if applicable, the Comptroller General of the United States, or any authorized representative of those entities.

13. DISPOSITION OF CONTRACT MATERIALS. Any books, reports, studies, photographs, negatives or other documents, data, drawings or other materials supplied to Contractor in the performance of its obligations under this contract shall be the exclusive property of the County and all such materials shall be remitted and delivered, at Contractor's expense, by Contractor to the County upon completion, termination or cancellation of this contract. Alternatively, if the county provides its written approval to Contractor, any books, reports, studies, photographs, negatives or other documents, data, drawings or other materials prepared by or supplied to Contractor in the performance of its obligations under this contract must be retained by Contractor for a minimum of six years after final payment is made and all other pending matters are closed. If at any time during the retention period, the County, in writing, requests any or all of the materials, then Contractor shall promptly remit and deliver the materials, at Contractor's expense, to the County. Contractor shall not use, willingly allow or cause to have such materials used for any purpose other than the performance of Contractor's obligations under this contract without the prior written consent of the County.

14. PUBLIC RECORDS LAW. Contractor expressly agrees that all documents ever submitted, filed, or deposited with the County by Contractor (including those remitted to the County by Contractor pursuant to ¶ 15), unless designated as confidential by a specific statute of the State of Nevada, shall be treated as public records pursuant to NRS ch. 239 and shall be available for inspection and copying by any person, as defined in NRS § 0.039, or any governmental entity. Contractor expressly and indefinitely waives all of its rights to bring, including but not limited to, by way of complaint, interpleader, intervention, or any third party practice, any claims, demands, suits, actions, judgments, or executions, for damages or any other relief, in any administrative or judicial forum, against the County or any of its officers or employees, in either their official or individual capacity, for violations of or infringement of the copyright laws of the United States or of any other nation.

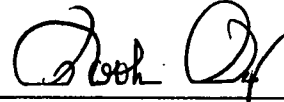
15. INDEMNIFICATION. Contractor agrees to indemnify and save and hold the County, its agents and employees harmless from any and all claims, causes of action or liability arising from the performance of this contract by Contractor or Contractor's agents or employees.

16. MODIFICATION OF CONTRACT. This contract constitutes the entire contract between the parties and may only be modified by a written amendment signed by the parties and approved by the Board of County Commissioners.

IN WITNESS WHEREOF, the parties hereto have caused this contract to be signed and intend to be legally bound thereby.



Signature (Date) 5-21-02



Signature (Date) 5/30/02

Douglas County (Date)

Independent Contractor (Date)

Approved as to form by:



Deputy District Attorney

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Hobbs, Ong
& ASSOCIATES, INC.



April 24, 2002

Mr. Chuck Pope
United States Bureau of the Interior
Bureau of Land Management
Carson City Field Office
5665 Morgan Mill Road
Carson City, NV 89701

RE: Land Disposal Impact Analysis

Dear Mr. Pope:

Per your request, Hobbs, Ong & Associates and Applied Analysis (combined "the Consultant Team") are pleased to submit this proposal to provide professional consulting services to the Carson City Field Office of the Bureau of Land Management (the "BLM"). Specifically, these services are related to a review and analysis of the fiscal, economic and social impacts potentially resulting from the disposal of 440 acres of developable property in Douglas County, Nevada ("Douglas County"). This letter represents our understanding of your objectives, our approach to the engagement and the timeline and fee required to complete the proposed scope of work.

OUR UNDERSTANDING OF THE ENGAGEMENT

We understand that the *North Douglas County Specific Plan* was generated through a cooperative effort of the BLM and Douglas County (the "Plan"). The Plan was approved by the Douglas County Board of Commissioners in their September 7, 2000 public meeting. It called for the development of 625 acres of private and federal lands in Douglas County, 440 of which were controlled by the BLM (the "Disposal Area"). More specifically, the Plan provides the following:

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1. Identifies 346 acres of BLM public land for disposal to the private sector for development purposes;
2. Identifies 64 acres of BLM public lands for disposal for recreation and public purposes;
3. Identifies 30 acres of BLM public land for transfer to the Washoe Tribe of Nevada and California or another federal agency for management on behalf of the Tribe;
4. Adopts criteria for acquisition of conservation easements on private lands in the Carson Valley by the BLM;
5. Adopts criteria for acquisition of environmentally sensitive lands in Douglas County by BLM, and
6. Adopts criteria for sale of small parcels of BLM public lands involved in unintentional trespass situations.

We further understand that Douglas County operates as a component of a complex regional economy. Its geographic proximity to other jurisdictions, demographic makeup, residential and employment travel patterns, and the fiscal structure of the Nevada's state and local revenue systems all create a critical interdependence between Douglas County and other jurisdictions. We understand this is particularly true with regard to Carson City, Nevada. Development planning and the a redistribution of services can have material impacts on all communities with a stake in the "regional economic unit." Moreover, it is well settled that maintaining economic neutrality and a fiscal and social balance in the area is no trivial pursuit.

Finally, we understand that while the BLM is cognizant that these issues exist, their magnitude remains an issue of on-going debate. As such, the BLM desires to retain the services of a qualified consultant team to assess these impacts prior to the release of federal lands. The scope of work in the following section has been prepared specifically to meet this end.

OUR APPROACH TO THE ENGAGEMENT

Development impact analysis is generally defined as the process of estimating and reporting the effects of residential and/or nonresidential construction activity on a host political subdivision.¹ The effects analyzed may take any of several forms, physical, market, environmental, traffic, social, economic, and fiscal are a few of the most common.

The immediate analysis differs from the general definition cited above in that the impacts in question are not solely constrained to the host subdivision (e.g., Douglas County); rather, they also relate to surrounding jurisdictions with a stake in the regional economic unit (i.e., Carson City and Lyon County). Additionally, the impacts germane to this review and analysis are economic, fiscal and social, as the other key considerations will be addressed, as necessary, by the BLM in their more comprehensive environmental impact assessment.

Based on our understanding of your objectives, we believe that the multi-step approach outlined below is appropriate. Please note that these components provide an outline of what is to be performed. Based on the availability of information and the approach ultimately employed, the final draft may vary somewhat from the provided format.

1. **Market Delineation and Assessment**. In the preceding sections, we alluded to the fact that the Douglas County operates a component of a larger interdependent regional economy. At the outset of the engagement it will be important to assess this level of interdependence by summarizing the analysis and information available which would shed light on this relationship.
2. **Absorption of the Disposal Area**. Another preliminary assessment step in this analysis will be the development of an absorption pattern for the Disposal Area. While there will be fiscal and economic impacts to the subject property almost

¹ Burchell, Robert W., and David Listokin. "The Components and Procedures of Development Impact Analysis. *Proceedings of the Institute of Planning, Zoning and Eminent Domain*. New York: Mathew Bender, 1993.

immediately upon its release (i.e., construction, utility infrastructure, property tax collections), these impacts will likely be minimal compared to the on-going impacts of the property in its developed state. The Consultant Team will work closely with local governments to refine existing land use and absorption estimates.

3. **Economic Impact Analysis**. Economic impacts are generally concerned with employment, income and business output. The release of land is intended to lead to development of that property, which, in turn, will create jobs, generate wages, and stimulate economic activity in multiple sectors of the regional economy. Overall economic growth is generally considered positive for the region.

The first part of this analysis will be to measure these economic impacts. The second part will be to evaluate them against the backdrop of the regional economic unit. If employment, incomes or businesses output are shifting among jurisdictions, a detrimental and or disparate impact may be identified. Conversely, it is equally comprehensible that development in one region may spur additional economic activity in another; particularly where a supplier relationship exists or where a structural shift in the economy is taking place and/or a labor imbalance is present.

4. **Social Impact Analysis**. Land disposal and development constitutes a significant change in the type and intensity of use on a parcel of land. Where the disposal and development plan is significant relative to the existing landscape, it can constitute a significant change on the jurisdiction or region as a whole. Social impact considerations generally include population, employment, housing requirements, incomes, school enrollment and the multitude of public service needs created by these changes.

Again, this analysis takes on an additional degree of complexity where multiple jurisdictions are involved. In addition to the aggregate needs of the absolute increases, one jurisdiction may bear a greater share of the new public service

requirements while another gains the benefit of incremental public revenues. An often cited example is related to affordable housing. One region may provide relatively low paying jobs but provide no housing that would be affordable to those workers. Thus, the higher public service costs associated with lower income families is unilaterally displaced to a second jurisdiction. This results in either a regional redistribution of wealth or a regressive levy on lower income areas.

The Consultant Team will identify and analyze these key social factors. We will review the key considerations and the qualitative and quantitative impacts of each.

5. **Fiscal Impact Analysis**. In the development impact analysis context, fiscal analyses look at the balance between public revenues generated and municipal liabilities incurred as a result of development activity or other changes to the economic landscape.²

Nevada's existing fiscal structure creates additional complexity when these analyses stretch across political boundaries. Perhaps most notable is the application of the supplemental city-county relief tax, which establishes guarantee and non-guarantee counties in its first tier distributions. In some cases, development on one side of a political border can mean a loss of public revenues to an entire region -- a severe negative externality to an otherwise neutral economic decision.

The Consultant Team will analyze and, where possible, quantify these fiscal impacts. Particular attention will be given to areas where economic or social shifts have been identified (Scope Bullets 3 and 4), as some fiscal considerations exist independent of land disposal and development in the region.

² Fiscal impact analyses are also called cost-revenue analyses.

6. **Recommendations.** The final task in the analysis will be to summarize the findings of the analysis. This synopsis will delineate both the positive and negative elements of the impacts reviewed. Where possible and appropriate, we will cite strategies to mitigate or offset the negative impacts cited.

We note that this project is more than a mere theoretical exercise in economics and municipal finance due primarily to the uniqueness of the economic and fiscal landscape, the particular importance of public policy considerations, and the negative ramifications of intra-regional competition. While the stakeholder jurisdictions may agree that the release and development of the property in question will impact the region, there is little consensus as to the scope and magnitude of these impacts.

We appreciate that the lack of consensus is the driving force behind the need to solicit this review and analysis in the first place, and we are not attempting to be circular in our logic. We recommend that in addition to the steps outlined in the approach tasks summarized above, that four stakeholder meetings be scheduled at weeks one, four, six and eight of the project.³ The first meeting will be essentially a "brainstorming" session, where issues and viewpoints are established and a narrowing of key issues can take place. Social impacts, for example, can range from the need for more soccer fields on parks, to long-term care considerations, to an undersupply of affordable housing. Focusing the analysis on those four to five issues of most importance to the stakeholder jurisdictions will identify areas of consensus and disagreement, increase the meaningfulness of the final product, and limit the efforts required to complete the project.

The meetings at weeks four and six will be update and review meetings. Analysis completed will be discussed and any refinements outlined. The final meeting will be a presentation of the analysis findings and conclusions. We believe that stakeholder jurisdictions must be an integral part of this process.

³ As currently scoped, we are estimating this to be this to be an eight-week project. Please see the *Timeline, Deliverables & Budget* subsection, *infra*.

STANDARD ASSUMPTIONS AND LIMITING CONDITIONS

We understand that should the BLM choose to engage the Consultant Team, we will be required to sign and abide by its standard engagement contract.

The Consultant Team has designed the above procedures in response to your request. However, we make no representations as to the adequacy of these procedures for all your purposes. The BLM agrees to indemnify the Consultant Team, its partners, principals and employees, and hold them harmless from and against any and all liabilities or obligations including, but not limited to, attorney's fees that arise directly or indirectly from the services that are the subject of this engagement letter, except to the extent that it is determined by an appellate court of competent jurisdiction that the Consultant Team's conduct in connection with the services that are the subject of this engagement letter were grossly negligent or fraudulent, and that such conduct was the proximate cause of any injury for which the Consultant Team is sought to be held liable.

Additional standard assumptions and limiting conditions that underlie these types of studies are provided in Attachment I.

CONFIDENTIALITY

Our personnel understand that they are subject to and will abide by any reasonable confidentiality restrictions and protective orders. We will take appropriate steps to segregate all materials related to our work in this engagement from other files in our office.

TIMEFRAME, DELIVERABLES & BUDGET

The results of our efforts will be presented to you as an executive summary report and presentation with appropriate tables, exhibits, graphs, charts and/or maps. The period to complete this project is expected to be eight weeks. Total time and materials costs for this



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engagement will not exceed \$33,000.

Douglas County will be provided with monthly progress billings that will be due upon receipt. Our final deliverables will not be finalized until all outstanding invoices are paid in full. Our fee is based on an hourly estimate and could vary depending on the scope of services and efforts ultimately required by and rendered to you. If at anytime we believe our fees will exceed the estimate noted above, we will notify you in advance of incurring the additional time.

Additionally, if it is determined that the efforts required are less than what is estimated, we will bill Douglas County only for the efforts undertaken. Any time incurred in addition to the scope outlined herein will be billed separately at the standard hourly rates delineated below.

Staff	Standard Hourly Rate
Guy Hobbs	\$225
Kathy Ong	\$175
Jeremy Aguero	\$150
Jim Chachas	\$150
Brian Gordon	\$120

Per your request, we have provided an area for approval by both the Bureau of Land Management and Douglas County (following page). We understand that in addition to this approval, the scope of work outlined herein will be subject to the standard terms and conditions of Douglas County's professional services contract.

We welcome the opportunity to discuss this proposal with you at any time. Should you have any questions or require additional information, please contact Guy Hobbs at (702) 733-7223 or Jeremy Aguero at (702) 320-1347.

Sincerely,




Mr. Guy Hobbs, Managing Partner
Hobbs, Ong & Associates



Mr. Jeremy Aguero, Principal Analyst
Applied Analysis

AGREED TO AND ACCEPTED BY THE BUREAU OF LAND MANAGEMENT:



Name

John O. Singlaub
Manager, Carson City Field Office

Title

6/5/2002
Date

AGREED TO AND ACCEPTED BY DOUGLAS COUNTY:


Name

County Manager
Title

5-21-02
Date



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Hobbs, Ong
& ASSOCIATES, INC.

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ATTACHMENT I: STANDARD ASSUMPTIONS AND LIMITING CONDITIONS:

The standard assumptions and limiting conditions pertaining to the tasks that are the subject of this engagement are summarized below. If applicable, "special assumptions" will be cited elsewhere in this letter or may included in the final deliverable.

1. Market and economic information furnished to us and contained in any submission or report or utilized in the formation of the findings will be obtained from sources considered reliable and believed to be true and correct, including the BLM. However, no representation, liability, or warranty for the accuracy of such items is assumed by or imposed on the Consultant Team, and it is subject to corrections, errors, omissions, and withdrawal without notice.
2. No change of any item in any of the reports or submissions shall be made by anyone other than the Consultant Team and we shall have no responsibility for any such unauthorized change.
3. The working papers for this engagement will be retained in the Consultant Team's files and will be made available for your reference upon request. Compiling, copying and providing these data will be done at additional expense.
4. Neither all nor any part of the contents of any report or any submission shall be disseminated or referred to the public through advertising, public relations, news, or sales media, or any other public means of communication or referenced in any publication, including any private or public offerings including but not limited to those filed with Securities and Exchange Commission or other governmental agency, without the prior written consent and approval of and review by the Consultant Team.

5. All maps, graphs, building diagrams, or photographs submitted are for illustrative purposes only; they are not guaranteed to be exact. Dimensions and descriptions are based on public records and/or information furnished by The BLM or others and are not meant to be used as a reference in legal matters.
6. We take no responsibility for any events, conditions, or circumstances affecting the local or national economy, or its financial and real estate markets. We assume no liability for an unforeseen change in the economy.
7. We will not perform an audit, review, or examination or any other attest function regarding any of the historical or prospective third party economic and market information used or included in any report or submission, including that provided by The BLM. Therefore, the Consultant Team will not express any opinion or any other form of assurance with regard to the same, in the context of the report or submission.
8. The information provided to The BLM may be used solely for the purposes outlined in this engagement letter. All works, inventions, data, models, analyses, information, techniques, or other related or unrelated products of the analyses to be conducted will remain the property of the Consultant Team. The Consultant Team will not be restricted as to the use of these data so long as the Consultant Team's use of the information provided as a deliverable to The BLM does not violate any confidentiality agreements between the Consultant Team and The BLM.

CERTIFIED COPY

The document to which this certificate is attached is a full, true and correct copy of the original on file and on record in my office.

DATE: June 11, 2002
B. Reed Clerk of the 9th Judicial District Court
of the State of Nevada, in and for the County of Douglas.
By [Signature] Deputy

SEAL



Hobbs, Ong
& ASSOCIATES, INC.

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REQUESTED BY
DOUGLAS COUNTY
IN OFFICIAL RECORDS OF
DOUGLAS CO. NEVADA

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LINDA SLATER
RECORDER

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