

Report on Costs Associated with Providing Nutrient Controls that are Adequate to Offset Point Source and Nonpoint Source Discharges of Nitrogen and Other Nutrients

Volume II Cost Proposal

Submitted to

**Environmental Review Commission
General Assembly of North Carolina
ATTN: George F. Givens
545 Legislative Office Building
300 North Salisbury Street
Raleigh, North Carolina 27603**

Submitted by

**RTI International
3040 Cornwallis Road
Research Triangle Park, NC 27709-2194**

January 5, 2007

Administrative Point of Contact:

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**RTI International
Proposal No. 0280700.388**

RTI Proprietary Statement

This proposal includes data that shall not be disclosed outside the Government and shall not be duplicated , used, or disclosed—in whole or in part—for any purpose other than to evaluate this proposal . If, however, a contract is awarded to this offeror as a result of—or in connection with—the submission of this data , the Government shall have the right to duplicate , use, or disclose the data to the extent provided in the resulting contract . This restriction does not limit the Government 's right to use information contained in this data if it is obtained from another source without restriction . This proposal is subject to this restriction in its entirety .

5 January 2007

George F. Givens, Commission Counsel
Environmental Review Commission
General Assembly of North Carolina
545 Legislative Office Building
300 North Salisbury Street
Raleigh, NC 27603

Reference: RTI Proposal No. 0280700.388 in response to the NC General Assembly Request for Proposal to ***"Report on Costs Associated with Providing Nutrient Controls that are Adequate to Offset Point Source and Nonpoint Source Discharges of Nitrogen and Other Nutrients"***

Dear Mr. Givens:

Research Triangle Institute (RTI) is pleased to submit RTI Proposal No. 0280700.388 entitled ***"Report on Costs Associated with Providing Nutrient Controls that are Adequate to Offset Point Source and Nonpoint Source Discharges of Nitrogen and Other Nutrients."*** In support of this offer we have enclosed our Technical and Cost Proposals.

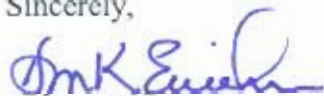
A performance period of seventeen (17) weeks commencing on or about 19 January 2007 and a fixed-price of \$93,133 are proposed. Our labor rates are consistent with our federally approved Federal Supply Schedule consulting services price list [www.rti.org/gsa] for the period in which they are incurred. This pricing provides fully burdened costs.

If RTI is selected for award as a result of this proposal, we would be pleased to have the effort authorized by a fixed-price contract incorporating mutually agreeable terms and conditions, including those in the solicitation. Please note that RTI has fully complied with all of the solicitation's requirements, specifically including the requirement for printing all submittals on recycled paper with a minimum post-consumer content of 30%.

RTI appreciates the opportunity to submit this proposal for your consideration and we look forward to working with you on this project. Should you have any questions or require further information regarding our proposal please contact Art Brigida at 919-316-3536 or via email at abrigida@rti.org.

This offer shall remain firm for your acceptance through 30-days from the above date.

Sincerely,



Don K. Enichen
Contracting Officer

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Main Task Budget Summary

| | |
|---------------------------------|--------------|
| Labor | 64,561 |
| Other Direct Costs | |
| Computer Expenses | 240 |
| Reproductions/Copying | 236 |
| Shipping & Postage | 25 |
| Telephone | 76 |
| Consultants | 8,480 |
| Subcontractors | 19,515 |
| Total Other Direct Costs | <hr/> 28,572 |
| Total Estimated Price | <hr/> 93,133 |

NC General Assembly / Environmental Review Commission

RTI Proposal Number: 0280700.388

| | Task 1: Phase 1 | Task 2: Phase 2 | TOTAL |
|---------------------------------|--------------------|--------------------|---------------|
| Labor | 17,435 | 47,126 | 64,561 |
| Other Direct Costs | | | |
| Computer Expenses | 60 | 180 | 240 |
| Reproductions/Copying | 54 | 182 | 236 |
| Shipping & Postage | 6 | 19 | 25 |
| Telephone | 18 | 58 | 76 |
| Consultants | 2,650 | 5,830 | 8,480 |
| Subcontractors | 0 | 19,515 | 19,515 |
| Total Other Direct Costs | 2,788 | 25,784 | 28,572 |
| Total Estimated Price | 20,223 | 72,910 | 93,133 |

NC General Assembly / Environmental Review Commission

RTI Proposal Number: 0280700.388

Task 1: Phase 1

| Name | Description | Total Hours | Hourly Rate | Total Cost |
|----------------------|------------------------------------|-------------|-------------|------------|
| Gallagher, Michael P | Sr. Social Scientist 2 | 50 | 186.30 | 9,315 |
| Heller, Katherine | Midlevel Social Scientist 2 | 10 | 128.34 | 1,283 |
| Cannada, Judith | Adminstrative Support | 5 | 61.07 | 305 |
| Barrell, Sharon M | Editors/Graphic Designer 2 | 5 | 112.82 | 564 |
| Dodd, Randall C | Midlevel Environmental Scientist 2 | 50 | 99.36 | 4,968 |
| Matthews, Kimberly Y | Midlevel Environmental Scientist 1 | 10 | 80.73 | 807 |
| TBD | Project Coordinator | 2 | 96.26 | 193 |
| Total Hours | | 132 | Total Labor | 17,435 |

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RTI Proposal Number: 0280700.388

Task 2: Phase 2

| Name | Description | Total Hours | Hourly Rate | Total Cost |
|----------------------|--|-------------|-------------|-------------|
| Gallagher, Michael P | Sr. Social Scientist 2 | 100 | 186.30 | 18,630 |
| Heller, Katherine | Midlevel Social Scientist 2 | 40 | 128.34 | 5,134 |
| Wood, Dallas W | Research Assistant 1: Social Scientist | 150 | 53.82 | 8,073 |
| Cannada, Judith | Administrative Support | 10 | 61.07 | 611 |
| Barrell, Sharon M | Editors/Graphic Designer 2 | 10 | 112.82 | 1,128 |
| Dodd, Randall C | Midlevel Environmental Scientist 2 | 100 | 99.36 | 9,936 |
| Matthews, Kimberly Y | Midlevel Environmental Scientist 1 | 40 | 80.73 | 3,229 |
| TBD | Project Coordinator | 4 | 96.26 | 385 |
| | | Total Hours | 454 | Total Labor |
| | | | | 47,126 |

Research Triangle Institute

Financial Statements

September 30, 2005 and 2004

Research Triangle Institute
Contents
September 30, 2005 and 2004

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Report of Independent Auditors

To the Board of Governors of
Research Triangle Institute

In our opinion, the accompanying balance sheets and the related statements of revenue, costs and accumulated net revenue invested in research facilities and operations and of cash flows present fairly, in all material respects, the financial position of Research Triangle Institute (the "Institute") at September 30, 2005 and 2004, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Institute's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

PricewaterhouseCoopers LLP

December 16, 2005

Research Triangle Institute
Balance Sheets
September 30, 2005 and 2004

| | 2005 | 2004 |
|--|----------------------|----------------------|
| Assets | | |
| Current assets | | |
| Cash and cash equivalents | \$ 18,594,646 | \$ 17,543,105 |
| Investments | 23,614,430 | 17,574,474 |
| Accounts receivable, net of allowance for doubtful accounts of \$713,428 and \$1,091,437, respectively | 45,875,863 | 32,352,242 |
| Unbilled costs and fees, principally on cost reimbursable contracts | 56,722,474 | 49,620,639 |
| Prepaid expenses and other current assets | 5,322,864 | 7,648,268 |
| Total current assets | <u>150,130,277</u> | <u>124,738,728</u> |
| Property and equipment | | |
| Land | 1,096,412 | 1,096,412 |
| Buildings and improvements | 81,321,542 | 74,940,376 |
| Equipment and furniture | 48,754,440 | 40,766,753 |
| Construction in progress | 6,734,248 | 4,795,653 |
| | <u>137,906,642</u> | <u>121,599,194</u> |
| Less accumulated depreciation | <u>(66,975,949)</u> | <u>(60,639,126)</u> |
| Total property and equipment | 70,930,693 | 60,960,068 |
| Investment in affiliates | 394,761 | - |
| Beneficial interest in the George Watts Hill Foundation Trust | 1,595,275 | 1,563,011 |
| Other assets | 1,393,470 | 1,386,222 |
| Total assets | <u>\$224,444,476</u> | <u>\$188,648,029</u> |
| Liabilities and Institute Equity | | |
| Current liabilities | | |
| Notes payable | \$ 18,844,577 | \$ 5,842,948 |
| Capital lease obligation, current portion | 254,200 | 239,107 |
| Accounts payable | 19,074,497 | 19,703,078 |
| Accrued compensated absences | 13,888,592 | 13,054,296 |
| Other accrued expenses | 19,391,641 | 16,014,830 |
| Deferred revenue | 13,482,412 | 10,262,410 |
| Total current liabilities | <u>84,935,919</u> | <u>65,116,669</u> |
| Other long-term accrued expenses | 3,331,510 | 2,414,189 |
| Capital lease obligation, less current portion | 873,241 | 1,127,441 |
| Institute equity | | |
| Unrestricted contributed equity | 5,060,780 | 5,060,780 |
| Unrestricted accumulated net revenue | 128,438,826 | 113,257,014 |
| Total unrestricted equity | <u>133,499,606</u> | <u>118,317,794</u> |
| Temporarily restricted equity | 208,925 | 108,925 |
| Permanently restricted equity | 1,595,275 | 1,563,011 |
| Total Institute equity | <u>135,303,806</u> | <u>119,989,730</u> |
| Total liabilities and Institute equity | <u>\$224,444,476</u> | <u>\$188,648,029</u> |

The accompanying notes are an integral part of these financial statements.

Research Triangle Institute
Statements of Revenue, Costs and Accumulated Net Revenue
Invested in Research Facilities and Operations
Years Ended September 30, 2005 and 2004

| | 2005 | 2004 |
|--|----------------------|----------------------|
| Unrestricted revenue | <u>\$467,697,025</u> | <u>\$509,466,553</u> |
| Direct costs | | |
| Salaries and employee benefits | 128,455,178 | 132,820,876 |
| Other direct costs | <u>186,647,300</u> | <u>228,958,928</u> |
| | <u>315,102,478</u> | <u>361,779,804</u> |
| Indirect costs | | |
| Salaries and employee benefits | 83,141,501 | 74,732,932 |
| Depreciation | 7,942,098 | 7,951,069 |
| Materials and services | 34,110,425 | 35,629,632 |
| Rent | 6,879,812 | 5,641,476 |
| Utilities | 2,565,576 | 2,271,978 |
| Travel | 4,951,135 | 4,460,944 |
| Communication and shipping | 1,609,346 | 1,469,491 |
| Insurance | 1,227,121 | 1,291,349 |
| Miscellaneous | 5,318,221 | 6,409,012 |
| Internal service center credits | <u>(11,496,076)</u> | <u>(10,080,769)</u> |
| Total indirect costs | <u>136,249,159</u> | <u>129,777,114</u> |
| Total direct and indirect costs | <u>451,351,637</u> | <u>491,556,918</u> |
| Excess of revenue over direct and indirect costs | 16,345,388 | 17,909,635 |
| Other income | 611,300 | 469,102 |
| Interest expense | (333,674) | (419,240) |
| Equity in losses of affiliates | <u>(1,441,203)</u> | <u>(840,098)</u> |
| Unrestricted net revenue | 15,181,811 | 17,119,399 |
| Temporarily restricted contributions | 100,000 | 2,800 |
| Unrealized gain on permanently restricted Institute equity | <u>32,265</u> | <u>84,436</u> |
| Net revenue | 15,314,076 | 17,206,635 |
| Institute equity, beginning of year | <u>119,989,730</u> | <u>102,783,095</u> |
| Institute equity, end of year | <u>\$135,303,806</u> | <u>\$119,989,730</u> |

The accompanying notes are an integral part of these financial statements.