

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.

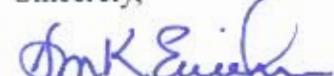
A performance period of seventeen (17) weeks commencing on or about 19 January 2007 and a fixed-price of \$93,133 are proposed. Our labor rates are consistent with our federally approved Federal Supply Schedule consulting services price list [www.rti.org/gsa] for the period in which they are incurred. 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 compiled 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	28,572
Total Estimated Price	93,133

	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
Gallaher, Michael P	Sr. Social Scientist 2	50	186.30	9,315
Heller, Katherine	Midlevel Social Scientist 2	10	128.34	1,283
Cannada, Judith	Administrative 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	<u>132</u>	Total Labor	<u>17,435</u>

NC General Assembly / Environmental Review Commission

RTI Proposal Number: 0280700.388

Task 2: Phase 2

Name	Description	Total Hours	Hourly Rate	Total Cost
Gallaher, 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
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September 30, 2005 and 2004**

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PricewaterhouseCoopers LLP
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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	<u>5,322,864</u>	<u>7,648,268</u>
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	<u>6,734,248</u>	<u>4,795,653</u>
	137,906,642	121,599,194
Less accumulated depreciation	<u>(66,975,949)</u>	<u>(60,639,126)</u>
Total property and equipment	<u>70,930,693</u>	<u>60,960,068</u>
Investment in affiliates	394,761	-
Beneficial interest in the George Watts Hill Foundation Trust	1,595,275	1,563,011
Other assets	<u>1,393,470</u>	<u>1,386,222</u>
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	<u>13,482,412</u>	<u>10,262,410</u>
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	<u>128,438,826</u>	<u>113,257,014</u>
Total unrestricted equity	<u>133,499,606</u>	<u>118,317,794</u>
Temporarily restricted equity	208,925	108,925
Permanently restricted equity	<u>1,595,275</u>	<u>1,563,011</u>
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	\$467,697,025	\$509,466,553
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	<u>16,345,388</u>	<u>17,909,635</u>
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	<u>15,181,811</u>	<u>17,119,399</u>
Temporarily restricted contributions	100,000	2,800
Unrealized gain on permanently restricted Institute equity	<u>32,265</u>	<u>84,436</u>
Net revenue	<u>15,314,076</u>	<u>17,206,635</u>
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.