



**PURCHASING ITEM  
FOR  
COUNCIL AGENDA**

**1. Agenda Item Number:**

21

**2. Council Meeting Date:**  
February 26, 2015

**TO: MAYOR & COUNCIL**

**3. Date Prepared:** February 12, 2015

**THROUGH: CITY MANAGER**

**4. Requesting Department:** Airport

**5. SUBJECT:** Agreement with Kimley-Horn and Associates, Inc. for Airport Economic Impact Analysis.

**6. RECOMMENDATION:** Staff recommends City Council approve Agreement No. CM5-918-3464, with Kimley-Horn and Associates, Inc., for Phase 1 of the airport economic impact analysis, in an amount not to exceed \$50,000 for Phase I, with the option to proceed to Phase 2 in an amount not to exceed \$31,500 for a total not to exceed amount of \$81,500.

**7. BACKGROUND/DISCUSSION:**

City Council was briefed on Chandler Municipal Airport's role in the National Airspace System, Airport operations, and its operating and capital budgets during a micro-retreat in August 2014. At that time, City Council requested Staff devote resources to analyzing the current and future economic output of the Airport.

The Airport is still developing and therefore requires a General Fund subsidy in order to maintain sufficient operating and capital budgets. City Council requested Staff utilize a consultant to determine the economic impact of Chandler Municipal Airport as well as evaluate its ability to achieve self-sufficiency and maintain a growth model that supports the City's overall economic development goals.

Under this project agreement, Kimley Horn and Associates, in partnership with Arizona State University's W.P. Carey School of Business, and L. William Seidman Research Institute will complete the tasks outlined in the phases below.

**8. EVALUATION:** On November 13, 2014, City staff issued a Request for Proposal for the airport economic impact analysis. Notification was sent to all registered vendors. Nine proposals were received from the following offerors:

McClure Consulting, LLC  
FTI Capital Advisors  
Willdan  
Kimley-Horn and Associates, Inc.,  
Applied Development Economics  
Oxford Economics  
Delta Airport Consultants  
Elliott D. Pollack & Company  
John C. Martin Associates

The Evaluation Committee evaluated the proposals and recommends award to Kimley-Horn and Associates, Inc., who submitted the most advantageous offer to the City in accordance with the evaluation criteria. Staff negotiated a phased approach to the Scope of Work. Phase 1 will consist of Tasks 1 – 3, analysis of current economic impact, airport as an economic benefit and the self-sustaining evaluation. At its sole option, the City may proceed with Phase 2 consisting of Tasks 4 – 5, strategic recommendations to support economic development goals and potential outcomes if goals are met.

The term of this agreement is one year from the Notice to Proceed with the expectation that Phase I will be completed within 90 days from the commencement of the work. At its conclusion, a written report and presentation will be delivered to the Mayor and City Council. At that time, and only with Council direction

shall staff exercise the option to proceed with Phase 2. In the event the option is exercised, it is anticipated that Phase 2 will be completed within 90 days from the commencement of the work.

**9. FINANCIAL IMPLICATIONS:**

Cost:

All phases of this agreement are in not to exceed amounts.

Phase I: \$50,000

Phase 2: \$31,500

Total: \$81,500

Acct. No.:            Fund:            Program Name:  
101.1290.5219    General Fund    Non-Departmental, Professional/Contracts Services

**10. PROPOSED MOTION:** Move City Council approve Agreement No. CM5-918-3464, with Kimley-Horn and Associates, Inc., for Phase 1 of the airport economic impact analysis, in an amount not to exceed \$50,000 for Phase I, with the option to proceed to Phase 2 in an amount not to exceed \$31,500 for a total not to exceed amount of \$81,500.

**ATTACHMENTS:** Agreement

**APPROVALS**

**11. Requesting Department**

*Marsha Reed*

Doug Whitney

**13. Department Head**

*Marsha Reed*

Marsha Reed

**12. Purchasing and Materials Manager**

*Christina Pryor*

Christina Pryor, CPPB

**14. City Manager**

*Rich Dlugos*

Rich Dlugas

**CITY OF CHANDLER  
PROFESSIONAL SERVICES AGREEMENT**

**Project No. CM5-918-3464**

**Project Name: AIRPORT ECONOMIC IMPACT ANALYSIS AND RECOMMENDATIONS**

THIS AGREEMENT is made and entered into this \_\_\_\_\_ day of \_\_\_\_\_, 2015, by and between the City of Chandler, a Municipal Corporation of the State of Arizona, hereinafter referred to as "CITY", and Kimley-Horn and Associates, Inc., hereinafter referred to as "CONSULTANT".

WHEREAS, the Mayor and City Council of the City of Chandler is authorized and empowered by provisions of the City Charter to execute contracts for professional services; and

WHEREAS, CONSULTANT represents that CONSULTANT has the expertise and is qualified to perform the services described in the Agreement.

NOW THEREFORE, in consideration of the mutual promises and obligations set forth herein, the parties hereto agree as follows:

**1. CONTRACT ADMINISTRATOR:**

1.1. To provide the professional services required by this Agreement CONSULTANT shall act under the authority and approval of the Airport Administrator or designee, (the Contract Administrator), who shall oversee the execution of this Agreement, assist the CONSULTANT with any necessary information, audit billings, and approve payments. The CONSULTANT shall channel reports and special requests through the Contract Administrator.

1.2. CITY reserves the right to review and approve any/all changes to CONSULTANT'S key staff assigned to the CITY project by the firm during the term of this Agreement.

2. **SCOPE OF WORK:** CONSULTANT shall provide those services described in Exhibit B attached hereto and made a part hereof by reference.

3. **ACCEPTANCE AND DOCUMENTATION:** Each task shall be reviewed and approved by CITY to determine acceptable completion. All documents, including but not limited to, data compilations, studies, and reports which are prepared in the performance of this Agreement, shall be and remain the property of CITY and shall be delivered to CITY before final payment is made to CONSULTANT.

4. **FEE SCHEDULE:** For the services described in paragraph 2 of this Agreement, CITY shall pay CONSULTANT fees in accordance with the fee schedule attached hereto as Exhibit C and incorporated herein by reference.

5. **TERM:** The term of this Contract is one year, commencing on March 1, 2015. The City reserves the right at its sole discretion to extend the Contract for an additional one-year term or portions thereof.

6. **COOPERATIVE USE OF CONTRACT.** In addition to the City of Chandler and with approval of the CONTRACTOR, this Contract may be extended for use by other municipalities, school districts and government agencies of the State. A current listing of eligible entities may be found at [www.maricopa.gov/materials](http://www.maricopa.gov/materials) and then click on 'Contracts', 'S.A.V.E.' listing and 'ICPA'. Any such

usage by other entities must be in accordance with the ordinance, charter and/or procurement rules and regulations of the respective political entity.

If required to provide services on a school district property at least five (5) times during a month, CONTRACTOR shall submit a full set of fingerprints to the school district in accordance with A.R.S. 15-512 of each person or employee who may provide such service. The District shall conduct a fingerprint check in accordance with A.R.S. 41-1750 and Public Law 92-544 of all CONTRACTORS, sub-CONTRACTORS or vendors and their employees for which fingerprints are submitted to the District. Additionally, the CONTRACTOR shall comply with the governing body fingerprinting policies of each individual school district/public entity. CONTRACTOR, sub-contractors, vendors and their employees shall not provide services on school district properties until authorized by the District.

Orders placed by other agencies and payment thereof will be the sole responsibility of that agency. The CITY shall not be responsible for any disputes arising out of transactions made by other agencies who utilize this Agreement.

## **7. TERMINATION:**

**7.1. Termination for Convenience:** CITY reserves the right to terminate this Contract or any part thereof for its sole convenience with thirty (30) days written notice. In the event of such termination, CONSULTANT shall immediately stop all work hereunder, and shall immediately cause any of its suppliers and subcontractors to cease such work. As compensation in full for services performed to the date of such termination, the CONSULTANT shall receive a fee for the percentage of services actually performed. This fee shall be in the amount to be mutually agreed upon by the CONSULTANT and CITY, based on the agreed Scope of Work. If there is no mutual agreement, the Management Services Director shall determine the percentage of work performed for each task detailed in the Scope of Work and the CONSULTANT's compensation shall be based upon such determination and CONSULTANT's fee scheduled included herein.

**7.2 Termination for Cause:** City may terminate this Contract for Cause upon the occurrence of any one or more of the following events:

- 1) If CONSULTANT fails to perform pursuant to the terms of this Agreement
- 2) If CONSULTANT is adjudged a bankrupt or insolvent;
- 3) If CONSULTANT makes a general assignment for the benefit of creditors;
- 4) If a trustee or receiver is appointed for CONSULTANT or for any of CONSULTANT'S property;
- 5) If CONSULTANT files a petition to take advantage of any debtor's act, or to reorganize under the bankruptcy or similar laws;
- 6) If CONSULTANT disregards laws, ordinances, rules, regulations or orders of any public body having jurisdiction;
- 7) Where Agreement has been so terminated by CITY, the termination shall not affect any rights of CITY against CONSULTANT then existing or which may thereafter accrue.

**7.3. Availability of Funds for the next Fiscal Year.** Funds may not presently be available under this agreement beyond the current fiscal year. No legal liability on the part of the CITY for services may arise under this agreement beyond the current fiscal year until funds are made available for performance of this agreement. The CITY may reduce services or terminate this agreement without

further recourse, obligation, or penalty in the event that insufficient funds are appropriated. The City Manager shall have the sole and unfettered discretion in determining the availability of funds.

8. **INSURANCE REQUIREMENTS:** CONSULTANT shall provide and maintain the insurance as listed in Exhibit D attached hereto and made a part hereof by reference.
9. **INDEMNIFICATION.** To the fullest extent permitted by law, CONSULTANT, its successors, assigns and guarantors, shall defend, indemnify and hold harmless City and any of its elected or appointed officials, officers, directors, commissioners, board members, agents or employees from and against any and all allegations, demands, claims, proceedings, suits, actions, damages, including, without limitation, property damage, environmental damages, personal injury and wrongful death claims, losses, expenses (including claim adjusting and handling expenses), penalties and fines (including, but not limited to, attorney fees, court costs, and the cost of appellate proceedings), judgments or obligations, which may be imposed upon or incurred by or asserted against the City by reason of this Agreement or the services performed or permissions granted under it, and related to, arising from or out of, or resulting from any negligent or intentional actions, acts, errors, mistakes or omissions to the extent caused, in whole or part, by CONSULTANT, or any of its subcontractors, or anyone directly or indirectly employed by any of them or anyone for whose acts any of them may be liable, relating to the discharge of any duties or the exercise of any rights or privileges arising from or incidental to this Agreement, including but not limited to, any injury or damages claimed by any of CONSULTANT's and subcontractor's employees. The amount and type of insurance coverage requirements set forth in the Agreement will in no way be construed as limiting the scope of indemnity in this paragraph.
10. **ENTIRE AGREEMENT:** This Agreement constitutes the entire understanding of the parties and supersedes all previous representations, written or oral, with respect to the services specified herein. This Agreement may not be modified or amended except by a written document, signed by authorized representatives or each party.
11. **ARIZONA LAW:** This Agreement shall be governed and interpreted according to the laws of the State of Arizona.
  - 11.1. Pursuant to the provisions of A.R.S. § 41-4401, the Contractor hereby warrants to the City that the Contractor and each of its subcontractors ("Subcontractors") will comply with all Federal Immigration laws and regulations that relate to the immigration status of their employees and the requirement to use E-Verify set forth in A.R.S. §23-214(A) (hereinafter "Contractor Immigration Warranty").
  - 11.2. A breach of the Contractor Immigration Warranty (Exhibit A) shall constitute a material breach of this Contract that is subject to penalties up to and including termination of the contract.
  - 11.3. The City retains the legal right to inspect the papers of any Contractor or Subcontractor employee who works on this Contract to ensure that the Contractor or Subcontractor is complying with the Contractor Immigration Warranty. The Contractor agrees to assist the City in the conduct of any such inspections.
  - 11.4. The City may, at its sole discretion, conduct random verifications of the employment records of the Contractor and any Subcontractors to ensure compliance with Contractors Immigration Warranty. The Contractor agrees to assist the City in performing any such random verification.
  - 11.5. The provisions of this Article must be included in any contract the Contractor enters into with any and all of its subcontractors who provide services under this Contract or any subcontract. "Services" are defined as furnishing labor, time or effort in the State of Arizona by a contractor or subcontractor.

Services include construction or maintenance of any structure, building or transportation facility or improvement to real property.

11.6. In accordance with A.R.S. §35-393.06, the Contractor hereby certifies that the offeror does not have scrutinized business operations in Iran.

11.7. In accordance with A.R.S. §35-391.06 the Contractor hereby certifies that the offeror does not have scrutinized business operations in Sudan.

**12. CONFLICT OF INTEREST:**

**12.1. No Kickback.** CONSULTANT warrants that no person has been employed or retained to solicit or secure the Agreement upon an agreement or understanding for a commission, percentage, brokerage or contingent fee; and that no member of the City Council or any employee of the CITY has any interest, financially or otherwise, in the firm unless this interest has been declared pursuant to the provisions of A.R.S. section 38-501. Any such interests were disclosed in CONSULTANT'S proposal to the CITY.

**12.2. Kickback Termination.** CITY may cancel any contract or agreement, without penalty or obligation, if any person significantly involved in initiating, negotiating, securing, drafting or creating the agreement on behalf of the CITY is, at any time while the Agreement or any extension of the Agreement is in effect, an employee of any other party to the Agreement in any capacity or a CONSULTANT to any other party to the Agreement with respect to the subject matter of the Agreement. The cancellation shall be effective when written notice for CITY is received by all other parties, unless the notice specifies a later time (A.R.S. 38-511).

**12.3. No Conflict.** CONSULTANT stipulates that its officers and employees do not now have a conflict of interest and it further agrees for itself, its officers and its employees that it will not contract for or accept employment for the performance of any work or services with any individual business, corporation or government unit that would create a conflict of interest in the performance of its obligations pursuant to this project.

**12.4. Arizona Law.** This Agreement shall be governed and interpreted according to the laws of the State of Arizona.

**12.5. Jurisdiction and Venue.** The parties agree that this Agreement is made in and shall be performed in Maricopa County. Any lawsuits between the Parties arising out of this Agreement shall be brought and concluded in the courts of Maricopa County in the State of Arizona, which shall have exclusive jurisdiction over such lawsuits.

**12.6. Fees and Costs.** Except as otherwise agreed by the parties, the prevailing party in any adjudicated dispute relating to this Agreement is entitled to an award of reasonable attorney's fees, expert witness fees and costs including, as applicable, arbitrator fees; provided, however, that no award of attorney's fees shall exceed ten percent (10%) of the damages awarded the prevailing party unless the non-prevailing party has been determined to have acted in bad faith or in a frivolous manner during the adjudication.

**13. NOTICES:** All notices or demands required to be given pursuant to the terms of this Agreement shall be given to the other party in writing, delivered by hand or registered or certified mail, at the addresses set forth below, or to such other address as the parties may substitute by written notice given in the manner prescribed in this paragraph.

In the case of City:  
City of Chandler  
Purchasing Division  
P.O. Box 4008, Mail Stop 901  
Chandler, AZ 85244-4008  
480.782. 2400

In the case of CONSULTANT:

Notices shall be deemed received on date delivered, if delivered by hand, and on the delivery date indicated on receipt if delivered by certified or registered mail.

IN WITNESS WHEREOF, the parties have hereunto subscribed their names to this \_\_\_\_ day of \_\_\_\_\_ 2015.

CITY OF CHANDLER

CONSULTANT

\_\_\_\_\_ Date

By: Nathan Walman  
Title: V.P.

APPROVE AS TO FORM

ATTEST: If Corporation

\_\_\_\_\_ City Attorney (lrb)

[Signature]  
Secretary

ATTEST:

\_\_\_\_\_ City Clerk

SEAL

**EXHIBIT A**  
**Contractor Immigration Warranty**  
**To Be Completed by Contractor Prior to Execution of Contract**

A.R.S. § 41-4401 requires as a condition of your contract verification of compliance by the contractor and subcontractors with the Federal Immigration and Nationality Act (FINA), all other Federal immigration laws and regulations, and A.R.S. § 23-214 related to the immigration status of its employees.

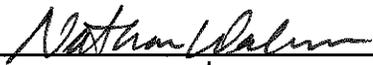
By completing and signing this form the contractor shall attest that it and all subcontractors performing work under the cited contract meet all conditions contained herein.

<b>Contract Number:</b> CM5-918-3464		
<b>Name (as listed in the contract):</b> Kimley-Horn		
<b>Street Name and Number:</b> 7740 N. 16 <sup>th</sup> Street, Suite 300		
<b>City:</b> Phoenix	<b>State:</b> AZ	<b>Zip Code:</b> 85020

I hereby attest that:

1. The contractor complies with the Federal Immigration and Nationality Act (FINA), all other Federal immigration laws and regulations, and A.R.S. § 23-214 related to the immigration status of those employees performing work under this contract;
2. All subcontractors performing work under this contract comply with the Federal Immigration and Nationality Act (FINA), all other Federal immigration laws and regulations, and A.R.S. § 23-214 related to the immigration status of their employees.

**Signature of Contractor (Employer) or Authorized Designee:**



**Printed Name:** NATHAN WALNUM

**Title:** V.P.

**Date (month/day/year):** 2/23/15

## EXHIBIT B SCOPE OF WORK

The City identified a series of five tasks and three anticipated deliverables in its Scope of Work for the Airport Economic Impact Analysis and Recommendations. The goal of the analysis identified in the tasks is to provide more in-depth economic evaluation, as well as financial and strategic assessments regarding the Airport's contributions and ability to increase revenues toward achieving self-sufficiency.

The approach to each phase is outlined below.

Phase 1	Tasks 1-3
Phase 2	Tasks 4-5

The City and the Consultant anticipate that the tasks of Phase 1 will be complete within 90 days of the commencement of work. The City and the Consultant will agree on a specific schedule, including milestone and deliverable due dates, before work begins.

Should the City elect to proceed with Phase 2, the City and the Consultant will agree on a specific schedule, including milestone and deliverable due dates, before work begins. The City and the Consultant anticipate that the tasks of Phase 2 will be complete within 90 days of the commencement of work.

### PHASE 1

#### **Task 1: Current Economic Impact**

As noted in the RFP, the Arizona Department of Transportation (ADOT) completed "The Economic Impact of Aviation in Arizona 2012," which provided estimates of economic impact by airport. The City has expressed interest in building on the analysis conducted as part of the ADOT analysis. The technical report for the study summarized that the methodology used to estimate economic impact relied on data collected for calendar year 2011 via surveys for which it was noted that there was a very low response rate. The surveys primarily requested information on jobs, and using the IMPLAN model, the total economic impact of each airport was calculated to derive the results. The actual data for each airport, in terms of responding tenants and their individual survey information, is not provided or available from ADOT. The information for Chandler Municipal Airport (Airport Identification Code CHD) was noted as "estimated". Therefore, it is difficult to determine the reliability of the data from the ADOT study. To more accurately estimate the current economic impact for CHD updated data should be obtained and a new IMPLAN model created. This is the only reliable means for determining the current economic impact of CHD given the limited details available from the ADOT analysis.

The proposed methodology to calculate an updated economic impact is based on the methodology published by the Federal Aviation Administration (FAA) in its "Estimating the Regional Economic Significance of Airports". Since its publication in 1992, this document has been used as the standard for estimating airport economic impacts. The methodology used in the ADOT analysis is similar, with slightly different terminology, but the same general principles are applied.

Economic impact analysis starts with the direct impacts of aviation and aviation-related industries at an airport. This information is typically gathered through survey, either in-person, by phone, or other method. The Consultant will develop the survey and the City will conduct the surveying effort of all airport tenants, to potentially include those businesses that are located off Airport property with the support of the Consultant.

Data to be collected include total employment, total annual payroll, annual expenditures, annual sales/revenue, and capital improvements. As noted in the RFP, CHD currently has the following business tenants:

- Fixed-based operator

- Four flight training schools
- Charter company
- Full-service repair center

The Air Traffic Control Tower's staff would also be included as a tenant, generating impacts for the Airport.

In addition to direct impacts, the impacts of Airport visitors also need to be estimated. At general aviation airports, visitors are typically related to operators who are not based at the airport. Transient aircraft and passengers represent spending from outside the local airport service area and are an important component in establishing the impact of visitors or tourism. In previous analyses conducted by ASU, visitors were evaluated in more detail than the ADOT analysis, with estimations of those who had an overnight stay versus those whose visit was one day or less, and even down to a stay of less than or more than 4 hours. Data from filed flight plans purchased from Airport IQ would be used to analyze the actual transient activity in the 12 months leading up to the start of the Economic Analysis. Using Airport IQ, the origins of visitors as well as the leading destinations for flights from the region will be identified. For purposes of estimation, general aviation visitor data from the "2013 Phoenix-Mesa Gateway Airport Economic Impact Analysis" will be used to derive the following:

- Average party size
- Average stay
- Spending per aircraft

These data were obtained through surveys conducted of general aviation users at Phoenix-Mesa Gateway Airport and are considered to be reasonable for the Economic Analysis and Recommendations for CHD given the proximity of the airports and the similarity in the types of general aviation activity. The tourism expenditures will then be used in accordance with IMPLAN model information to generate payroll and employment figures associated with this spending. The latest available IMPLAN data set will be utilized, with specific coefficients for the Phoenix metropolitan area to provide accurate results on multipliers and overall economic impact. It is also possible to compute tax revenue created by the presence of the airport using IMPLAN, which will be discussed with the City.

Both direct aviation services and tourism activities have secondary impacts that measure the recirculation of spending in the region. These indirect and induced impacts are calculated using the IMPLAN model. These direct and secondary impacts will be clearly identified and differentiated and are summed to derive the total economic impact, as portrayed in terms of revenues, payrolls, and jobs.

### **Task 2: Airport as an Economic Benefit**

The results of Task 1 will describe the economic impacts of CHD in traditional terms including the direct and secondary impacts related to revenues, payrolls, and jobs. This traditional analysis provides only a quantitative measure of CHD's impact as an economic generator, but not as an economic supporter and an important component in the overall infrastructure of the City.

Filed flight plan data obtained in Task 1 will be reviewed for identification of specific businesses that are using the Airport. While not a specific "economic impact" that can be tied directly to the Airport alone, significant business is being facilitated due to the use of general aviation that does represent an economic benefit outside of the previously quantified economic impact.

As agreed by the City, no interviews will be conducted in this task but the Consultant will include questions in the survey conducted as part of Task 1 for the tenants to provide specific business names that they know use the Airport and any other qualitative information regarding the Airport's activities. The Consultant will also research available information from sources such as the National Business Aviation Association (NBAA), the Alliance for Aviation Across America, the Federal Aviation Administration's (FAA's) ASSET report, and others to provide more qualitative information to support the quantitative analysis in Task 1.

### **Task 3: Self-Sustaining Evaluation**

Financial self-sustainability or sufficiency is a goal of most airports, including CHD. Under the FAA's sponsor assurances that are signed any time a grant is accepted by an airport owner, the FAA requires the airport to be as financially self-sustaining as possible given the circumstances that exist.

According to the "Guidebook for Developing General Aviation Business Plans" produced by the Airport Cooperative Research Program (ACRP), the following are relevant to "good stewardship" of the airport and achieving financial self-sustainability:

- Identify the assets that are (or will be) required to meet the needs of airport customers and stakeholders
- Obtain and invest capital in the airport assets identified
- Make the highest and best use of airport assets
- Meet the needs of customers and stakeholders by providing quality airport infrastructure and improvements and ensuring the delivery of quality aviation products, services, and facilities at the airport
- Maximize revenues and minimize expenses

Being self-sustaining means that the Airport must generate sufficient revenues to cover the operating and capital costs of developing and maintaining the facilities. Revenues are typically generated through rents and fees, but many airports also receive grants from agencies such as the FAA and ADOT to assist with capital development projects and contributions from the Airport sponsor. The amount of revenues generated by the airport activity depends upon the types of facilities that are provided, the market for those facilities, and the competitiveness of the facilities in terms of pricing and availability.

Most airports similar to CHD are generally run very efficiently, thus the opportunity to reduce expenses is generally small, though there's always room for improvement. The Consultant will review current operational, procurement, and maintenance processes to evaluate if there are any areas where expenses could be further reduced through the use of other well-known processes and methods and the use of technology.

To evaluate CHD's ability to achieve self-sufficiency, the Consultant will evaluate revenues and expenses, historic and future trends, and characteristics using data provided by the City, up to and including the following:

- Airport budget (financial and operating) for last five years
- Financial statements for last five years
- Cash flow
- Capital improvement plan
- Rates and charges
- Lease agreements
- Current and projected air traffic volumes
- Land Use Options

Data on current leases and plans, as well as historical and projected financial statistics will be integral to understanding the Airport's existing financial standing and what changes may be possible and when. These data will provide a baseline for evaluating the financial condition of CHD. These data will not, however, identify the competitive position of CHD to attract users and investment in assets that contribute to the "highest and best use" of those assets, hopefully leading to being a self-sustaining operation.

A competitive market analysis will also be prepared, focusing on the regional market area as well as a larger view of similar comparable airports in the western U.S. As agreed with the City, the Consultant will choose 5 airports for the competitive market analysis. The competitive market analysis will focus on available facilities, rates and charges, expenses, and activity levels that will be used to benchmark key financial metrics including items such as revenue per operation, number of staff per 1,000 operations, expense levels per operation, and other metrics that will allow better analysis of CHD's financial condition.

The financial evaluation and benchmark analysis will also be used to determine the ability of CHD to

improve the financial condition and work toward self-sufficiency. The analysis will result in identification of potential areas where changes could be made that are considered reasonable given the national and regional general aviation environment and the current and anticipated position of CHD's aviation infrastructure.

While not a full business plan analysis, nor a full strategic plan, this analysis is anticipated to provide the City with information to make informed decisions regarding the financial self-sufficiency of CHD considering the economic impact and other benefits that are derived. Data from the Airport's 2007 Master Plan regarding future demand for aviation activity, the facilities needed to serve the demand, the recommended development plan including specific projects, and the evaluation of the potential economic impact of the proposed airport infrastructure improvements will be used, as appropriate. These data can serve as a baseline to generally evaluate the necessary assets, level of capital investment, and potential uses of the property, indicating how CHD could be maximized in the future to generate a self-sustaining operation.

### **Reports and Meetings**

To conclude Phase 1, a written report will be prepared. In addition, a PowerPoint presentation will be developed for presentation to the Mayor and/or City Council, or others as directed by the City. Two people will attend the presentation. The PowerPoint will provide an executive-level briefing of the study results. All products will be delivered to the City in PDF format for production and distribution. It is anticipated that the results from Phase 1 will be integrated into an Executive Summary that is prepared in Phase 2.

### **PHASE 2**

The parties agree that at the conclusion of Phase 1 and at its sole discretion, the City may exercise the option to proceed with Phase 2.

### **Task 4: Strategic Recommendations to Support Economic Development Goals**

The City of Chandler's 2011 Comprehensive Plan identified a specific economic development goal:

- ED-1: Encourage the establishment of new business and promote the retention of existing businesses, thereby creating increased employment opportunities and providing for a greater array of needs to be met in Chandler.

The goal relates most directly to CHD, assisting with the establishment and retention of businesses that rely directly or indirectly on general aviation to meet their needs. All of the previous tasks will provide input into evaluating the ability of CHD to support the City's Economic Development Goals. With information from the economic impact, businesses utilizing the Airport, and the self-sustaining analysis, an understanding of the needs and opportunities as well as the economic and other contributions of the Airport will be provided. These needs and opportunities will be transformed into recommendations that are strategic and focused on actions that can be taken to improve the Airport's position as an economic catalyst and supporter of businesses for Chandler. It is anticipated that the strategic recommendations will include some actions that require changes to the City's operation of the Airport in terms of agreements or leases, financial changes, and facility development to maximize the available land assets. Other recommendations may be branding or marketing related, suggesting opportunities to showcase the Airport to generate additional operational activity, thereby increasing revenues and leading to self-sustainability. The strategic recommendations will also include identification of performance measures that can be used to track or monitor the Airport's performance as it makes improvements and changes. Establishing a baseline of performance measures and existing performance allows the City to track the investments made and the results from those investments.

### **Task 5: Potential Outcomes If Goals Are Met**

Each of the strategic recommendations will be evaluated to determine the potential return or outcome as a result of implementation. Some recommendations will have near-term direct financial outcomes while others may take longer to be realized. The potential outcomes will be outlined and documented in the report for Task 4 and will include identification of the following for each:

- Risks of implementation
- Anticipated financial return or outcome
- Timing of action
- Responsible parties

**Reports and Meetings**

To conclude Phase 2, a written report and an executive summary will be prepared. The Consultant will also develop and conduct a second presentation to the Mayor and/or City Council.



**EXHIBIT D  
INSURANCE REQUIREMENTS**

**Insurance:**

1. General.

- A. At the same time as execution of this Agreement, the CONSULTANT shall furnish the City of Chandler a certificate of insurance on a standard insurance industry ACORD form. The ACORD form must be issued by an insurance company authorized to transact business in the State of Arizona possessing a current A.M. Best, Inc. rating of A-7, or better and legally authorized to do business in the State of Arizona with policies and forms satisfactory to CITY. Provided, however, the A.M. Best rating requirement shall not be deemed to apply to required Workers' Compensation coverage.
- B. The CONSULTANT and any of its subcontractors, subconsultants or sublicensees shall procure and maintain, until all of their obligations have been discharged, including any warranty periods under this Agreement are satisfied, the insurances set forth below.
- C. The insurance requirements set forth below are minimum requirements for this Agreement and in no way limit the indemnity covenants contained in this Agreement.
- D. The City in no way warrants that the minimum insurance limits contained in this Agreement are sufficient to protect CONSULTANT from liabilities that might arise out of the performance of the Agreement services under this Agreement by CONSULTANT, its agents, representatives, employees, subcontractors, sublicensees or subconsultants and the CONSULTANT is free to purchase any additional insurance as may be determined necessary.
- E. Failure to demand evidence of full compliance with the insurance requirements in this Agreement or failure to identify any insurance deficiency will not relieve the CONSULTANT from, nor will it be considered a waiver of its obligation to maintain the required insurance at all times during the performance of this Agreement.
- F. Use of SubContractors: If any work is subcontracted in any way, the CONSULTANT shall execute a written agreement with Subcontractor containing the same Indemnification Clause and Insurance Requirements as the City requires of the CONSULTANT in this Agreement. The CONSULTANT is responsible for executing the Agreement with the Subcontractor and obtaining Certificates of Insurance and verifying the insurance requirements.

2. Minimum Scope And Limits Of Insurance. The CONSULTANT shall provide coverage with limits of liability not less than those stated below.

- A. *Commercial General Liability-Occurrence Form.* CONSULTANT must maintain "occurrence" form Commercial General Liability insurance with a limit of not less than \$2,000,000 for each occurrence, \$4,000,000 aggregate. Said insurance must also include coverage for products and completed operations, independent contractors, personal injury and advertising injury. If any Excess insurance is utilized to fulfill the requirements of this paragraph, the Excess insurance must be "follow form" equal or broader in coverage scope than underlying insurance.
- B. *Automobile Liability-Any Auto or Owned, Hired and Non-Owned Vehicles*

*Vehicle Liability:* CONSULTANT must maintain Business/Automobile Liability insurance with a limit of \$1,000,000 each accident on CONSULTANT owned, hired, and non-owned vehicles assigned to or used in the performance of the CONSULTANT's work or services under this Agreement. If any Excess or Umbrella insurance is utilized to fulfill the requirements of this paragraph, the Excess or Umbrella insurance must be "follow form" equal or broader in coverage scope than underlying insurance.

- C. *Workers Compensation and Employers Liability Insurance:* CONSULTANT must maintain Workers Compensation insurance to cover obligations imposed by federal and state statutes having jurisdiction of CONSULTANT employees engaged in the performance of work or services under this Agreement and must also maintain Employers' Liability insurance of not less than \$1,000,000 for each accident and \$1,000,000 disease for each employee.
  - D. *Professional Liability.* If the Agreement is the subject of any professional services or work performed by the CONSULTANT, or if the CONSULTANT engages in any professional services or work adjunct or residual to performing the work under this Agreement, the CONSULTANT must maintain Professional Liability insurance covering errors and omissions arising out of the work or services performed by the CONSULTANT, or anyone employed by the CONSULTANT, or anyone whose acts, mistakes, errors and omissions the CONSULTANT is legally liable, with a liability limit of \$1,000,000 each claim and \$2,000,000 all claims. In the event the Professional Liability insurance policy is written on a "claims made" basis, coverage must extend for 3 years past completion and acceptance of the work or services, and the CONSULTANT, or its selected Design Professional will submit Certificates of Insurance as evidence the required coverage is in effect. The Design Professional must annually submit Certificates of Insurance citing that the applicable coverage is in force and contains the required provisions for a 3 year period.
3. Additional Policy Provisions Required.
- A. *Self-Insured Retentions Or Deductibles.* Any self-insured retentions and deductibles must be declared and approved by the City. If not approved, the City may require that the insurer reduce or eliminate any deductible or self-insured retentions with respect to the City, its officers, officials, agents, employees, and volunteers.
  - B. *City as Additional Insured.* The policies are to contain, or be endorsed to contain, the following provisions:
    - 1. The Commercial General Liability and Automobile Liability policies are to contain, or be endorsed to contain, the following provisions: The City, its officers, officials, agents, and employees are additional insureds with respect to liability arising out of activities performed by, or on behalf of, the CONSULTANT including the City's general supervision of the CONSULTANT; Products and Completed operations of the CONSULTANT; and automobiles owned, leased, hired, or borrowed by the CONSULTANT.
    - 2. The CONSULTANT's insurance must contain broad form contractual liability coverage and must not exclude liability arising out of explosion, collapse, or underground property damage hazards ("XCU") coverage.
    - 3. The City, its officers, officials, agents, and employees must be additional insureds to the full limits of liability purchased by the CONSULTANT even if those limits of liability are in excess of those required by this Agreement.
    - 4. The CONSULTANT's insurance coverage must be primary insurance with respect to the City, its officers, officials, agents, and employees. Any insurance or self-insurance maintained by the City,

its officers, officials, agents, and employees shall be in excess of the coverage provided by the CONSULTANT and must not contribute to it.

5. The CONSULTANT's insurance must apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer's liability.
6. Coverage provided by the CONSULTANT must not be limited to the liability assumed under the indemnification provisions of this Agreement.
7. The policies must contain a severability of interest clause and waiver of subrogation against the City, its officers, officials, agents, and employees, for losses arising from Work performed by the CONSULTANT for the City.
8. The CONSULTANT, its successors and or assigns, are required to maintain Commercial General Liability insurance as specified in this Agreement for a minimum period of 3 years following completion and acceptance of the Work. The CONSULTANT must submit a Certificate of Insurance evidencing Commercial General Liability insurance during this 3 year period containing all the Agreement insurance requirements, including naming the City of Chandler, its agents, representatives, officers, directors, officials and employees as Additional Insured as required.
9. If a Certificate of Insurance is submitted as verification of coverage, the City will reasonably rely upon the Certificate of Insurance as evidence of coverage but this acceptance and reliance will not waive or alter in any way the insurance requirements or obligations of this Agreement. If any of the required policies expire during the life of this Agreement, the CONSULTANT must forward renewal or replacement Certificates to the City within 10 days after the renewal date containing all the necessary insurance provisions.