

**COUNTY ENGINEER'S SUPPLEMENTAL REPORT TO
THE BOARD OF COUNTY COMMISSIONERS ON
BENEFITS AND DISPOSAL OF PROTESTS-
IMPROVEMENT DISTRICT NO. 158-LAS VEGAS
BOULEVARD-ST. ROSE PARKWAY**

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STATE OF NEVADA)
)
COUNTY OF CLARK)

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REPORT TO THE BOARD OF COUNTY
COMMISSIONERS ON BENEFITS AND
DISPOSAL OF PROTESTS –
IMPROVEMENT DISTRICT NO. 158 –
LAS VEGAS BOULEVARD – ST. ROSE
PARKWAY**

**OFFICE OF THE COUNTY ENGINEER
NOVEMBER 9, 2015**

Pursuant to NRS chapter 271, Clark County, Nevada (the "County") has provisionally ordered the acquisition of a Storm Sewer Project, as defined in NRS 271.215, and a Sanitary Sewer Project, as defined in NRS 271.200. The projects combined, provided for in NRS 271.295, are known as Special Improvement District 158 ("SID 158"). SID 158 was initiated by the County as a result of requests to the County by owners of property within the District who advocated that the SID will be beneficial for development of property.

The purpose of this document is to set forth the assessment methodology, appraisal data and opinions supporting the estimates of special benefits, and the basis for disposal of the protests received.

I. Storm Sewer Project (Unit No. 1)

A. General Description

The Storm Sewer Project to be constructed in Unit No. 1 shall consist of: storm drain mainline improvements proposed to consist of reinforced concrete box ("RCB") storm drain mainline ranging in size from 22' x 8' RCB to 13' x 8' RCB, to include transition and junction structures, connecting the existing four (4) 12' x 5' culvert crossings within St. Rose Parkway approximately 500 feet west of Las Vegas Boulevard to the existing Clark County Regional Flood Control District Facility DCWA 1395 at a point approximately 455 feet north of Cactus Avenue, a distance of approximately 12,890 feet; a 60-inch reinforced concrete pipe ("RCP") stub to the west on Bruner Avenue; a 1' x 6' RCB stub to the west on Jonathan Drive; a 58-inch x 91-inch RCP stub to the west on Barbara Lane; a 9' x 6' RCB stub to the west on Starr Avenue; a 8' x 6' RCB stub to the west on Erie Avenue; a 8' x 6' RCB stub to the west on Cactus Avenue; and 24-inch RCP stubs to the east on Jonathan Drive, Barbara Lane, Starr Avenue, Erie Avenue, and Cactus Avenue. The storm drain system is also proposed to include storm drain laterals and drop inlets at key intersections to convey roadside flows into the storm drain mainline. USA (BLM), utility-owned, and developed parcels are excluded from the assessment (not a part).

B. Purpose

1. Elimination of Flows from the Box Culvert System

One purpose of the Storm Sewer Project is to collect storm water flows that convey up to approximately 2,900 cubic feet per second ("cfs") of storm water¹ from a box culvert system constructed by the State of Nevada at the northwest corner of Las Vegas Boulevard South ("LVBS") and St. Rose

¹ During a 100 year storm event the storm water flows from the Box Culvert System are estimated to be 2900 cfs.

Parkway (“Box Culvert System”),² and divert these flows from 1) a natural unimproved wash which impacts parcels fronting the west side of LVBS, and 2) from crossing LVBS and impacting parcels fronting the east side of LVBS, to a storm drain to be constructed under LVBS.

The natural unimproved wash runs overland northerly and approximately 300 feet west of and parallel to LVBS from the Box Culvert System to an existing open channel running transverse to the direction of the flow.³ The open channel collects the flows from the Box Culvert System and conveys them to an arch culvert which discharges into an improved concrete Duck Creek Channel under LVBS. The natural unimproved wash runs parallel to LVBS and traverses through parcels fronting the west side of LVBS. See **Aerial Depicting Existing Drainage and Facilities**, attached hereto as **Exhibit A**.⁴ The natural unimproved wash that is approximately 160 feet wide, runs parallel to LVBS and traverses through parcels fronting the west side of LVBS is hereinafter referred to as “The Wash”. The Storm Sewer Project will eliminate the overland flows from the Box Culvert System by providing an underground conveyance system within the LVBS right-of-way and off of the parcels being assessed. The Storm Sewer Project will ultimately convey the storm flows to an existing improved drainage system north of Cactus Avenue.

Once the Storm Sewer Project is constructed in LVBS, the offsite storm flows from the Box Culvert System will no longer be conveyed through The Wash. Since the parcels fronting the west side of LVBS receive the vast majority of benefits from the Storm Sewer Project by eliminating the flows from the Box Culvert System, they will be assessed 90% of the non-public contribution to the Storm Sewer Project.⁵

2. Elimination of Other Offsite and/or Upstream Flows

Additionally, the Storm Sewer Project will eliminate five (5) existing culverts under LVBS which convey storm flows from the west side of LVBS onto parcels fronting the east side of LVBS. See **Exhibit A**. In other words, the Storm Sewer Project will intercept the storm flows that move west to east. Further, the Storm Sewer Project will eliminate the need for parcels fronting the east side of LVBS to provide drainage easements as ten (10) drop inlets and laterals will be constructed and connected to the Storm Sewer Project and provide for drainage. Parcels which abut LVBS but are not encumbered by The Wash carrying storm flows from the Box Culvert System must address onsite and offsite storm water runoff of significantly smaller flows, and are therefore being assessed 10% of the non-public contribution to the Storm Sewer Project.⁶

3. Direct Connections for Onsite Drainage

Another purpose of the Storm Sewer Project is to provide storm water collection facilities for the benefit of all the parcels abutting LVBS by providing laterals from the main conveyance RCB to the east side and west side of LVBS. Thus, eliminating the need to construct expansive onsite drainage system.

² The purpose of the Box Culvert System is to protect the highway and traffic from damages associated with flooding from sheet flows.

³ As discussed herein, this open concrete channel was constructed by a private developer on APNs 177-29-801-012 and -018, at its full expense, to divert the storm water from its property, making an area encumbered by The Wash usable. The current property owner of these parcels is CV Propco LLC.

⁴ All Exhibits to this Supplemental Report can be reviewed on the Clark County Department of Public Works website: <http://www.clarkcountynv.gov/pubworks/>. Additionally, they are available upon request at the Clark County Department of Public Works.

⁵ These assessments are determined after deducting contributions by Clark County, as discussed herein.

⁶ These assessments are determined after deducting contributions by Clark County, as discussed herein.

C. Basis for the Improvements

The Storm Sewer Project is necessary to provide flood protection to properties fronting LVBS, and to provide a continuous, uniform and cost effective public drainage system to manage onsite and offsite water flows.

1. Development Studies for Properties Fronting the West Side of LVBS Encumbered by The Wash

On the west side of LVBS, The Wash occupies an approximate 160 foot wide strip, which, coupled with the storm flows discharging from the Box Culvert System, makes a portion of the affected parcels generally fronting the west side of LVBS undevelopable as The Wash is limited to nonstructural uses. See **Exhibit A**.

Drainage studies have been performed by developers as a precursor to the development of some of the properties in this area. These studies demonstrate the need to accommodate the 2,900 cfs of offsite storm water flowing across these properties fronting the west side of LVBS by either constructing improvements or reserving land to accommodate the flows. One such study was performed in 2005 on the parcel owned by Tzortzis 2005 Trust and Tzortzis Vassilios & M V CO-TRS (APN 191-05-801-012) and addressed the need to provide open space for the conveyance of flows. See **Drainage Study and Grading Plan for APN 191-05-801-012**, attached hereto as **Exhibit "B"**. However, with respect to APN 191-05-801-012, the reserved open space (which amounted to an approximate 160-foot wide strip across the subject property parallel to the frontage along LVBS) rendered over one-third of the parcel unusable.

Similarly, the drainage study performed for the parcel owned by Vegas Group, LLC (APN 191-05-801-007), directly north of Tzortzis fronting the west side of LVBS, also demonstrated the need to provide open space for the conveyance of the 2900 cfs. This study, performed in 1984, required the reservation of an easement for drainage as well as the grading of the wash to make it wider and deeper to accommodate the flows. See **Drainage Study for APN 191-05-801-007**, attached hereto as **Exhibit "C"**. As with the Tzortzis property, the drainage study on Vegas Group's property was needed to protect persons and property, to ensure the flow of storm water, and required an easement to guarantee that The Wash was not used for anything but drainage.

Another drainage study was performed on the parcels owned by St. Rose Parcel LLC and Southern Highlands Investment Partners (APNs 191-08-510-002 and 003, respectively), which are located at the northwest corner of St. Rose Parkway and LVBS. This study proposed conveying flows from St. Rose Parkway in a large box culvert from the outlet at St. Rose Parkway in a northerly direction, along the length of the frontage of the property, parallel and within the LVBS right-of-way, and returning them to The Wash, at the north end of this property, via a BLM-owned parcel containing a drainage easement that grades westerly and discharges into the alignment established by the drainage path on APNs 191-05-801-012 and 191-05-801-007. See **Depiction of Proposed RCB Diverting Box Culvert System Flows from Drainage Study for APNs 191-08-510-002 and 003**, attached hereto as **Exhibit "D"**. This drainage study, performed in 2005, is consistent with the Storm Sewer Project in that it proposed diverting the storm water from The Wash located on the property and through improvements consisting of a box culvert. Furthermore, these proposed improvements would run along the frontage of the property, parallel to LVBS. Had these improvements been constructed, the area of these parcels encumbered by The Wash would have become usable.

Another drainage study, dated 2001, performed for a developer of property north of Cactus fronting the west side of LVBS, now owned by CV Propco, LLC (APNs 177-29-801-012 and 018), proposed an

open concrete lined channel (which was subsequently constructed) along the southern boundary of the property to collect flows from The Wash to the south to eliminate the flows from the Box Culvert System from crossing its property and to protect the property north of the open channel. Flows from The Wash are collected in the open channel and are conveyed easterly to an underground arch culvert which runs northerly and easterly to a point under LVBS. To facilitate this improvement an easement was granted to the County for the purpose of drainage. See **Depiction of Construction Plans for Collecting and Diverting Offsite Flows for Drainage Study involving APNs 177-29-801-012 and 018**, attached hereto as **Exhibit "E"**.

As the foregoing drainage studies indicate, without the construction of the Storm Sewer Project, the portion of each parcel affected by The Wash is undevelopable. The drainage studies further demonstrate that it is necessary to either reserve the area affected by The Wash for drainage purposes (thus rendering it undevelopable) or construct physical improvements to accommodate the storm flows. In either case, the area encumbered by the Wash across each parcel is proportional to the length of each parcel's frontage along LVBS. For the affected properties fronting the west side of LVBS, that are encumbered by The Wash, to fully develop consistent with the current planned land use of CT-Commercial Tourist, in a MUD (Mixed Use Development) I Overlay District, improvements must be constructed to accommodate or divert the flows.

As the foregoing indicates, the parcels fronting the west side of LVBS, through which The Wash traverses, share a common burden of addressing the impact of the Box Culvert System flows at St. Rose Parkway and north to the collection channel north of Cactus Avenue.

In lieu of each of these parcel's addressing the storm water individually with potentially inconsistent solutions, the Storm Sewer Project would be constructed by the County in the LVBS right-of-way and provide a continuous and uniform resolution for removal of the storm flows from the Box Culvert System that traverse through The Wash which runs through the parcels generally fronting on the west side of LVBS, as depicted in **Exhibit A**.

2. Development Studies for Properties Fronting LVBS Not Encumbered by The Wash

Development studies for parcels fronting the east side of LVBS also demonstrate a benefit to parcels not encumbered by The Wash, including all parcels on the east side of LVBS, from the Storm Sewer Project

A drainage study prepared in 2013 by DR Horton, identified by HTE 13-42248, for a 38 acre residential subdivision on the southeast corner of LVBS and Starr Avenue demonstrates from parcels fronting the east side of LVBS can be benefited by allowing for discharge of storm water runoff into the Storm Sewer Project. The drainage study demonstrates that flows originating on the east side of LVBS, south of the proposed residential development, must be handled by this developer to eliminate impacts to its property from offsite flows. Additionally, the developer must address the discharge of flows originating from the south and its own onsite flows to properties to the north of Starr Avenue to protect them from the discharges originating from the south and across its own property. In 2015 this developer constructed a storm drain system that will discharge into the proposed Storm Sewer Project. Without the Storm Sewer Project those discharges would continue to flow overland northerly and parallel to LVBS, discharging into Duck Creek Channel north of Cactus Avenue, requiring downstream parcels to take on these flows and for the developer to grant and/or obtain easements for drainage purposes.

A 2002 grading plan of a proposed convenience store / gas station on the southeast corner of LVBS and Cactus Avenue (APNs 177-33-01-001 and 002) also illustrates the need to address storm water flows across parcels fronting the east side of LVBS. See **Surface Plans for Grading Plan for APNs 177-33-01-**

001 and 002, attached hereto as **Exhibit “F”**. Driveway culverts and ditches along the frontage of LVBS were proposed to address storm water. In addition, the entire parking area of the development would be occupied by a drainage easement to accommodate overland flows. The Storm Sewer Project would provide a convenient discharge for these flows eliminating the needs of the driveway culvert, ditches along the frontage, and easement.

Thus, each developer of parcels fronting the east side of LVBS would need to address storm water runoff flowing parallel to LVBS, south to north, along the length of property frontage. As with the properties encumbered by The Wash, the Storm Sewer Project provides a continuous and uniform resolution for those properties that are not encumbered by The Wash.

3. Summary of Property Benefits Resulting from the Storm Sewer Project

As discussed herein, all properties assessed for the Storm Sewer Project front LVBS and the benefits to those parcels will include the following:

- Elimination of offsite storm water flows from the Box Culvert System;
- Reduced or eliminated need for obtaining property owner permission/approval/easements to pond, grade, or discharge flows onto adjacent properties;
- Potential further reduction of flows from an upstream property owner developing its site and conveying flows into the proposed storm sewer;
- Mitigated site development flows by providing for discharge of flows into the Storm Sewer Project and;
- Availability of direct connection to a publicly owned and maintained system.
- Properties fronting the west side of LVBS and encumbered by The Wash receive the benefit of unencumbering the undevelopable portion of land comprising The Wash. Again, this is due to the diversion of the Box Culvert System flows into the Storm Sewer Project.
- According to property owners supporting SID 158, the Storm Sewer Project would enhance property values. See **Correspondence from Property Owners within SID 158**, attached hereto as **Exhibit “G”**.
- All assessments are likely to be less than the estimated cost to individual property owners constructing their own storm sewer improvements.

D. Assessment Methodology: Front Foot Method

1. Apportionment of Storm Sewer Project Costs

The estimated cost of the Storm Sewer Project is \$18,845,680.15, of which \$7,981,730.46 will be paid by public funds. The remaining costs will be assessed to the properties fronting LVBS.

The parcels fronting the west side of LVBS encumbered by The Wash receive a vastly greater special benefit than those not encumbered by The Wash as the proposed improvements will eliminate offsite sheet flows of up to 2900 cfs and make an approximate 160 foot wide strip of each such parcel (currently consisting of The Wash) developable.

The parcels not encumbered by The Wash receive a smaller special benefit as the amount of upstream and offsite flows diverted from these parcels to the Storm Sewer Project is substantially less than the flows diverted from the west side parcels encumbered by The Wash.

2. Assessment Method

The assessment methodology used for the Storm Sewer Project is the front foot method, as contemplated by NRS chapter 271. The front foot method makes each tract of property responsible for the costs of the improvements that run the length of the frontage of that property, taking into account any irregularly shaped parcels. This assessment methodology is also fair and equitable as the proposed Storm Sewer Project will generally be conveying the same volume of storm water, offsite and/or onsite flow through an underground conduit rather than across the length of each parcel, as it would without the Storm Sewer Project.

Parcels fronting the west side of LVBS that are impacted by The Wash are also impacted by additional onsite flows. The Wash traverses a distance from north to south on each property and under and through these parcels that is equivalent to the linear feet of frontage of these properties on LVBS. See **Exhibit A**. The parcels not encumbered by The Wash are impacted by onsite flows (running parallel to LVBS), upstream flows, and offsite flows from the Box Culvert System that cross LVBS. Consequently, each assessment has been determined by:

- The total estimated cost of the Storm Sewer Project is \$18,845,680.15.
- Reducing total cost for the Storm Sewer Project by the County commitment of \$7,981,730.46 to get total Unit 1 assessment estimate of \$10,863,949.69.
- Calculating property frontage lengths (in feet) based on criteria in the Clark County Special Improvement District Guidelines.
- To assess properties on the west side of LVBS encumbered by The Wash, take 90% of the total Unit 1 assessment estimate divided by the entire length of the benefitted properties resulting in a per linear foot unit assessment of \$837.98.
- To assess the properties fronting the west side of LVBS that are not encumbered by The Wash, and those fronting the east side of LVBS, take 10% of the total Unit 1 assessment estimate divided by the entire length of the benefitted properties resulting in a per linear foot unit assessment cost of \$97.13.
- Multiply each property's frontage by the per linear foot unit assessment cost to determine the property's assessment estimate.

3. Justification

Engineering analysis indicates that the proposed Storm Sewer Project will eliminate the flows from the Box Culvert System so they no longer impact downstream properties. Only the properties that are specially benefitted by the Storm Sewer Project are being assessed. The properties fronting the west side of LVBS that are encumbered by The Wash specially benefit as they will no longer be burdened by the flows from the Box Culvert System and undevelopable property consisting of The Wash.⁷ Owners of these

⁷ Properties which are not impacted by the flows from the Box Culvert System and do not front LVBS are not assessed as a special benefit cannot be attributed.

properties will be able to fully develop and use the property without constructing their own improvements to divert the natural flows.

The assessment methodology is consistent with individual parcel development. In the development process, property owners are required to address the drainage impacts through studies, design and construction in order to fully develop their property. Using the front foot method to determine assessment estimates is justified because market participants take into account the expected development costs in determining how much to pay for land.

The assessment of ninety percent (90%) of the Storm Sewer Project to the properties fronting the west side of LVBS that are encumbered by The Wash is fair and equitable as those properties will be relieved of the Box Culvert System flows and the burden of constructing significant improvements to divert or convey those substantial flows in order to fully develop property encumbered by The Wash. Likewise, those properties will be able to drain onsite flows into the Storm Sewer System along LVBS by directly connecting to the Storm Sewer Project. Using the front foot method is justified, because, in effect, it measures the length of The Wash area encumbering each parcel which will be developable after completion of the Storm Sewer Project.

Likewise, the assessment of ten percent (10%) of the Storm Sewer Project is fair and equitable for the properties fronting LVBS, which are not encumbered by The Wash, as those properties are impacted with much less storm water than those fronting the west of LVBS and encumbered by The Wash. However, those properties that are not encumbered by the wash will be specially benefitted from the Storm Sewer Project as the project will divert upstream and offsite flows (including those from the Box Culvert System that cross LVBS onto parcels fronting on the east side) from these properties as well as allow them to directly connect to drain offsite and onsite flows. Offsite stormwater runoff generally flows south to north across the parcels a distance equivalent to the length of a parcels' frontage along LVBS.

II. Sanitary Sewer Improvements (Unit 2)

The limits of the assessed parcels in the Sanitary Sewer Project are generally located between I-15 to the west, Giles Street to the east, Pyle Avenue to the north and St. Rose Parkway to the south. USA (BLM), utility-owned, and developed parcels are excluded from the assessment (not a part). Parcels that could be served directly from the existing main line in Cactus Avenue are also not included and are responsible for providing their own laterals in the future. Upon completion of construction of Unit No. 2 by Clark County, the Clark County Water Reclamation District ("CCWRD") will assume ownership and maintenance of the Sanitary Sewer Project.

The Sanitary Sewer Project is best described by dividing it into three segments, based on the points of discharge. The Sanitary Sewer Project involves three different sizes of mainlines costing a total of \$7,878,389.75 being assessed to the properties within Unit 2. Segment 1 starts from approximately 380 feet north of St. Rose Parkway and continues north in LVBS to the existing sanitary sewer main in Cactus Avenue, a distance of approximately 11,757 feet. Segment 1 ranges in diameter from 15 inches to 21 inches. Segment 1 will serve parcels within the limits of Unit No. 2 west of LVBS and east of I- 15, and parcels within the limits of Unit No. 2 fronting LVBS on the east side to Giles Street.

Segment 2 is a 12-inch sanitary sewer main line in LVBS that begins approximately 340 feet north of Cactus Avenue and flows south to a point where it connects to the existing 30-inch sewer main in Cactus Avenue. Segment 2 within the limits of Unit No. 2 fronting LVBS to the east.

Segment 3 is a 15-inch sanitary sewer main line in LVBS that begins approximately 295 feet north of Cactus Avenue and ties in to an existing 15-inch sewer stub south of Pyle Avenue, a distance of approximately 2,285 feet. Segment 3 serves parcels within the limits of Unit No. 2 to the west of LVBS and to the north of Cactus Avenue and parcels within the same limits of Unit No. 2 fronting LVBS to the east.

Additional Sanitary Sewer Project improvements in Unit No. 2 are proposed to include: sanitary sewer stubs to the east and west at Bruner Avenue, Chartan Avenue, Siddall Avenue, Erie Avenue, Levi Avenue, and Frias Avenue; and sanitary sewer stubs to the west at Jonathan Drive, Barbara Lane, Neal Avenue, and Starr Avenue. These stubs provide the ability to sewer parcels not fronting LVBS. A 15-inch sewer stub is also provided to APN 191-08-510-002.

The Sanitary Sewer Project includes sanitary sewer laterals for individual parcels fronting LVBS. A lateral will be installed connecting each property fronting LVBS in Unit 2 to a main sewer line. The cost for each individual lateral will be included in the assessment amount for each property based on the length and width of the lateral. Property owners are provided the option not to have these laterals installed and the ones that exercise that option will not have the cost of the lateral included in the assessment for Unit 2.

Except for assessments for the optional laterals, all Unit No. 2 parcels will only be assessed for baseline sewer facilities (to include sewer main line, side street stubs, and manholes). The CCWRD will be solely responsible for paying the cost to oversize the sewer mains for extra capacity to serve future users outside of Unit 2.

A. Basis for the Improvements

The Sanitary Sewer Project will provide sanitary sewer infrastructure in LVBS that will allow the parcels in Unit No. 2 to connect and obtain sewer service from the CCWRD. The Sanitary Sewer Project will enable development, eliminate the need to extend sanitary sewer as part of development, as well as provide continuity in the construction and development of the sanitary sewer system. The land use designation for all of the properties located in Unit No. 2 is Commercial Tourist; therefore, presuming that the property in Unit 2 will develop in a similar degree of intensity, the weighted acre method is appropriate as the volume of wastewater generated per acre⁸ would be approximately the same on each parcel. The size of the parcel and proximity to the discharge point are ultimately determinative in each parcel's assessment.

The Unit No. 2 assessments are allocated consistently with conventional development in that the criteria for the Unit No. 2 assessments is based on what a developer would likely be required to do if development was to take place without the County's construction of the Sanitary Sewer Project. Significantly, however, in the traditional development context, the property owner would enter into a main line extension agreement with CCWRD, which allows a developer to construct a main line facility to its property and potentially receive partial refunds from future developers who connect to that system within 10 years. With the Sanitary Sewer Project the need for this agreement is unnecessary. The developer will not need to extend itself financially more than necessary for sanitary sewer improvements directly attributable to its own property, or wait to receive reimbursements for a portion of the cost from future downstream developers, collection of which is limited to only 10 years of the agreement and is reduced by CCWRD's administrative costs.

⁸ Wastewater is measured in residential equivalent units ("ERUs"). Each ERU is 90,000 gallons of wastewater generated annually.

B. Summary Property Benefits Resulting from the Improvements

- Public construction of the sanitary sewer infrastructure based on land use designation of Commercial Tourist will allow properties fronting LVBS to directly connect a lateral to a sewer mainline.
- Property owner does not extend itself financially beyond cost of improvements necessary for its own property. In other words, there is no need to enter into an agreement with CCWRD for the line extension and rely on reimbursements from future developers connecting to the line downstream.
- Sanitary sewer is available to all properties in Unit No. 2 simultaneously. One developer will not be delayed by another developer constructing the sanitary sewer.
- After construction of Unit No. 2, the parcels in Unit No. 2 will be ripe for development.
- According to property owners supporting SID 158, the Storm Sewer Project would enhance property values. See **Correspondence from Property Owners within SID 158**, attached hereto as **Exhibit G**.
- All assessments are likely to be less than the estimated cost to individual property owners constructing their own storm sewer improvements.

C. Assessment Methodology – Weighted Acre Method

1. Assessment Assumptions and Criteria

The weighted acre assessment methodology for the Sanitary Sewer Project is equitable because each property is responsible for its share of sewer presumed to be generated proportionate to the number of acres of property, and in relation to its proximity to the discharge point. The more acres, the more sewage that is generated. The further away a property is from a discharge point, the more length of pipe the sewer generated from the property has to traverse. The criteria supporting the assessment methodology includes the following:

- Assessment area limits for Unit No. 2 participants are I-15 to the west and Giles Street to the east of LVBS.
- BLM, governmental, utility-owned, and developed parcels are not included in the Unit No. 2 assessment.
- The existing 30" sanitary sewer in Cactus Avenue will collect flows from all parcels south to St. Rose Parkway. These parcels are grouped into 7 collection areas denoted as basins, as depicted in the **Provisional Order Assessment Plat for Unit 2**, attached hereto as **Exhibit H-1** (and also on file with the County Commission Clerk's Office) and **Basin Calculations**, attached hereto as **Exhibit H-2**. Basin A is the farthest from Cactus Avenue and Basin G is the closest. See **Exhibits H-1 and H-2**.
- Basin H is north of Cactus Avenue and parcels within this basin will be assessed for sewer collection facilities constructed north of Cactus Avenue.
- Parcels are assessed based on area (acreage) and land use which are related to amount of sewer generated and use a parcel has to the Sanitary Sewer Project.
- Parcels in basins farther from Cactus Avenue are assessed more based on the assumption that, were these parcels to develop without the SID, they

would be required to extend a sewer main line the longer distance from Cactus Avenue to their property, and subsequently rely on what would likely be partial reimbursements by future developments tying in to the extended main line.

- Participating parcels south of Cactus Avenue will only be assessed for baseline sewer facilities. The CCWRD will pay the cost to oversize the sewer mains for extra capacity to serve future users outside Unit 2. Sewer lateral facilities to individual properties are constructed and assessed unless owners opt out, and will be extended to LVBS right-of-way at each property.
- Estimates of the costs of baseline and oversize sewer mainline pipe sizing was provided by CCWRD.
- Side street sewer stubs to the east are not included in the SID as they do not benefit any properties within the SID.

2. Assessment Method

The CCWRD was asked by the County to model the flows in the area of the SID. The CCWRD calculated the sizing of the pipe based on model flows. Model flows were determined based on the presumed volume of wastewater flow each property located in Unit No. 2 would generate being zoned Commercial Tourist, the planned land use for the areas being assessed. Based on property size by acreage, CCWRD was able to determine how many millions of gallons per day of sewage each property could generate. Thus the pipe sizes used to determine the assessments were based on land use and the expected flow generated by each property.

In calculating the assessments for the individual properties within Unit No. 2, the weighted acre method was applied. Projected flows from each parcel are based on a property being zoned Commercial Tourist, and from there are weighted and assessed based on parcel acreage, the assumption being that larger parcels (which have more acreage) will likely contribute greater flows into the sewer system.

Parcels south of Cactus Avenue assessed in Unit No. 2 were broken down into 7 collection areas denoted as Basins, generally delimited by cross streets and property lines based on locations of the proposed mainlines. **Exhibits H-1 and H-2.** Basin A is farthest south from the connection point in Cactus Avenue and Basin G is the closest. Parcels farther south from the existing sanitary main line tie-in in Cactus Avenue are assessed more for the main line facilities under the assumption that if their owners were to develop their parcels without the SID, they would have to extend a sewer line the longer distance from Cactus Avenue to their property and then wait for partial reimbursement by future developments tying into the extended main line by means of Main Line Extension Refunds issued by the CCWRD. The parcels north of Cactus Avenue, which fall into Basin H, are generally assessed to a separate system extending south from Pyle Avenue. **Exhibits H-1 and H-2.**

In Unit No. 2 8 Nodes were established between 380 feet north of St. Rose Parkway and Cactus Avenue. See **Exhibits H-1 and H-2.** This encompasses the same area as Segment 1, described above. Nodes are located at sewer mainline manholes located in intersections along LVBS within the District. Basins are located in between two Nodes. The assessment per acre per Basin (between Nodes) was calculated by determining the amount of acres of assessed property in each Basin and correlating a Basin to the appropriate Node. The construction cost of the sewer in each Node was divided by the number of assessable acres from the correlating Basin. **Exhibits H-1 and H-2.** Except for the assessed properties in Basin G, between Nodes 2 and 1 (and closest to the sewer main at Cactus Avenue), and in Basin H, north of Cactus Avenue which ties in south of Pyle Avenue, all assessed properties will be allocated costs through at least two Nodes. **Exhibits H-1 and H-2.**

For example, Basin A consists of the properties between Nodes 8 and 7, along LVBS between St. Rose Parkway and Bruner. Because the sanitary sewer serving the properties in Basin A are farthest south from Cactus Avenue, it must traverse the entire length of Segment 1, to the existing sanitary sewer main in Cactus Avenue. The assessed Basin A properties are responsible for the entire cost of the sewer between Nodes 8 and 7 as well as portions of the construction costs between the other Nodes proportionate to other properties benefitting from the improvements at those locations. As the sanitary sewer approaches the main at Cactus Avenue, the cost per Node is reduced as there are more properties contributing, and thus more acreage, benefitting from the sewer at that point. The assessed properties in Basin A are 191-08-510-003 (49.5 acres) and 191-08-510-002 (49.26 acres) for a total of 98.76 acres. The estimated cost of constructing the sewer between Nodes 8 and 7 is \$639,516.88 and is divided by the total number of assessable acres.⁹ Hence the cost per acre for the sewer located between Nodes 8 and 7 for each property owner in Basin A is \$6,475.46.

Then one must look to the area between Nodes 7 and 6, which represents the sewer line along LVBS between Bruner Avenue and Jonathon Drive, and Basin B which includes 12 assessed properties along LVBS between Bruner and Jonathon Drive. This section of sewer construction will include the assessed properties in Basin A and Basin B. The total acreage of the assessed parcels in Basin A is 98.76, and must be added to the total acreage of the properties in Basin B, which is 36.03, for a total of 134.79 acres. The cost of constructing the sewer from Node 7 to 6 is \$663,279.00 and is divided by 134.79 resulting in a cost per acre for the sewer located between Nodes 7 and 6 at \$4,920.83. Therefore, the properties in Basin A pay \$6,475.46 per acre for the sewer construction between Nodes 8 and 7 and \$4,920.83 per acre for the sewer construction between Nodes 7 and 6. The assessed properties in Basin B pay \$4,920.83 per acre for the sewer construction between Nodes 7 and 6. The Basin A and B parcels are assessed based on these weighted averages for the main line segment between Jonathan Drive and Bruner Avenue. Because the Basin B properties do not benefit from the sewer constructed between Nodes 8 and 7 that services only the Basin A properties, they are not responsible for those costs. However, the Basin B properties, along with the Basin A properties are serviced by the portion of the sewer constructed between Nodes 7 and 6 so, therefore, the construction costs between those two Nodes is divided between the total acres of the parcels in Basin A and B.

This methodology continues downstream, with the total acreage used for weighted assessment getting larger, and the average assessment per acre getting smaller. It should be noted that the sewer main facilities increase in size as they approach the downstream tie-in at Cactus Avenue. The distance between Nodes 2 and 1 is closest to the sewer mainline tie-in at Cactus Avenue. Since all parcels upstream (south) of Cactus Avenue are contributing flows at this point, all parcels in Basins A-G are partially assessed for this distance. Node cost is divided by the sum acreage of all parcels in Basins A-G to get the cost per acre assessment, and the cost is multiplied by the acreage of each of the participating parcels in Basin A-G to determine their partial assessment for this area. Hence, the properties located in between Nodes 1 and 2, which are located in Basin G, are only assessed for the pipeline running from Node 2 to 1, from Erie to Cactus. As stated, the assessment for properties fronting LVBS that do not opt out of laterals will include the cost of the laterals.

As depicted on **Exhibits H-1 and H-2**, Basin H consists of the assessed properties north of Cactus Avenue and ties in to an existing 15-inch sewer stub south of Pyle Avenue and south into Cactus Avenue. This section of sewer consists of the entire Segment 2 and Segment 3 as described above. The same analysis used for Segment 1 applies for Segments 2 and 3. The assessed properties along Segments 2 and 3 of LVBS South comprise Basin H. The total acreage of those properties is 77.65. The cost of construction for

⁹ Basin assessment per acre is rounded to the nearest \$1.00.

Segments 2 and 3 is \$1,350,566.44, which divided by 77.65 results in an assessment rate of \$17,393.00 per acre. Hence, each property in Basin H is assessed \$17,393.00 per acre for the Sanitary Sewer Project.

This methodology can also be summarized with reference to **Exhibits H-1 and H-2** as follows:

- Segment Costs – Baseline facility costs (to include sewer main line, side street stubs to the west, and manholes) are estimated between nodes. Nodes occur at crossing streets, and terminate at the manhole nearest the crossing street intersection with LVBS.
- Basin Assessments, Node 2/1 Segment – The segment between Nodes 2 and 1 is closest to the sewer mainline tie-in at Cactus Avenue. Since ALL parcels upstream (south) of Cactus Avenue are contributing flows at this point, all parcels in Basins A-G are partially assessed for this segment. Node 2/1 segment cost is divided by the sum acreage of all parcels in Basins A-G to get the cost per acre assessment, and this is multiplied by the acreage of each participating parcel in Basins A-G to determine the partial assessments for this segment.
- Basin Assessments, Node 3/2 Segment – Parcels in Basins A-F contribute flows to the segment between Nodes 3 and 2. Node 3/2 segment cost is divided by the sum acreage of parcels in Basins A-F to get the cost per acre. These parcels are partially assessed for this segment based on their acreage.
- Basin Assessments, Node 4/3 Segment – Parcels in Basins A-E contribute flows to the segment between Nodes 4 and 3. Node 4/3 segment cost is divided by the sum acreage of parcels in Basins A-E to get the cost per acre. These parcels are partially assessed for this segment based on their acreage.
- Basin Assessments Continuation to South – Basin assessments continue as above, with fewer parcels being partially assessed for baseline facility segments farther south from Cactus Avenue. Basin A, being farthest upstream, is partially assessed for all segments of the baseline sewer facilities south of Cactus Avenue.
- No oversizing of the sewer mainline facilities north of Cactus Avenue are included in the Sanitary Sewer Project. The total cost for sewer mainline facilities between Cactus Avenue and Pyle Avenue is divided by the total acreage of parcels in Basin H to get the per acre cost for these parcels.

3. **Justification**

Unit No. 2 assessments use parcel areas as a weighted average for comparing sanitary sewer flows expected to be generated by developed sites under the assumption that larger sites will produce greater flows than smaller sites.

Parcels in assessment basins, as depicted in **Exhibits H-1 and H-2**, farther away from the existing sanitary sewer tie-in points at Cactus Avenue and Pyle Avenue are assessed more than parcels closer to the tie-in points. If an owner wanted to develop without the SID, they would be required to extend the mainline sanitary sewer from the tie-in point to their parcel at great expense with the expectation of minimal contribution as explained above.

III. **Unit 1 and Unit 2 Protests, Responses and Special Benefits**

None of the protestors provided any data, including any sales or appraisal data, to support their protests.

A. Tzortzis 2005 Trust and Tzortzis Vassilios & M V CO-TRS (“Tzortzis”); APN 191-05-801-012.

See Exhibit “I” attached hereto for an aerial photo of the Tzortzis parcel. Tzortzis is assessed only for the Unit 1 Storm Sewer Project. The assessment is \$282,399.26 (337 linear feet @ \$837.98/foot which represents the property owner’s portion of the 90% of the project cost less the County contribution).

1. Summary of Tzortzis’ Protest for Unit 1

Assessments are not feasible as there is no guarantee that the improvements would be an immediate, intermediate or long term increase in cash flow to the property. Such improvements would have made little or no difference in property cash flow over the past 5 years. In other words any increase in value to the property is speculative. Future benefits are speculated and unknown.

Tzortzis claims that it has fully developed the property and there is no equitable adjustment. Claims it is the only property in the SID where full half street improvements have been constructed and previously paid for, mitigating the drainage issue to two-thirds of the property. Claims there should be an equitable adjustment for potential detrimental effect on business operations from overall SID plan and other street improvement activity. Tzortzis claims it has no need for improvements as it has already developed property.

Allocation for storm drain should be reduced by two-thirds since only the back one-third of the property will benefit and back one-third is worth less.

Front foot assessment is unfair due to the location of properties, size and shape differences. Front footage is unfair due to difference in district owners and abilities to pay assessments. Front footage is unfair due to size and shape differences between parcels in the district and such differences can affect the timing of owner monetization of supposed benefits.

Tax bill will increase 243% the first year with a total cost of \$456,074.80 over 20 years (on a \$282,399.26 assessment due to 6% interest).

Financial burden, development is premature, improvement costs will hinder ability to sell, additional fees will impact the property negatively because it will increase the overall operative expenses for a future business.

2. County’s Response to Tzortzis’ Unit 1 Protest:

Based on the appraisal prepared by Charles E. Jack, MAI (the “Appraiser”), the market value of the Tzortzis Property is \$2,810,000 in the condition before the Storm Sewer Project (“before” condition). According to the Appraiser, the market value in the “after” condition is \$3,370,000. Based on this appraisal, the market value increase (special benefits) resulting from the Storm Sewer Project is \$560,000.00. See Appraisal of Charles E. Jack for the Tzortzis property (“Tzortzis Appraisal”), on file with the Clark County Commission Clerk’s Office.

The property is not currently being used to its fullest potential, as the property owner admits in his protest. The back one-third of this parcel, 1.25 acres, is designated as a drainage area “not to be disturbed”. See Exhibit “B”. The Storm Sewer Project will allow this area to be developable to its maximum potential

consistent with CT-Commercial Tourist land use designation and in a MUD (Mixed Use Development) I Overlay District. The grading plan for this property, prepared by Tzortzis' consultant, shows that the area designated as a drainage area is labeled as "Phase 2", which indicates that the owner may have plans to develop or sell it after storm flows were diverted. Further, the circular entrance and driveway configuration appears intended to support future development of the back and southern thirds of the property.

Furthermore, there is a berm running east and west along the southern portion of this property that is also related to drainage. See **Exhibit "B"**. As a result, development cannot occur on the southern end. The Storm Sewer Project will alleviate the need for this berm, resulting in an additional 49,418 square feet available for further development of this property beyond the cell tower and billboard sign. This is in addition to the 1.25 acres that consist of The Wash that will also be available for development.

Street improvements are not part of this SID. Street improvements are financed by the County and are not assessed to the property owners.

The property is not being assessed for the Sanitary Sewer Project as it has a septic system.

During construction of the SID, the Clark County Department of Public Works will allow for access to this property.

The property is not divided. The back one-third and the front two-thirds are part of one single parcel. Pursuant to NRS Chapter 271, individual tracts are assessed as the entire parcel incurs a special benefit from the project.

If the property owner were to develop the entire parcel, including the back one-third occupied by The Wash without the benefit of the Storm Sewer Project, the property owner would have to mitigate the flooding across the back one-third of the property by confining the flows to a facility comparable to the function of the improvements in the LVBS right-of-way that are part of the Storm Sewer Project.

SID assessment is based upon special benefit to the owner's property, including an increase in market value of the property that exceeds the assessment, as permitted by NRS Chapter 271. The assessment is not a tax. Once the assessment is paid off it goes away.

Property owner may apply for a hardship under NRS Chapter 271.

The Unit 1 and Unit 2 improvements will make the Erie property more attractive on the market as they will enhance the property owner's ability to sell it. Further, a neighboring property owner, Station Casinos, states that the timing is perfect for SID 158 and it will enhance property values. See **Exhibit G**. Additionally, Starr Interchange at I-15 is a State of Nevada project that is in the design phase.

Additionally, see Section I and III of this Supplemental Report.

B. Voyager Boulevard Investments, LLC ("Voyager")

See **Exhibit "J"** attached hereto for an aerial photo depicting the Voyager parcels involved in this SID.

One Voyager parcel is part of Unit 1 Storm Sewer Project. It is APN 191-05-503-001 ("Voyager Frontage Parcel") and the assessment is \$1,051,664.90 (1,255 linear feet @ \$837.98/foot which represents the property owner's portion of the 90% of the project cost less the County contribution).

All of the Voyager-owned parcels are part of Unit 2. The APNs for these parcels are: 191-05-503-001, 191-05-502-002, 191-05-502-001, 191-05-501-007, 191-05-501-003, 191-05-501-005, 191-05-501-009. The Unit No. 2 Assessment inclusive of all parcels is \$459,452.36. The parcels were individually assessed and appraised for a determination of special benefits, but the result is the same when treated collectively. The Unit 2 assessment includes a lateral connecting APN 191-05-503-001 to a main line at a cost of \$4,588.80.

1. Summary of Voyager's Protest as to Unit 1

Vacant land in the area has been selling on average for approximately \$350,000 per acre. The proposed assessment is 23% of the estimated market value of the parcel. Voyager claims that the value of the property is \$350,000 per acre and the total value of the Voyager Frontage Parcel is \$5.2 million.

All parcels in proximity to the storm drain system and within the SID are specially benefited. All properties affected by flooding are benefited. Yet, this is not taken into consideration. The assessment suggests, improperly, that only those parcels situated on LVBS will be specially benefited. In reviewing the assessments, Voyager is required to pay 9.86% of the storm drain assessment total (assessment based upon front footage on LVBS). Voyager is only required to pay 5.2% of the sanitary sewer assessment (assessment based upon a weighted acreage calculation). If the weighted per acre calculation is used for the storm drain assessment, Voyager would be required to pay approximately \$564,925.34 compared to the current assessment of \$1,051,664.90. The use of the "per front foot" basis, as opposed to the weighted per acre basis, results in an increased assessment of approximately \$486,739.60 to Voyager.

The use of "per front foot" basis excludes from consideration all other parcels not fronting LVBS that receive a special benefit from the proposed storm sewer facility project. There is no equality if parcels that are specially benefited by the project are excluded from inclusion in the method of calculation due solely to the method of calculation selected by the County. The method of assessment assumes that parcel owners who do not front LVBS will not benefit from the project. All property owners within the SID benefit from the Storm Sewer Project. It is certain that the Storm Sewer Project will provide an increase in value to the unassessed parcels within the SID as it will relieve them from the burden of flooding and permit usage in the future that will enhance the value. All parcels in the SID are equally benefited, just as with the Sanitary Sewer Project. To highlight this point one need to only read the description of the work for both Units. The proposal for the Storm Sewer provides for "stubs" and "laterals" servicing Jonathan Drive, Barbera Lane, Starr Avenue, Erie Avenue and Cactus Avenue. Similar language appears in that portion of the Notices addressing the Sanitary Sewer Project.

The appropriate calculation would be the "weighted per acre" method, currently employed in calculating the Unit 2 assessment. The process selected for Unit 1 appears to arbitrarily shift the cost of the special benefits conferred to a few rather than to all who are specially benefited.

The method to estimate "special benefits" was arbitrary. Engineers assume that the special benefits conferred on each property owner generally are equal to cost of construction. No analysis of the special benefit conferred upon each parcel situated within the SID.

Voyager argues that case law from Indiana and Idaho jurisdictions states that that benefits are special when they increase the value of the property, the property must receive a special benefit and the assessment must be reasonably proportional to the special benefit derived.

The improvements north of Pyle were not paid through a SID but through the ordinary course of development. Owners south of Pyle are being treated differently. A few developers are pressing for the SID and are causing the cost of the required improvement to be spread to others.

Voyager's Property sits south of Starr Avenue, the Cactus Avenue interchange will not likely provide any economic benefit to Voyager. Likewise, proposed improvements to LVBS are not likely to provide economic benefit until such time as lands along the more southern portions of LVBS are in a position to be developed.

Land will not be ripe for development until after the Starr interchange is complete. Requests that the SID be delayed until after work has begun on Starr Avenue interchange. Claims Process is premature. Costs outweigh immediate and foreseeable benefits. Assessments hinder ability to sell. Fees will impact the property negatively because it will increase the overall operating expenses for future business.

Voyager proposes that the SID be split into two parts with the County proceeding first on proposed improvements north of Cactus Avenue.

2. County's Response to Voyager's Unit 1 Protest:

The Voyager Frontage Parcel is encumbered by The Wash and flows from the Box Culvert Structure, and it will increase in value as a result of the Storm Sewer Project.

An appraisal of the Voyager Frontage Parcel prepared by the Appraiser concludes the value in the "before" condition is \$5,220,900 (11.602 usable acres at \$450,000/acre), and the value in the "after" condition is \$7,321,050 (16.269 *gross* usable acres at \$450,000 per acre). In concluding the market value increase (special benefits) to the Voyager Frontage Parcel due to the Storm Sewer Project is \$2,100,150 (\$7,321,050 minus \$5,220,900), the Appraiser made the assumption based on information supplied by Clark County Public Works staff that in the "before" condition, an approximate 162 foot wide by 1,255 foot long (4.6673 acres) drainage easement would have to be reserved for future site drainage mitigation purposes similar to other properties encumbered by The Wash. The 4.6673 acres is assumed to be developable in the "after" condition. The Appraiser uses the gross acreage of 16.269 (which includes certain dedicated streets but not LVBS), because his \$450,000 conclusion is based on comparable gross acreage sales and he assumes the dedicated streets will be vacated. See Appraisal of Charles E. Jack for properties owned by Voyager Investments, LLC, ("Voyager Appraisal") (Tzortzis Appraisal and Voyager Appraisal are collectively "Appraisal Reports"), on file with the Clark County's Commission Clerk's Office. Even if Voyager's \$350,000 per acre value were accepted, assuming The Wash area were not developable in the "before" condition and is developable in the "after" condition, the special benefits due to the Storm Sewer Project are \$1,633,555.

The front foot methodology is equitable and appropriate. See Section I of this Supplemental Report. The weighted acre method is not appropriate for property in the Unit 1 Storm Sewer Project, because purchasers typically extract areas within drainage channels in formulating the price to be paid for the property with reference to length and cost of any onsite facilities necessary for development of the property. The front foot methodology relies on the length of those needed facilities. The weighted acre methodology is used for the Unit 2 Sanitary Sewer Project because *none* of the acreage of those parcels (without regard to the length of The Wash) is usable without sanitary sewer service and it is *all* usable in the "after" condition.

The Voyager parcels which do not front LVBS are not assessed for the Storm Sewer Project because those properties do not receive a special benefit from the Storm Sewer Project as the flows from the Box Culvert System do not traverse those properties and The Wash does not encumber those properties.

Additionally, the Voyager parcels that do not front LVBS do not receive a special benefit because they will not likely be able to connect directly to the Storm Sewer Project due to the distance of those parcels from the Storm Sewer Project and the inadequate slope.

With respect to the Unit 1 assessment it is in compliance with NRS 271 as the special benefit exceeds the amount of the assessment.

The criteria for SID assessments are consistent with developer requirements in the Clark County Code if constructing without the SID. Owners north of Cactus Avenue themselves financed 100% of the cost of storm sewer improvements without requesting an SID, unlike the affected owners in Unit 1 Storm Sewer Project who have the benefit of the County's contribution. The law allows development to proceed through the implementation of the SID pursuant to NRS Chapter 271. Based on the total amount of assessments for Unit 1, properties representing only 10% of the front footage in the SID protested.

The Appraiser did not distinguish between properties closer to the Cactus interchange in concluding that market participants typically extract drainage channel areas from the acreage deemed usable in formulating the price to be paid for the affected property. See Voyager Appraisal. Voyager's vague arguments that the property's distance from the Cactus Interchange renders it unripe for development and that SID 158 is premature does not address whether or not the property owner is specially benefited by the improvements. The example of the South Point Hotel and Casino provides some evidence of the fallacy of Voyager's arguments that without a completed I-15 interchange at Starr Avenue, its property is unripe for development. Construction started on the South Point in 2003 (requiring planning after acquisition of the property in 2001), it opened on December 22, 2005, and the full interchange at I-15 was not completed at Silverado Ranch Boulevard until about October 4, 2007. The Starr Interchange is currently in the design phase by the Nevada Department of Transportation and both knowledgeable developers and investors are well aware of plans for its construction.

The Storm Sewer Project is also necessary for the development of the property. The assessment for the property does not exceed the special benefit to the property. Further, the property owner can apply for hardship under NRS Chapter 271.

Voyager proposes that the SID be split into two parts with the County proceeding first on proposed improvements north of Cactus Avenue. The properties north of Cactus Avenue have not approached the County for an SID and an SID is not appropriate for that area.

Additionally, see Section I and III of this Supplemental Report.

3. Summary of Voyager's Protest to Unit 2:

Voyager states that it is protesting Unit No. 2 but makes no specific objection. Further, Voyager argues that the weighted acre methodology should have been applied to the Storm Sewer Project and concedes that the properties in Unit 2 are equally benefited.

4. County's Response to Voyager's Unit 2 Protest:

Based on the Appraisal of the Voyager Property, the market value increase resulting from the Sanitary Sewer Project is 10% of market value of the property in its condition before either the Storm or Sanitary Sewer Project is constructed. Applying the Appraiser's conclusion of \$450,000.00 per gross developable acre to the 50.562 gross developable acres (including all dedicated streets except LVBS and excluding the 4.667 acres in The Wash deemed not developable), the Appraiser concludes the "before" market value is \$22,752,900, and the special benefits total \$2,275,290. See Voyager Appraisal.

Based on the total amount of assessments for Unit 2, properties representing only 7% of the assessments protested.

Additionally, see Section II and III of this Supplemental Report.

C. Kamer Family Trust and Zigman, Louis M. (“Kamer”); APN 191-05-701-007 “Kamer”).

See **Exhibit K**, attached hereto, for an aerial photo of the Kamer parcel.

The assessment for the Unit 1 Storm Sewer Project is \$283,237.00 (338 linear feet @ \$837.98/foot which represents the property owner’s portion of 90% of the project cost less the County contribution).

The Unit No. 2 Sanitary Sewer Project assessment is \$68,544.94. This assessment includes a lateral connecting this property to the main trunk line in LVBS at a cost of \$8,412.80.

1. Summary of Kamer’s Protest to Unit 1 and Unit 2:

Property owner submitted a letter objecting to the proposed assessment. No specific objection was stated.

2. County’s Response to Kamer’s Protest:

a. Unit 1 Storm Sewer Project

Comparable sales data in the Appraisal Reports, on file with the Clark County Commission Clerk’s Office, specifically the vacant land sales numbered 1 through 4 in both reports, indicate that the market value of the Kamer Property as an interior (not a corner) parcel fronting on the west side of LVBS is \$400,000.00 per usable acre. Based on drainage studies for nearby properties and the market participants’ method of discounting similarly affected land, special benefits to the Kamer Property due to the Storm Sewer Project are \$496,000.00, calculated as the difference between the value of 2.55 acres in the “before” condition (5 acres minus 1.21 acres as future LVBS right of way, minus 1.24 acres of undevelopable land in The Wash measured as 338 feet x 160 feet) x \$400,000/acre = \$1,020,000; and the value of 3.79 acres in the “after” condition (5 acres minus 1.21 acres as future LVBS right of way) x \$400,000/acre = \$1,516,000.

Additionally, see Section I and III of this Supplemental Report.

b. Unit 2 Sanitary Sewer Project

As explained above, the market value of the Kamer property in the “before” condition is \$400,000 per usable acre and when multiplied by 2.55 acres (5 acres minus 1.21 acres as future LVBS right of way, minus 1.24 acres of undevelopable land in The Wash), equals \$1,020,000. Based on the Voyager Appraisal data and conclusions, the special benefits due to the Sanitary Sewer Project are 10% of market value, or \$102,000, as the value in the “after” condition is \$1,122,000.

Additionally, see Section II and III of this Supplemental Report.

D. Las Vegas Land Acquisition LLC (APN 191-05-701-007) (“LV Land Acquisition”).

See **Exhibit L** attached hereto for an aerial photo of the LV Land Acquisition parcel.

The proposed Unit 1 Storm Sewer Project assessment is \$240,500.26 (287 linear feet @ \$837.98/foot which represents property owner’s portion of 90% of the project cost less the County contribution).

The proposed Unit No. 2 Sanitary Sewer Project assessment \$71,581.74. This assessment includes a lateral connecting the property to a main line at a cost of \$9,636.48.

1. Summary of LV Land Acquisition’s Protest to Unit 1 and Unit 2

The estimated benefit is excessive in both units. The costs are excessive for both units. Objection to the methodology to benefits estimate in both units.

2. County’s Responses to Protest

The protest for Unit 1 and Unit 2 was late pursuant to NRS 271.305(5)(h).

See Sections I, II and III of this Supplemental Report.

a. Unit 1 Storm Sewer Project

Comparable sales data in the Appraisal Reports specifically the vacant land sales numbered 1 through 4 in both reports, indicate that the market value of the Las Vegas Land Acquisition property as a corner parcel fronting on the west side of LVBS is \$450,000 per usable acre. Based on drainage studies for nearby properties and the market participants’ method of discounting similarly affected land, special benefits to this property due to the Storm Sewer Project are \$472,500, calculated as the difference between the value of 1.93 acres in the “before” condition (5 acres minus 2.02 acres as future LVBS right of way, minus 1.05 acres of undevelopable land in The Wash measured as 287 feet x 160 feet) x \$450,000/acre = \$868,500; and the value of 2.98 acres in the “after” condition (5 acres minus 2.02 acres as future LVBS right of way) x \$450,000/acre = \$1,341,000.

b. Unit 2 Sanitary Sewer Project

As explained above, the market value of the Las Vegas Land Acquisition property in the “before” condition is \$450,000 per usable acre and when multiplied by 1.93 acres (5 acres minus 2.02 acres as future LVBS right of way, minus 1.05 acres of undevelopable land in The Wash), equals \$868,500. Based on the Voyager Appraisal, the special benefits due to the Sanitary Sewer Project are 10% of market value or \$86,850, as the value in the “after” condition is \$955,350.

E. Erie 26 LLC; APN 177-33-301-021 (“Erie”)

See **Exhibit M** attached hereto for an Aerial photo of the Erie parcel.

The Unit 1 Storm Sewer Assessment for the Erie Property is \$28,070.57 (289 linear feet x \$97.13/foot which represents the property owner’s portion of 10% of the project cost less the County contribution).

The Unit 2 Sanitary Sewer assessment \$44,778.26. This assessment includes a lateral connecting the property to a main line at a cost of \$22,179.20.

1. Summary of Erie's Protest to Unit 1 and Unit 2

Assessment will hinder ability to sell property and increase the overall operating expenses for any future business. General lack of development in this area makes improvements premature and unnecessary.

2. County's Responses to Protest

See Sections I, II and III of this Supplemental Report.

The Unit 1 and Unit 2 improvements will make the Erie property more attractive on the market as they will enhance the property owner's ability to sell it. Further, a representative of the neighboring property owner, Laurich Properties, Inc. states that the timing is perfect for SID 158 and it will enhance property values. See **Exhibit G**.

The Storm Sewer Project is necessary for the development of the property. Property owner can apply for hardship under NRS Chapter 271. Starr Interchange is in the design phase by the Nevada Department of Transportation.

The Unit 1 and Unit 2 improvements will make the Erie property more attractive on the market as they will enhance the property owner's ability to sell it. Further, a neighboring property owner, Station Casinos, states that the timing is perfect for SID 158 and it will enhance property values. See **Exhibit G**. Additionally, Starr Interchange at I-15 is a State of Nevada project that is in the design phase.

a. Unit 1 Storm Sewer

Based on benefits to the properties as discussed in this Supplemental Report, and the responses to the protests made by other property owners, and SIDs created to support the development of vacant land, it is the opinion of Denis Cederburg, the County Engineer, that the Erie 26, LLC property will increase in market value as a result of the Storm Sewer Project, and the increase in the market value (special benefits) will equal or exceed the assessment for the Storm Sewer Project. This owner's developments costs will be reduced because it will not have to construct facilities on its land to accommodate onsite, upstream or offsite flows as may have been required in the absence of the Storm Sewer Project. Additionally, the direct connection to the main line of the Storm Sewer Project is provided eliminating the need for the owner to address its flows downstream by obtaining easements or otherwise.

b. Unit 2 Sanitary Sewer

Based on the vacant land sales and other data and conclusions in the Appraisal Reports, the market value of the Erie 26 property in the "before" condition is \$375,000.00/acre and when multiplied by 3.53 acres (5.05 acres minus 1.52 acres as future LVBS right of way), equals \$1,323,750. The conclusion of \$375,000.00/acre takes into account the property's corner orientation and location on the east side of LVBS. Based on the Voyager Appraisal data and conclusions, the special benefits due to the sanitary sewer project are 10% of market value, or \$132,375, as the value in the "after" condition is \$1,456,125.

F. Guerra M R JR & C A 2001 REV TR and Paul Ronald L & B 2005 REV TR APN 177-33-101-007 ("Guerra").

See **Exhibit N** attached hereto for an aerial photo of the Guerra parcel.

The proposed Unit 1 Storm Sewer Project assessment is \$9,731.00 (100 linear feet @ \$97.13/foot which represents property owner's portion of 10% of the project cost less the County contribution).

The proposed Unit 2 Sanitary Sewer assessment \$24,572.50. This assessment includes a lateral connecting the property to a main line at a cost of \$22,179.20.

1. Summary of Guerra's Protest to Unit 1 and Unit 2

Small raw land owner has been burdened by excessive property taxes over the last 6 years and assessment adds additional financial hardship. SID is premature in light of recession and until such time as major development reaches this area. Improvements should be responsibility of developers. Until development reaches this property there will be no benefit from improvements.

2. County's Responses to Protests

SID assessment is based upon special benefit to the owner's property, including an increase in market value of the property that equals or exceeds the assessment, as permitted by NRS Chapter 271. The assessment is not a tax. Once the assessment is paid off it goes away.

The Unit 1 and Unit 2 improvements will make the Guerra property more attractive on the market as they will enhance the property owner's ability to sell it. Further, a representative of the neighboring property owner, Laurich Properties, Inc. states that the timing is perfect for SID 158 and it will enhance property values. See **Exhibit G**.

Criteria for SID assessments are consistent with developer requirements in the Clark County Code if constructing without the SID. In other words, for the property to develop these improvements must be constructed.

Starr Interchange at I-15 is a Nevada Department of Transportation project in the design phase.

See Sections I II and III of this Supplemental Report.

a. Unit 1 Storm Sewer Project

Based on benefits to the properties as discussed in this Supplemental Report, and the responses to the protests made by other property owners, and SIDs created to support the development of vacant land, it is the opinion of Denis Cederburg, the County Engineer, that the Guerra property will increase in market value as a result of the Storm Sewer Project, and the increase in the market value (special benefits) will equal or exceed the assessment for the Storm Sewer Project. This owner's developments costs will be reduced because it will not have to construct facilities on its land to accommodate onsite, upstream or offsite flows as may have been required in the absence of the Storm Sewer Project. Additionally, the direct connection to the main line of the Storm Sewer Project is provided eliminating the need for the owner to address its flows downstream by obtaining easements or otherwise.

The Storm Sewer Project is necessary for the development of the property. Property owner can apply for hardship under NRS Chapter 271.

b. Unit 2 Sanitary Sewer Project

Based on the vacant land sales and other data and conclusions in the Appraisal Reports, the market value of the Guerra property in the “before” condition is \$350,000 per usable acre and when multiplied by .91 acres (1.31 acres minus .40 acres as future LVBS right of way), equals \$318,500. The conclusion of \$350,000.00/acre market value takes into account the non-corner orientation and location on the east side of LVBS. Based on the Voyager Appraisal data and conclusions, the special benefits due to the Sanitary Sewer Project are 10% of market value, or \$31,850, as the value in the “after” condition is \$350,350.

G. Zieba Family Trust; APN 177-28-301-007 (“Zieba”).

See **Exhibit O** attached hereto for an aerial photo of the Zieba parcel.

Zieba is protesting the Unit No. 2 Sanitary Sewer Project assessment \$58,161.74. This assessment includes a lateral connecting the property to a main line at a cost of \$22,332.16. Zieba is not protesting the Unit 1 Storm Sewer Project.

1. Summary of Zieba’s Protest to Unit 2 Sanitary Sewer Project

Taxes put a great burden on family finances.

2. County’s Response to Zieba’s Protest to Unit 2

Based on the vacant land sales and other data and conclusions in the Appraisal Reports, the market value of the Zieba Family Trust property in the before condition is \$350,000/acre and when multiplied by 2.06 acres (2.53 acres minus .47 acres as future LVBS right of way), equals \$721,000. The conclusion of \$350,000/acre takes into account the non-corner orientation and location on the east side of LVBS. Based on the Voyager Appraisal data and conclusions, the special benefits due to the Sanitary Sewer Project are 10% of market value, or \$72,100, as the value in the “after” condition is \$793,100.

Property owner can apply for a hardship pursuant to NRS Chapter 271. SID assessment is based upon special benefit to the owner’s property, including an increase in market value of the property that exceeds the assessment, as permitted by NRS Chapter 271. The assessment is not a tax. Once the assessment is paid off it goes away.

Additionally, see Sections II and III of this Supplemental Report.

IV. Conclusion

As stated, none of the protestors provided any data, including any sales or appraisal data, to support their protests.

Based on the foregoing, all properties that have protested will receive a special benefit, which is equal to or in excess of the assessment, as required in NRS 271.

V. Experience and Background of Denis Cederburg

Denis Cederburg is a licensed professional engineer and has been the County Engineer for Clark County and the Director of the Clark County Department of Public Works for the last 10 years. Prior to heading the Department of Public Works, he worked for Public Works as a professional engineer in the design division for 21 years, including positions as Chief Deputy Engineer of Public Works and Manager of Design Engineering.

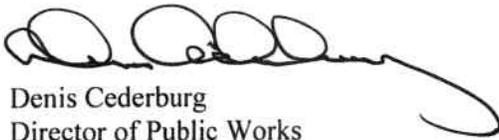
As a design engineer for the County, Mr. Cederburg worked with plans, plats and estimates with respect to the design of construction projects involving public works and special improvement districts. Through his career he has been involved in, as designer, Chief Design Engineer, and County Engineer, all stages of the design and construction of over 150 public works projects, nearly all of which involved streets and drainage infrastructure for Clark County. These public projects often included sanitary sewer, water and storm sewer. Mr. Cederburg is very experienced with infrastructure planning, and experienced with development, off-site improvements, and land use applications.

As the Chief Design Engineer and Manager of Design Engineering of Clark County, Mr. Cederburg oversaw the Special Improvement District Division of Public Works and the Right of Way Acquisition Division, which requires research and review of market sales and data. He is very familiar with appraisals valuing right of way acquisition, including land exchanges, partial acquisitions with value effecting the remainder of a parcel, remnant parcels, and special benefits for special improvement districts. He is also very knowledgeable of how infrastructure affects land values and whether improvements provide for a special benefit on properties in a special improvement district.

Mr. Cederburg has vast experience with special improvement districts. Not only is he involved in the design work, development, and plan preparation for these districts, but also the methodology of assessment and valuing of special benefit. In considering a special improvement district, Mr. Cederburg reviews assessor records, along with market sales and data, to determine value and whether there is a special benefit. Mr. Cederburg has served a lead role in the formation of over 30 special improvement districts for street improvements containing sanitary sewer, water and/or storm drain. Some are County initiated, some are property owner initiated, and others were coordinated with developers such as Mountain's Edge, Summerlin and Southern Highlands.

As the County Engineer and Director of Public Works, Mr. Cederburg continues to supervise the Special Improvement District Division of Public Works and is the lead engineer in the formation of these districts.

Respectfully Submitted



Denis Cederburg
Director of Public Works