

IN THE SUPREME COURT OF THE STATE OF NEVADA

CITY OF LAS VEGAS, A POLITICAL
SUBDIVISION OF THE STATE OF
NEVADA,

Appellant,

vs.

180 LAND CO., LLC, A NEVADA LIMITED-
LIABILITY COMPANY; AND FORE STARS,
LTD., A NEVADA LIMITED-LIABILITY
COMPANY,

Respondents.

180 LAND CO., LLC, A NEVADA LIMITED-
LIABILITY COMPANY; AND FORE STARS,
LTD., A NEVADA LIMITED-LIABILITY
COMPANY,

Appellants/Cross-Respondents,

vs.

CITY OF LAS VEGAS, A POLITICAL
SUBDIVISION OF THE STATE OF
NEVADA,

Respondent/Cross-Appellant.

No. 84345

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**AMENDED
JOINT APPENDIX
VOLUME 119, PART 4**

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ORIGINAL

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MAY 14 12 07 PM '03

Shirley B. Panagiotou
CLERK

DISTRICT COURT

CLARK COUNTY, NEVADA

8 STEVE SISOLAK,
9 Plaintiff,

10 vs.

11 McCarran International Airport
12 and Clark County, a political
13 subdivision of the State of
14 Nevada,
15 Defendants.

Case No. A434337
Department No. XIII

16 **PLAINTIFF'S SECOND SUPPLEMENTAL EXHIBIT CONCERNING**
17 **APPLICATION OF URA**
18 **REQUIREMENTS TO THIS CASE**

19 Plaintiff, through counsel, submits the attached reporters transcript of proceedings for
20 July 15, 1991 as an additional support for his claim that the imposition of the height restriction
21 ordinances are a direct consequence of federally funded projects.

22 Specifically, on page 20, lines 9-23 of the attached transcript the airport director states
23 that:

24 Land acquisition, Runway 1 right protection zone, that's the area south
25 of the airport. That is largely undeveloped, and we haven't been forced to do
26 anything with that piece yet. We haven't spent any money on that, would not
27 intend to do it until we're forced to, but if incompatible development comes
28 along, certainly we would have to look at it. That runway is proposed for an ILS
from the south and by putting in an ILS you extend the runway protection area
out to the south some. So we've included the land. I think the money was
appropriated in last year's federal budget for that ILS. It will take the
government a couple of years to build it, but the money has been appropriated.

COUNTY CLERK

RECEIVED
MAY 15 11 54 AM '03

1 Counsel for Mr. Sisolak first discovered this transcript at 10:40 a.m. this morning when
2 she was going through files which have recently been provided to her in an unrelated case.
3

4 
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10 **CERTIFICATE OF SERVICE**

11 I am employed by Laura FitzSimmons, and delivered a true copy of the foregoing
12 supplement to Jones Vargas, counsel for the defendants, on May 14, 2003.
13

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15 Julie Destito
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COPY

Federal Aviation Regulation Part)
158.23 Consultation with Air)
Carriers Meeting)
-----)

REPORTER'S TRANSCRIPT OF PROCEEDINGS

Taken on Monday, July 15, 1991

At one o'clock p.m.

At Commissioners Meeting Room

5th Floor Main Terminal Building

McCarran International Airport

Las Vegas, Nevada

Reported by: Margaret M. Harmon, RPR, CSR #274

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21808

1 APPEARANCES:

2 ROBERT N. BROADBENT, Director of Aviation

3 RANDY WALKER, Deputy Airport Director

4 ROSS JOHNSON, Director of Finance

5 TOM DONALDSON, Planner

6 RON TULIS, KPMG Peat Marwick

7 MIKE MORONEY, KPMG Peat Marwick

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1 MR. BROADBENT: My name is Bob
2 Broadbent, and I'm the Director of Aviation for
3 McCarran International Airport, and with us on my
4 left over here is Ron Tulis and Mike Moroney from
5 Peat Marwick, our airport consultants; and on my
6 far left is Tom Donaldson, our Planner; Ross
7 Johnson, our Director of Finance; and Randy Walker,
8 the Deputy Director of the airport.

9 We would like to point out that this
10 is a meeting that is required under the federal
11 regulations for the imposition of a PFC, a
12 passenger facility charge. We have a court
13 reporter here, and we would ask that any of you
14 that wish to be recognized or to speak, come up
15 here to the podium and identify yourself by name so
16 that we can be sure and record this meeting because
17 the copies of the minutes of this meeting have to
18 be submitted to the Federal Aviation Agency.

19 At November 5th of last year, the
20 President signed into law a budget reconciliation
21 bill. That bill had in it the imposition, the
22 allowance for airports to impose what is called a
23 passenger facility charge, which is a departure --
24 head tax on departing passengers from airports.
25 Many airports have been lobbying for this for many

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1 years. Prior to the passage of this Act, there had
2 been a federal prohibition from the imposition of
3 passenger facility charges or head taxes.

4 As a condition of the levying of a
5 passenger facility charge, Congress also passed two
6 other pieces of legislation. One was a piece of
7 legislation on noise, which set up certain noise
8 standards for airlines and for airports and for
9 communities around airports. A condition of being
10 able to file an application for a passenger
11 facility charge was conditioned on a rule being
12 promulgated on the noise legislation by the Federal
13 Aviation Administration.

14 The law said that that rule should be
15 out by July 1st. The rule isn't out yet, and we
16 would not be able to file a final application for
17 passenger facility charges until the rule is
18 released by the Federal Aviation Administration.
19 We understand that will be in the next couple of
20 weeks. It could be as early as this Wednesday,
21 more probably sometime late next week.

22 Also, there was a law passed on
23 airports that are slot controlled, slot-controlled
24 airports. There are only four of those airports in
25 the country, I think: Washington National, two

1 New York airports, and Chicago, which said that FAA
2 had to agree to begin the process of discussions
3 towards a proposed rule or towards proposed
4 regulations on slots at those airports. We're not
5 sure whether that's been done yet or not, but it's
6 just a matter, I think, of the Federal Aviation
7 taking the appropriate steps and releasing the
8 right kind of a message that they do intend to
9 consult on that issue.

10 The airport industry in general has
11 about \$50 billion worth of capital improvement
12 needs, and it was at least the testimony in the
13 hearings that there were not enough funds to allow
14 airports to do what they needed to do with their
15 present funding sources, and in conjunction with
16 the airlines who wanted a noise policy, Congress
17 did pass and authorize a passenger facility
18 charge. They came out with their final rule on May
19 the 28th, I think.

20 We, I think, are the first airport in
21 the country to begin the process to impose a
22 passenger facility charge. It's a long process.
23 It will be well into probably the end of the first
24 half or the second half of next year -- well into
25 the first half of next year before we'd be able to

1 impose it. We were required by law to notice all
2 of our airlines operating out of McCarran.

3 We took the latest list that we had
4 from FAA and added other people to it and on the
5 14th of June noticed the airlines. I think many of
6 you that are here, most of you have copies of those
7 notices. It said we intended -- the notice required
8 us to do four things. It required us to notice the
9 carriers, that the notice should include a
10 description of the projects, the PFC level, the
11 proposed effective date, the estimated charge,
12 expiration date, and the estimated total PFC
13 revenue for a request by a public agency that any
14 class of carriers not be required to collect the
15 PFC.

16 We have specifically asked FAA to
17 exclude one class of carrier from imposing a PFC.
18 That class are Air Taxi/Commercial Operators filing
19 FAA Form 1800-31. It is impossible for us, as I
20 understand the statute, to exclude anybody who is
21 over -- or any class who is over 1 percent of the
22 passenger operations at our airport. So by law we
23 felt we could not exclude anybody except those that
24 amounted to less than 1 percent of our passenger
25 traffic, as defined by FAA. These air taxi

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1 operations in 1989 were about 5,000 passengers,
2 which is less than .0005 of our total passenger
3 count, a very small percentage.

4 Also, at the same time we had to
5 advertise the date and location of this meeting in
6 which we would present projects to the air carriers
7 and foreign air carriers operating at the airport.
8 This meeting, as I said, has been noticed to all
9 the air carriers. We thought we covered
10 everybody. We've advertised it in the newspaper,
11 local newspapers, and have posted it at the FBO
12 operations and at McCarran International Airport.

13 The meeting itself is scheduled to
14 accomplish the following things: The airport is
15 required to give a description of the projects, an
16 explanation of the need for the projects, a
17 detailed financial plan for the projects, estimated
18 allowable project costs allocated to major project
19 elements, amount of PFC revenue, and the source and
20 amount of other funds.

21 We have attempted to do that in this
22 book that we've handed out to you. The book
23 includes all of these, and we will briefly cover
24 most of these, and then we'd be happy to answer any
25 questions. I know there are going to be a few

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1 questions on some of the things we expect to do,
2 and I'd like to briefly cover those, if I could.

3 We have on this airport what are
4 called two public carriers, I think, who are
5 contractors to the Federal Government and carry
6 passengers to and from areas outside of McCarran
7 Airport. It is our interpretation of the Act that
8 those people would be required to pay a passenger
9 facility charge.

10 The Act, if I could refer you to the
11 comments -- and we'd be happy to pass this out -- the
12 comments on the rules said numerous comments
13 request that particular classes of persons or
14 carriers not be subject to PFCs. These include
15 military and government personnel traveling on
16 official business, passengers of on-demand air taxi
17 operations, and all international passengers, all
18 charter passengers, people traveling on
19 frequent-flyer discounts. None of these were
20 accepted under the rule, and it's our
21 interpretation of that that everybody is covered.

22 There's also a definition of, if I
23 could, just to cover this one item, it could be
24 said that these people don't have a ticket, but you
25 have to look at what the definition of a "ticket"

1 is in the rule. An air travel ticket means any.
2 document pertaining to a passenger's complete
3 itinerary necessary to transport a passenger by air.
4 including passenger manifest, and further on it
5 says that an enplaned passenger means a domestic,
6 territorial, or international revenue passenger
7 enplaned in or is scheduled service in an airline
8 interstate commerce -- a non-scheduled service on
9 aircraft and interstate commerce.

10 I think it's the feeling of our
11 people and our attorneys and consultants that those
12 public carriers are covered. I'm sure we'll get
13 comments from them. I'm sure we're going to hear
14 from them, but it is a substantial amount of our
15 operations, passenger operations at this airport.

16 Also, I'm sure there will be some
17 discussion on whether our proposed airport access
18 road is covered under this statute. I would again
19 refer you to page 22 on the final rule, and these
20 are just comments on the final rule. It said the
21 text of the rule has not been changed from the NPRM
22 in any material way. However, ground
23 transportation projects are eligible if the public
24 agency acquires the right-of-way and any necessary
25 land. Ownership is also necessary for project

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1 eligibility under AIP. In this case under the
2 statute PFC eligibility is identical to AIP
3 eligibility.

4 The final rule does not set any
5 eligibility restrictions on the mode of
6 transportation for airport access projects, nor
7 does it impose any requirements on the geographical
8 proximity of the project to the airport. These
9 issues will be reviewed on a case-by-case basis as
10 the administrator reviews and approves an
11 application for a PFC.

12 Also, as I said, we have asked that
13 certain people be exempt. The rule says that we
14 have the right to request that those people be
15 exempt. We have requested it, but we also noticed
16 all those people. So in case FAA did not exempt
17 them, we wouldn't have to go through another
18 hearing process. We're telling them come to the
19 meeting. If you get exempt, fine; if you don't get
20 exempt, you ought to comment, and you ought to
21 comment anyway. So we would hope that you might
22 comment.

23 I think it would be well for you to
24 recognize that you have until August 14th to
25 comment, that those comments should be -- you can

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1 oppose the rule or the imposition of a PFC, but you
2 have to say why. If you don't say why, then it
3 will be thrown out. So it's important for you if
4 you're going to oppose the imposition of a PFC that
5 you not only say you oppose it, but you have to say
6 why you oppose it, and then we're forced to
7 comment, of course, on those comments.

8 On February 14th we will gather all
9 the comments we have, put together an application.
10 The application will probably be about that high
11 (indicating). We would intend that the application
12 would probably be filed about the 1st of September,
13 and it would include all the material you see here
14 today plus whatever else is required in the rule
15 plus all the comments and our comments on the
16 comments.

17 If I could, I'd refer you to the
18 first page that says "Introduction" on here. I'm
19 not going to read it all, but these are the
20 requirements that have to be carried out in order
21 to impose a PFC; meetings of air carriers and
22 foreign air carriers, which is going on right now.
23 For the purposes of the financial plan, we have 37
24 individual project elements defined as part of one
25 total project.

1 The brochure is divided into two
2 parts. There is the part that is to impose and
3 implement and to use a PFC, and the other one is to
4 impose. The difference is that you have to have
5 completed all the required environmental work and
6 have it on your airport layout plan in order to
7 impose and use.

8 So those cases where we say impose
9 and use, we feel we have completed the
10 environmental work. In a couple of cases, the
11 environmental assessments are still pending before
12 FAA. In almost all cases -- in all cases where it's
13 impose and use, they are on our ALP, our Airport
14 Layout Plan. Where we talk about imposing, we are
15 talking about doing the necessary environmental and
16 required FAA studies in order to complete the
17 necessary work so that we can get it put on our
18 Airport Layout Plan so we would be able to impose
19 and use.

20 I would like to indicate also that
21 because there are 37 projects in here totaling well
22 over a billion dollars doesn't mean we'll build
23 them all. It means that we would have the right
24 to, in effect, pick and choose through the
25 appropriate consultation those projects that are

1 necessary in order to improve the capacity, the
2 noise compatibility, the security of the airport,
3 which are essentially the guidelines in which you
4 can impose a PFC.

5 In some cases we have in there, for
6 instance, building another fourth air carrier
7 runway. If we don't grow very fast or if it's not
8 needed, certainly we aren't going to build it. But
9 under our proposals, it's been indicated by both us
10 and our planners and FAA and their planning
11 documents that we will need a fourth air carrier
12 runway sometime near the end of the '90s.

13 If I could, if you'd like to, you
14 can -- project elements, I'm just going to -- it was
15 necessary for us to give a description, a
16 justification, the certification, and the estimated
17 schedule on all of these projects, which we have
18 attempted to do on all of them. You have drawings
19 with all of them, there are drawings on the walls,
20 and we'll try to go through them maybe one at a
21 time here while we have a chance and go through
22 them quickly.

23 The first one is an Aircraft Rescue
24 and Fire Fighting Training Facility that's been on
25 our Airport Layout Plan for a good long time. We

1 had one planned in Phase II of our development.
2 New environmental regulations came along, the price
3 went up about five times, the cost. Every airport
4 is faced, I think, with now accomplishing and
5 meeting a demand for an appropriate fire training
6 facility that meets the EPA environmental
7 regulations as it particularly pertains to what you
8 do with fuel that's used when you burn it for an
9 AAF building.

10 The next one is the airport
11 connector. There are actually three projects that
12 are part of this airport connector: 912, 913, and
13 914. As you see there, the green is the part that
14 is to hook it into our present road structure as it
15 comes out at about the corner of Paradise and
16 Patrick Lane. The red is the tunnel underneath the
17 two existing runways and their accompanying
18 taxiways, and the white down below is the
19 approximately two miles of limited access road that
20 would hook it into the freeway. The description,
21 justification, and certifications are there for all
22 three of those projects.

23 We are pretty well along on the
24 design of those projects, and will, in essence, be
25 ready to award the first bids. If we are

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1 successful in our application for a PFC and are
2 able to sell the appropriate revenue bonds, we
3 would hope to start this project about July of
4 1992.

5 I guess we could talk a little bit
6 about the need for the projects. We've been over
7 this a lot of times. Our capacity studies show us
8 that the biggest constraint to growth at this
9 airport is on the land side part of the airport,
10 and it's in our airport runways that hook us into,
11 in essence, the Las Vegas Strip, which is where
12 most of our passengers come from, either traveling
13 to the Strip for vacations and then from the Strip
14 back home.

15 The next item, which is 901, is an
16 expansion of the Concourse C, which would add four
17 more gates. This expansion has been requested by --
18 one of the airlines has requested four more gates.
19 This was our way of accomplishing that, was to add
20 four gates. You can see there are a couple of...
21 them. Level one and level two really gives you a
22 better idea about how it would hook into the
23 present airport. And, again, our estimated
24 schedule is that we will have the design documents
25 done on this in about a month or two, and we'll be

1 ready to go to bid late sometime this year.

2 As we understand the final rule, any
3 project that is eligible, if we have the amount of
4 cash to carry us until we get a PFC, we would be
5 able to start this project and accomplish it and
6 reimburse ourselves for that project out of the PFC
7 revenue that we would get in July of 1992. Now,
8 we've talked to a lot of people about that, and
9 that's certainly our understanding, and this would
10 be one project.

11 By doing it this way, it would not be
12 included in any of the rate base for the other
13 airlines at this terminal and would be -- and that's
14 the only other way we could build it, would be to
15 include it in the rate base. True we'd probably
16 get the money back by the charges on that airline,
17 but if we don't have to build it into the rate
18 base, then it might have an effect on the existing
19 airlines here.

20 We have a terminal remodel project.
21 We put this in here because anything we have spent
22 since November 5th, it is eligible, would be
23 eligible for reimbursement. Again, reimbursement
24 would mean that we wouldn't have to build it into
25 our airline rate base and would be a help, I think,

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1 to our scheduled airlines at McCarran.

2 The next project is a Part 150
3 Program update. We did a Part 150 Study several
4 years ago. We entered into an agreement with the
5 City of Henderson that upon the completion of our
6 runways, we would do an updated Part 150 Study, and
7 this would allow us to do that. In essence, all of
8 our construction will be done about October on our
9 runways and taxiways. Ramps will be done about
10 October of this year, and we would start another
11 Part 150 Study at about that time.

12 A West Side Flood Control Study, we
13 did a Flood Control Study once, but since then we
14 have purchased about an additional 75 acres over on
15 the west side of the airport, and this is an
16 external study that would have to be looked at to
17 look at where we would build the flood control
18 structures that would be necessary to protect the
19 west side of the airport. That site has been
20 flooded out a couple of times, and we have some
21 major building projects proposed for the west side
22 primarily by our two major fixed-base operators
23 including major hangar facilities and major new
24 commuter terminal facilities.

25 Noise Mitigation Programs, it would

1 be what would come out of the Part 150 Study. In
2 general, it would be things like insulation,
3 soundproofing, property transaction assistance,
4 those kind of areas for the appropriate property
5 owners in noise-sensitive areas in order to bring
6 them up to their homes or residences or whatever
7 else it is in a noise compatibility with the
8 airport.

9 Airfield Study and Environmental
10 Assessment, at our last 139 certification by the
11 Federal Aviation Agency, they listed several areas
12 of concern on our airfield. This would be to look
13 at those areas of concern. They were specifically
14 concerned about the Part 77 problem that we might
15 have with the railroad and with some other areas in
16 the airport as far as clear zones go around our
17 taxiways and runways. Then we would be looking
18 specifically the extension of a couple of our
19 runways, if possible, also mentioned by FAA and, of
20 course, the new parallel runway.

21 Charter/International Terminal, that
22 terminal, any expenses on that terminal that are
23 eligible would be eligible under -- that have been
24 obligated or spent since November 5, 1990, would be
25 eligible under the PFC legislation, as we

1 understand it, and we would be looking at some of
2 the costs that we have there. There are new gates
3 that are specifically eligible under the law.
4 Those gates, we think, will essentially be full
5 from about the first day we start operation and
6 would hope to be on our way to completing that
7 facility by the end of the year.

8 We have a number of land acquisition
9 projects. The first one is west of the fence.
10 That's an area over there on the west side of the
11 field that I talked about. We have purchased 55
12 acres, probably another 20 in the red area. About
13 the only thing we haven't purchased -- and we would
14 not purchase it until needed -- is an apartment
15 complex, which would be a major acquisition when we
16 go to acquire it, and maybe one or two other small
17 pieces. Some of that land did not close and we did
18 not complete the sale until after November 5th, and
19 that might be eligible.

20 Land acquisition, Russell/Burnham
21 Subdivision is 80 acres on the east side of the
22 airport. We have acquired about half of those
23 homes, 280 homes, I think, and then there is a
24 commercial warehouse office complex that would
25 probably be acquired. This is for future

1 development of the airport at some time. This is
2 one of the few areas where we can expand and put
3 that area in the airport operations part of the
4 airfield. As I said, I think we purchased about
5 half of it now and are in the process of gradually
6 purchasing the rest of it. Part of that property
7 is in noise contours, part of it is 75 Ldn, part of
8 it is in 70, and the bulk of it is in 65 Ldn.

9 Land acquisition, Runway 1 right
10 protection zone, that's the area south of the
11 airport. That is largely undeveloped, and we
12 haven't been forced to do anything with that piece
13 yet. We haven't spent any money on that, would not
14 intend to do it until we're forced to, but if
15 incompatible development came along, certainly we
16 would have to look at it. That runway is proposed
17 for an ILS from the south, and by putting in an
18 ILS, you extend the runway protection area out to
19 the south some. So we've included the land. I
20 think the money was appropriated in last year's
21 federal budget for that ILS. It will take the
22 government a couple of years to build it, but the
23 money has been appropriated.

24 Next is land acquisition. This is
25 for the beltway, the proposed access road. We're

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1 in the process now of appraising and getting ready
2 to buy all that property. The bulk of that
3 property will probably be purchased under the
4 general obligation of the bond that we just sold
5 last month. So you probably won't see much of that
6 in here, although we kept the flexibility to put it
7 under a PFC if it looked like it was the
8 appropriate thing to do. We got the liberty of
9 that money from the bond money this morning, so I
10 don't think we'll have to worry about it.

11 Land acquisition in Ldn 75 land. We
12 have started the purchase of some of this
13 property. We have purchased some of it under a
14 bond issue that we sold back in 1990, and what
15 we're doing is taking out all the residential
16 development in those Ldn 75 areas, and anybody that
17 wants to build a residential home, we're taking it
18 out so that we protect the area. A lot of this is
19 suitable for other types of zoning, and as we
20 acquire pieces big enough and as the land is
21 rezoned to compatible use for airport purposes,
22 we'll sell it back to the community and recapture
23 some of this money.

24 Paradise Shopping Center is the
25 shopping center on the corner of Paradise and

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1 Tropicana. We closed on a good part of that after
2 November 5th. It's in Ldn 75 and in our hazard
3 protection zone. FAA has encouraged us to take
4 that out for quite a while. There are still
5 businesses in there, but we have purchased the
6 land. The agreement is there, all but one, and
7 those people will gradually be moving out over the
8 next six months, and that facility will be
9 demolished and will be put into some kind of a
10 non -- probably just left vacant, or maybe we can
11 find some use that will be compatible. We don't
12 know yet.

13 Land acquisition in the Gold Dust
14 Area. This area is a piece above Russell Road,
15 north of Russell Road. We were trying to buy that
16 in accompany with the other piece of land which is
17 just to the west. We've added for future airport
18 expansion land-side facilities, which might be
19 rental car areas, parking. We think we may have to
20 put some satellite parking out there for awhile,
21 any number of facilities that we might build, and
22 that's what that's for, and we've purchased about --
23 we purchased some of it before November 5th, some
24 of it after November 5th, and about a third of it
25 is still yet to be purchased. We had a proposed

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1 agreement with one of the airlines to use a good
2 bit of that space, and I imagine that's on hold
3 now.

4 Environmental assessments on future
5 land acquisitions. In order to purchase land, you
6 have to complete an environmental assessment, and
7 we have other land purchases that we proposed to do
8 that are in the part on an imposed PFC, but we do
9 want to be able to impose and use a PFC to do these
10 environmental assessments on these future land
11 acquisition areas, and those are generally the ones
12 in red that you see on Project 1020. Mostly they
13 are to take out residential incompatible
14 development.

15 Bond issuance costs are
16 self-explanatory and are covered, I think, in a
17 part of the -- what you can use a PFC. Debt service
18 reserve funding, you can use that from a PFC.

19 We have one major reliever airport,
20 North Las Vegas Airport, that has a control tower
21 and about 30,000 operations a year. We are
22 gradually improving that airport. We purchased the
23 land and are trying to build a first-class facility
24 that we hope will attract many of our smaller
25 planes from McCarran to that area. We think we're

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1 going to be successful in that because there's a
2 lot of interest as soon as we get the new runways
3 completed. The first runway will be completed in
4 about another month or two, and then the other
5 runway will take about until the end of the year,
6 and there's a lot of ramp work and other work that
7 it will be eligible under the PFC that could be
8 done here.

9 Most of this we have federal funds
10 on, and this would be for the part that isn't
11 federally funded. You know, that part that would
12 be eligible would be eligible here. Here is a
13 picture of the North Las Vegas Airport.

14 Another airport that has been
15 designated as a reliever by FAA is Sky Harbor. Sky
16 Harbor is in the city of Henderson. It also has a
17 sizeable number of operations and a number of
18 planes, and both of these airports have commuter
19 operations to the Grand Canyon at them. That
20 airport is -- we have a letter from the City of
21 Henderson and a resolution from the City, as well
22 as a letter from the owner of that airport -- it's a
23 private airport -- that have asked the County to
24 look at the proposal of acquiring that airport.

25 Our Board of County Commissioners has

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1 given us that authority, and we're now working with
2 the Federal Aviation Administration and with the
3 City and with the owner of the airport to see if
4 it's possible to put together a proposal. Our
5 Board, I think, is reluctant to spend much money...
6 there. They would expect FAA to fund the majority
7 of that airport if they want us to take it. Under
8 the law they can fund -- of eligible parts of it,
9 they can fund about 93 percent of it, which they're
10 doing at McCarran -- which they're doing at North
11 Las Vegas. They won't fund terminal facilities and
12 concessions and things like that, but they
13 certainly will fund most of the pavement.

14 We propose at Sky Harbor to do a
15 Master Plan and a Part 150 Program Study in order
16 to be eligible for those federal funds. We think
17 FAA is going to set aside a sizeable amount of cash
18 next year for Sky Harbor, and we would hope, if it
19 seems the right thing to do, to be able to take
20 advantage of that.

21 We would propose a drastically
22 different Sky Harbor Airport than what you see
23 now. We would probably redo the present runway,
24 but we would build an east/west runway generally in
25 what is now county land ultimately, and that's the

1 runway that FAA is in favor of because it will not
2 interfere with the operations of McCarran. The
3 runway you see here is primarily north/south. The
4 other one would be down below the red line, and
5 that's just a study. We've got to do a lot of
6 study, and we're a couple of years away from any
7 major decisions except maybe land acquisition,
8 which we hope would be federally funded.

9 The next part is the part to impose a
10 PFC only. These projects would be only -- these are
11 ones that we haven't finished all the work we need
12 to do. We need to get busy and do these studies,
13 and these are projects that would take a -- you'd
14 have to look at the air-side of the operation as
15 well as the land-side, and they're pretty
16 self-explanatory. I'm not going to go over them.

17 There's a flood control project that
18 we talked about on the west side of the field; a
19 runway extension for 7 right, 25 left, which is
20 presently blocked by the railroad; a Runway 1 left,
21 19 right air carrier upgrade, which is a new air
22 carrier runway when and if it's needed; the
23 railroad track relocation; the three -- one, two,
24 three, four -- six land acquisition projects which
25 we need to -- we have in there the impose and use to

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1 do the environmental assessment. If we get an
2 environmental assessment, then these projects would
3 be eligible under the PFC.

4 We'd like to be able to impose the
5 money. We think these are all noise-sensitive
6 areas. What we want to do is get ourselves in the
7 position in this airport. As near as possible, we
8 have taken care of the major noise
9 incompatibilities around our airport and think we
10 can do it. It just takes money.

11 And so then we can go maybe down to
12 the Financial Plan. This is required under the
13 statute. There is an error on the Financial Plan
14 on the -- one, two -- third paragraph where it says
15 three dollar PFC through 2002. It should be 2022.
16 I think we corrected most of them, but some of you
17 who got yours early may not have gotten that
18 corrected.

19 The Financial Plan provides that we
20 have to give you a summary of estimated allowable
21 project costs, which we've attempted to do here,
22 including scheduling the draw-down time when we
23 would take the money, how we would hope to build
24 it. That's the first exhibit, and it's two pages
25 as you look at it, and it's divided into terminal

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1 building, airfield area, apron area, general
2 aviation airports, and financing costs, and then we
3 escalate the project costs based on some guess of
4 what's going to happen with inflation.

5 The next one is Exhibit B. This
6 exhibit is based on our estimate of the number of
7 enplanements at the airport, and our enplanement
8 estimated is based on this chart right over here,
9 which isn't a part of anything you have. The red
10 line was the estimate of our consultants back in
11 1987, and it is pretty well on target. In fact, it
12 is on target. The blue line that you see up there
13 is FAA's estimate of what's going to happen at this
14 airport, and it's a little more optimistic than our
15 target.

16 Now, it shows us getting to be a very
17 big airport, and if we get to be a very big
18 airport, we collect a lot of PFC money, and we have
19 a lot of demands. If we don't grow that fast,
20 then, of course, everything is really targeted to
21 passengers and operations, and so we would build as
22 we get passengers and get operations. But in order
23 to satisfy the requirements of what we thought the
24 Act was, we ought to use our best available
25 information, and this is the information that was

1 generated by our consultants and by the Federal
2 Aviation Administration as they looked at our
3 proposed passenger growth over the next 30 years.

4 It shows us getting to be bigger than
5 Los Angeles right now. I don't know if that will
6 happen, but I guess anything is possible. I might
7 say that we're up 10 percent so far this year in
8 passenger enplanements. We're well ahead of
9 probably any other airport in the country, major
10 airport. I don't know how long we'll stay there,
11 but we are so far, and we were up 10 percent last
12 year. If they build the MGM Theme Park and the
13 rest of that, why our growth is really tied to
14 hotel rooms, and if they build more hotel rooms,
15 we're going to grow. It's just that simple. Our
16 estimate is net PFC revenue, which had to show in
17 the documents that we mailed to you, was a
18 billion-four. This is where we got that number
19 from; was right here.

20 The next exhibit is Exhibit C, which
21 is the source of funds. We've attempted to spread
22 the source of funds. I hope you realize that these
23 at the best are our best guess. We are probably
24 fairly fortunate at this airport to have a number
25 of sources of funds not available to some other

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1 airports. Now, other airports have funds that we
2 don't have like major parking. Parking in most
3 airports is far bigger than ours. Duty-free shops
4 at many airports is far bigger than ours. But we
5 have gaming, which is a revenue that's restricted
6 to use on the airport, and then we have the Jet A
7 fuel tax that just passed the last session of the
8 legislature where they gave us back the penny that
9 used to go into the general fund, and we levied two
10 additional pennies of state tax for a total of
11 three cents that we get for future development of
12 transportation purposes at the airport, and then we
13 have the regular general obligation -- the regular
14 revenue bonds and the PFC back revenues that should
15 stand us in good stead to meet the demands of this
16 airport for the foreseeable future. Our challenge
17 is to make sure that we spend it wisely and build
18 those projects that are needed.

19 That, in essence, is this document.
20 We'd be happy to try and answer any questions you
21 might have. If you have comments that are in
22 opposition to the imposition of the PFC, we'll be
23 happy to hear them, but we would like to indicate
24 to you that in order to be heard by FAA, you
25 probably ought to respond in writing back to us on

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1 this document.

2 Any questions?

3 (No response.)

4 MR. BROADBENT: Comments? Yes, sir.

5 MR. BROWNE: Tom Browne from the Air
6 Transport Association. When the proposed
7 rulemaking was out for comment, the airlines and
8 the airports got together and put together some
9 joint comments. One of the comments was that it
10 would take about a year for the airlines to program
11 their computers to be able to collect the PFC, and
12 we recommended in the document that FAA allow about
13 a year from the time the rule became final before
14 PFCs begin collection. I noticed in your notice
15 that you were proposing a start-up date of
16 March 1st, 1992, which is about nine months from
17 the issuance of the final rule.

18 Is there any leeway in that start-up
19 date?

20 MR. BROADBENT: Yes.

21 MR. BROWNE: Would we be able to
22 implore you to move that date back to about
23 June 1st so that we can properly get all of our
24 computers programmed?

25 MR. BROADBENT: When we talked to

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1 Lowell Johnson about this when we went to that PFC
2 seminar in Chicago, that was one of the questions.
3 As I remember, they did not include that in the
4 final rule --

5 MR. BROWNE: That's correct, they did
6 not.

7 MR. BROADBENT: -- but certainly we
8 recognize that March 1st or March 31st might not be
9 the appropriate date, and as we understood what FAA
10 told us at that date, that they were going to
11 listen to the airlines on what their capability was
12 as far as their computers were concerned, and we
13 would certainly support that. If that's the time
14 it takes, then certainly we're going to support it.

15 MR. BROWNE: The only reason I
16 mention it is because it might be helpful if you
17 request it at the same time that the carriers think
18 that they may be able to get their computers in
19 order.

20 MR. BROADBENT: We'll try and cover --

21 MR. BROWNE: Just to support the case
22 the we have made to FAA and to the airports in the
23 form of AOCI and AAAE.

24 MR. BROADBENT: I don't think we
25 would have any objection to including that in our

1 comments to make sure that that's covered that
2 way. We would say March 1 or the earliest possible
3 date that the air carriers can accommodate it, but
4 not later than June 1st or July 1st.

5 MR. BROWNE: Okay. Right now the
6 carriers are saying that June 1st is probably going
7 to be the earliest that they could accommodate it.

8 MR. BROADBENT: I don't think we'd
9 have any objection to that. I think we recognize
10 it.

11 MR. BROWNE: Thank you.

12 MR. BROADBENT: I would like to
13 indicate this is the first time that I think that
14 the airports and airlines were able to put in joint
15 comments on a major rule, and Mr. Browne who just
16 talked here was a representative for ATA in those
17 joint comments, and our understanding in talking
18 with our airport organizations is that they were
19 tough negotiations, but it really set a new
20 precedent for airports and airlines, and we don't
21 want to break that precedent.

22 MR. BROWNE: I appreciate it.

23 MR. BROADBENT: If there are no other
24 questions, let me say this: We are available over
25 the next month. If it's a financial issue you want

1 to talk about, talk to Ross, Ross Johnson. If it's
2 a matter of the appropriate planning or anything
3 else, contact all of us. We'll be happy to try to
4 do our best if you work through myself or Randy.
5 We'll work with our consultants to see that you get
6 the appropriate answers.

7 We want you to be able to respond
8 according to your dictates. We aren't trying to --
9 but at the same time, we want to impose a PFC and
10 expect to be able to do it under the statute that
11 was passed by Congress, signed by the President,
12 and the regulations are now out. We'd like to
13 thank you for your attendance, and if there's no
14 further comment, the meeting is adjourned.

15 (Thereupon the taking of the
16 proceedings was adjourned.)

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CERTIFICATE OF REPORTER

STATE OF NEVADA)

COUNTY OF CLARK)

SS:

I, Margaret M. Harmon, certified shorthand reporter, do hereby certify that I took down in shorthand (Stenotype) all of the proceedings had in the before-entitled matter at the time and place indicated; and that thereafter said shorthand notes were transcribed into typewriting at and under my direction and supervision and the foregoing transcript constitutes a full, true and accurate record of the proceedings had.

IN WITNESS WHEREOF, I have hereunto affixed my hand this 19th day of July, 1991.


Margaret M. Harmon, RPR, CSR #274