

ParleysGunRange.Com
Proposal to Salt Lake City Public Utilities

July 9, 2019

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Introduction

- ParleysGunRange.Com (“Parley's”) is making a proposal that will;
 - Reduce the City’s current risk of financial liability. Parley's will;
 - Fund and execute the lead recovery and clean-up process of existing contamination on behalf of the City
 - **Fund lead reclamation using private donations!**
 - Operate the range consistent with EPA Best Management Practices
 - Establish a water quality monitoring process consistent with SDWA and Clean Water Act. (Water Discussion to follow)
 - Purchase insurance (Insurance Discussion to follow)
 - Insurance will provide general liability coverage up to \$2 million
 - **Establish a sinking fund (the “Sinking Fund”) to finance future reclamation of the property!**
 - Release PMAA from the liability of funding the lead recovery and clean-up and ultimate final and future reclamation.
 - PMAA does not have the financial resources to fund the clean-up liability.
 - As a practical matter, the ultimate remediation liability will fall on the City.
- Salt Lake City will have the right to terminate the lease to Parley within [3] years if;
 - Parley does not perform the promised lead recovery within [2] years or
 - City decides that the range should no longer operate.
 - City will repay Parley for the cost of the Clean-up and basic repairs if the City terminates the lease.

Introduction

- Parley's proposal is practical and is the best outcome for all. The proposal;
 - Reduces the City's liability to fund lead clean-up,
 - Reduces the City's current Risk,
 - Covers the City's obligation for final remediation using private user fees,
 - Allows for repair of existing facilities, and
 - Allows operation of the Range for ALL constituents consistent with the Mayor's original promise.
 - Law enforcement agencies (SLPD, DEA, FBI and others),
 - Security companies (Hogle Zoo, Brinks etc),
 - Personal defense training companies,
 - Sport shooting clubs (e.g. University of Utah, Polite Society, Denali Firearms etc.),
 - Hunter safety education, and
 - General public.

- We have discussed this plan with the PMAA (Lamar Ewell). PMAA;
 - Has no objection to Parley taking over operation of the range to provide service for both public and Law Enforcement.
 - Welcomes funding from private citizens to fund the clean-up liability.

Summary of New Lease and Execution

- Parley's proposes the following execution steps;
 - Assign the existing PMAA Lease that ends March 2020 to Parley's or terminate the existing Lease and enter into a new lease (the "New Lease").
 - New Lease will allow Parley's to execute Lead Recovery (Maintenance) and repair the range facilities.
 - New Lease will be to Parley's, a private non-profit tax-exempt entity, and will be subject to performance covenants, maintenance records and will be issued for a term of [100] years.
 - Salt Lake City will have the right to terminate the New Lease for any reason during the first 3 years by repaying Parley's for the net cost of the Lead Clean-up and minor capital improvements and/or repairs (the "Termination Option"),
 - The lead clean-up proposed by Parley's is required if the range is permanently shut and complete reclamation is subsequently performed.
 - Parley's will operate the range under procedures that are consistent with the original lease (pre March 4, 2019)
 - Parley's will perform minor repairs and improvements to the facilities until the City decides NOT to exercise its Termination Option.
 - Parley's will assume most of the obligations under the existing Lease and will perform the following additional work;
 - Hire contractors to perform lead recovery (Maintenance), perform thorough site testing to find and document contamination "Hot Spots".
 - Site testing will be used to determine the extent of the work needed for "final reclamation". Parley will take responsibility for any additional lead contamination caused while it is operating the range.
 - Parley will set aside a portion of user fees to pay for the final reclamation of the site.

Range Maintenance

Lead Recovery & Management

- Normal maintenance of any rifle or pistol range or shotgun facility requires periodic recovery of lead.
 - PMAA has never performed normal range maintenance.
 - Periodic maintenance allows the Range Operator to mitigate lead contamination and manage the responsibility for ultimate reclamation of the site,
 - Range owners and operators are responsible for ultimate site reclamation under "CERCLA", 42 U.S.C. § 9601 to 9675, specifically sections 107 and 101(20)(D).
 - We estimate the cost of full reclamation of the Hendriksen site to be greater than \$3 million.
 - Full reclamation is required by law if a site is no longer being operated as a shooting range.
 - The cost of full reclamation can be deferred until site is no longer being used as a range, however, periodic maintenance is recommended by the EPA to mitigate lead contamination and reduce the cost of final reclamation of the site.
- How frequently should lead be recovered (i.e. periodic maintenance) and why? Answers to these questions depend upon the physical characteristics of the range (soil pH, quantity of precipitation and the pH, water flow patterns etc).
 - Economic trade-off between periodic maintenance and ultimate cost of final reclamation.
 - Bullets and lead shotgun pellets stay largely intact after they hit the backstop or target.
 - Lead on a range accumulates within narrowly defined areas.
 - Spent lead projectiles can be extracted from the soil through a simple process that is analogous to a mining operation.
 - The propagation of lead fines (very small lead particles) and lead that chemically reacts in the soil can be managed through soil stabilization efforts and properly designed traps and backstops;
 - EPA Best Manage Practices suggest that Range Operators match the amount of shooting at the range with periodic maintenance to maximize the recovery of lead while managing the propagation of lead contamination.

Range Maintenance

Lead Recovery & Management (Continued)

- Parley's spoke with 4 lead recovery companies and received proposals from two of those companies (Range Recovery Technologies (“RRT” and MT2 together the “Companies”)
 - Combined, the Companies have performed work on more than 500 ranges in the U.S. and Canada.
 - Customers include law enforcement organizations, U.S. Military, State and Municipal governments and private companies.
 - MT2 has performed lead reclamation for the Lee Kay shotgun facilities in Salt Lake City.
- The Companies provided a cost estimate based upon a defined scope of services, a “site walk through” using Google Earth Pro and video of the individual ranges produced by Parley. The estimates provided by the Companies are by definition imprecise prior to a physical site visit and testing. The proposals include the following services;

	MT2	RRT
Mobilization (Investigation, Testing & Site Reclamation)	\$20,000	\$16,000
Lead Maintenance and Berm Reconstruction	\$75,000	\$69,000
Cost per Cubic Yard	\$65.00	\$60.00
Optional EcoBond Treatment (Soil Stabilization)	\$46,000	NA
Lead Recovery (Split 50/50 @\$0.55/lb)	(\$5,500 - \$11,000)	(\$5,500-\$11,000)
Total without Soil Stabilization	\$89,500 - \$84,000	\$79,500 - \$74,000
Total with Soil Stabilization	\$135,500 - \$130,000	NA

- The relevant costs differences between the proposals are the mobilization and cost per cubic yard to process the soil.
 - Actual volume of soil to be processed will be the same for both companies and can only be determined with an on site evaluation. Estimates did not include additional sites were shooting may have occurred.

Range Maintenance

Lead Recovery & Management (Continued)

- The lead recovery proposed on the prior page will remove the lead bullets and improve the backstops.
 - This work will reduce the amount of lead contamination so that the range can continue to operate as a range.
 - The lead recovered will reduce the cost of the clean-up.

- The final cost of the lead recovery operation won't be known until it is complete. The variance in the budget has two parts;
 - How many cubic yards of dirt will have to be processed?
 - Total number of cubic yards of material to be processed is relatively easy to estimate and therefore creates relatively little variance in the final cost.
 - Both firms estimated that they would need to process 1,150 cubic yards of dirt.
 - How much lead will be recovered?
 - This is a much more difficult estimate and therefore produces the widest range in outcomes.
 - The estimates on the prior page are conservative. We could recover enough lead to completely pay for the recovery operation.
 - However, because no one can know how much lead will be recovered before the work is performed, we have to budget enough funds for the operation to pay the contractor even in the worse case where we recover less lead than we thought.

- Parley's will perform all work at the site on an open book basis so that the City will know the exact final cost.

Range Maintenance

Lead Recovery & Management (Continued)

- The proposed work will not reduce the amount of lead in the backstops to a level that is consistent for use other than use as a shooting range.
 - After removing the lead in the backstops and other areas, lead fines will remain in the dirt at levels that exceed maximum levels permitted under EPA guidelines. Current maximum lead levels permitted are;
 - 400 ppm in bare soil in play areas,
 - 1,200 ppm for non play areas.
 - The law requires that full reclamation of the site is required if the range is abandoned.
 - The final reclamation cost estimates that we've received are between \$1 million and \$2 million.
 - Final reclamation would involve;
 - Removal of all dirt in the backstops and disposal in an appropriate landfill.
 - Replacement of dirt with clean fill as necessary and replanting and shaping the area.

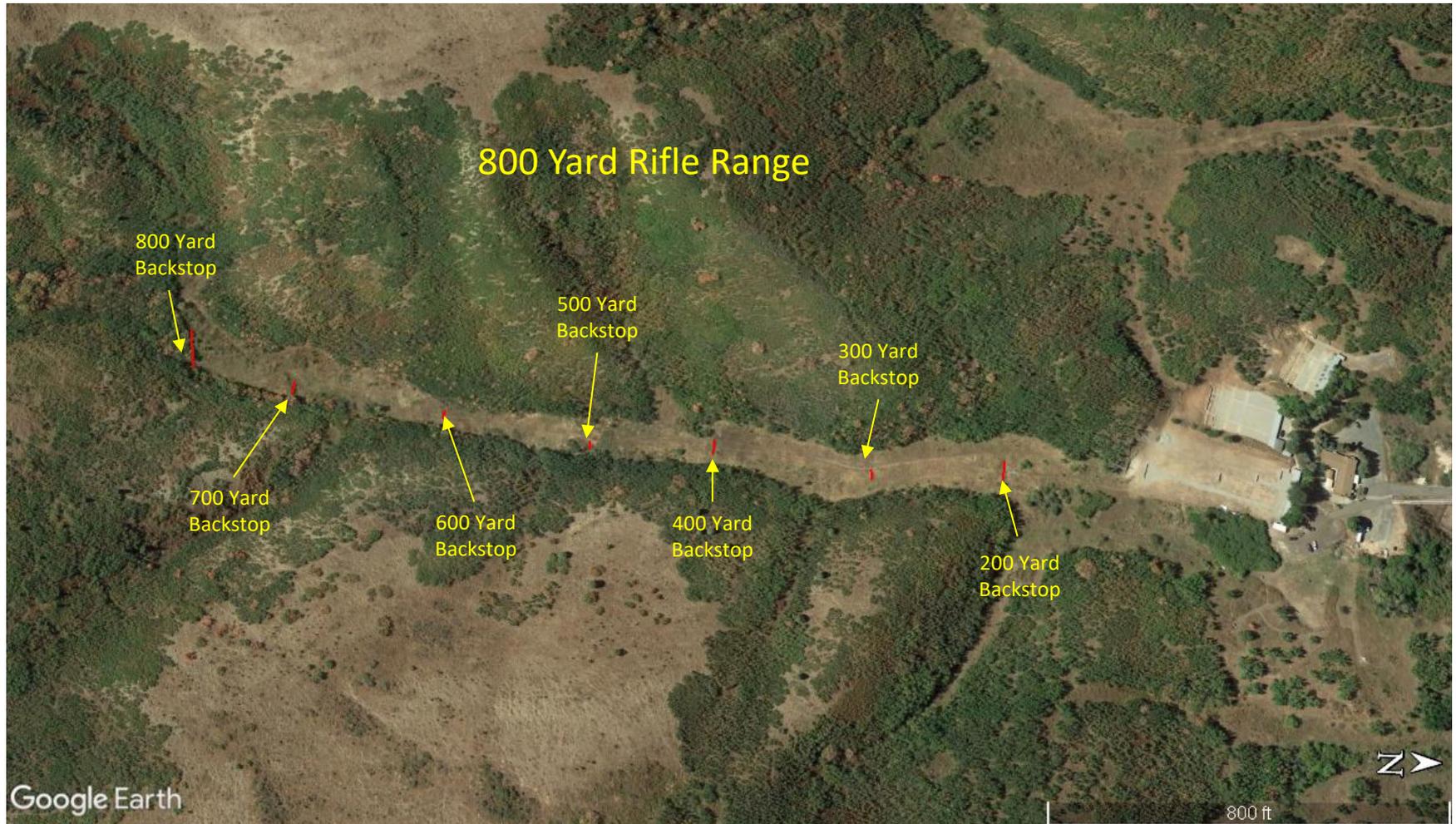
Range Maintenance

Lead Recovery & Management (Continued)



Range Maintenance

Lead Recovery & Management (Continued)



Range Maintenance

Lead Recovery & Management (Continued)

- The soil will be tested in many locations (80 +/-) to determine the level of lead contamination. These tests will be used to;
 - Determine the extent of contamination and establish a baseline that will establish the City's final remediation liability.
 - Testing will be done on a periodic basis along with regular maintenance to determine if there is further contamination.
 - A well maintained range should be able to minimize the impact of lead contamination.
 - Parley's believes that the Range can be operated without creating additional material environmental impact if the range is operated consistent with EPA's Best Management Practices.
 - Develop and understanding of soil chemistry and mechanics.
 - Inform the redesign of the backstops to reduce the cost of future "lead" maintenance.
 - Develop a maintenance plan that is consistent with EPA Best Management Practices (the "Lead Maintenance Plan").
 - The Lead Maintenance Plan will be part of Parley operating procedures.
 - A covenant in the lease with the City will be included to require that Parley maintain the property consistent with normal business practices including continuation of the Lead Maintenance Plan.
- Parley's will establish a lead Sinking Fund that will be used to fund final remediation when the permanent lease expires and the property is reclaimed.
 - Parley will allocate a portion of range user fees to a separate bank account that will be used to fund the final reclamation of the property.
 - Parley believes that funds in this account will cover any additional damage caused by operation of the range.

Water Quality

- Water use;
 - Range Users.
 - The range has male and female public restrooms.
 - Users do not drink the water in the restrooms and there are no water fountains.
 - If Users want something to drink on the range, they either bring water or other drinks (no alcohol is permitted) or purchase soft drinks from a vending machine on site.
 - Range Master
 - The Range Master will live in the house on the property (as required by the Lease).
 - The Range Master and his family are the only people who consume the water on the property.
 - The water supply serves fewer than 25 people. This meets the definition of a Transient Non-Community Water System (TNCWS)
 - Testing of the water for all potential contaminants should be performed for the safety of the Range Master and his family.
 - UDOT – Snow removal
- Downstream runoff
 - Is Category 2 waters as specified by R317-2-12.2 and is part of the Jordan River Drainage.
 - Mountain Dell Reservoir feeds Parley creek.
 - What testing needs to be done?

Insurance

- What is Range Insurance?
 - Range insurance is a subset of Business Insurance that is typically offered to small businesses but is modified to cover risks that are unique to the firearms industry. Coverage for small businesses includes general liability.
 - If the Business is legally liable for damages then insurance coverage will pay up to the limit subject to exclusions.
 - Business liability in the specimen form we have is; “[Insurance Company] will pay those sums that the insured becomes legally obligated to pay as damages because of “bodily injury” or “property damage” to which this insurance applies.”
 - If a fire starts and spreads to adjacent properties, and the Insured is found LEGALLY LIABLE for that property damage then the policy would respond. The insurer has a duty to defend a claim or suit made until such time as the outcome of the suit is known unless the loss is specifically excluded.
 - Is a business or person legally liable in the State of Utah for fire damage if it is determined that the business or person cause the fire?
 - There are no exclusions in the specimen form for “property damage” due to fire.
 - Exceptions include; i) Intentional damage, ii) Use of liquor, iii) Acts of War, iv) Gun Shows (No Gun Shows held on the property), v) Nuclear Energy Liability and vi) Historical re-enactments (No historical re-enactments will be held on the property).
 - Business Liability limits for the proposal that we received is \$1 million per occurrence and \$2 million total.
 - Insurance for the buildings and equipment include theft coverage in the proposal we received as separate riders.
 - Workman’s Compensation will be purchased separately.

Insurance (Continued)

- Parley's has found two potential insurance providers and has received a quote from one.
 - Lockton Affinity LLC – Lloyds is the Underwriter
 - Joseph Chiarello & Co. Inc
 - Cost and coverage offered in the proposal was consistent with what Parley has been told by other range operators.
 - Lockton's proposal is \$4,300 per year.
 - Joseph Chiarello gave a verbal quote of \$3,700 to \$4,500 per year.
 - Parley is prepared to purchase the insurance.

Operating Plan

- Parley's will operate the range under the new lease consistent with the operating policy prior to March 4, 2019.
 - The range will be open 7 days per week.
 - Law enforcement will have priority to use the range.
 - The range will be open to groups such as DEA, FBI, Hogle Zoo, personal defense training groups.
 - It will hire and pay new Range Master.
 - The Range Master will live on the range premises as specified in the Lease.
 - Parley's will procure required Workman's Compensation Insurance.
 - Parley's will recruit Range Volunteers
 - The range cannot be operated without the aid of volunteers.
- Accounting software (Cloud Based) will be installed to capture;
 - Collection of range fees.
 - Payment for services.
 - Parley will hire an accounting firm to keep the books and records and file tax returns.
- Parley's will make repairs to damaged range property.
 - Roof on the 100 yard range – (\$3,000)
 - Road to the 25 yard and 50 yard ranges – (\$10,000)
 - New stairway – (\$1,000)
 - These cost estimates need to be refined and agreed to prior to commencement of repair work.
- Hire a contractor to perform lead recovery (see discussion above).

New Lease

- New Lease;
 - Parley's and Salt Lake City will execute a new lease.
 - Lease term will end on March 2120.
 - The City will have the right to terminate the new lease within the first [3] years and pay Parley's the lead clean-up costs.
 - The City will hold Parley's harmless for lead liability until City affirmatively decides NOT to exercise its Termination Option.
 - Parley's will purchase insurance.
 - Parley's will perform the lead recovery and repair damage to the range.
 - Parley's will fund lead recovery and make repairs to the range with private donations and user revenue.
- Permanent Lease – Covenants to include;
 - 100 year term.
 - Indemnity and hold harmless clause for pollution or environmental damage caused by PMAA prior to March 2019.
 - Lead management plan consistent with EPA's Best Management Practices.
 - Sinking fund for final reclamation.
 - Sinking fund is expected to fund final reclamation of the entire property - including damage incurred prior to March 2019.

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