

**COST RECOVERY AGREEMENT**  
**Phase 2 (Planning, Operational & Closeout Funds)**

**BURNING MAN SPECIAL RECREATION PERMIT: NVW03500-18-01**  
**APPLICANT: Black Rock City, LLC.**  
**LEAD BLM OFFICE: Winnemucca District, Black Rock Field Office**

**I. AUTHORITY:** Section 304(b) of the Federal Land Policy and Management Act (FLPMA) [43 U.S.C. 1734(b), as amended and 43 CFR Subpart 2932.

**II. PURPOSE:** This Agreement between the above referenced Applicant and the Bureau of Land Management (BLM) establishes procedures to reimburse BLM for costs incurred to process a Special Recreation Permit (SRP) NVW03500-18-01. If the BLM decides to authorize an SRP, this Agreement shall be amended to reflect the overall costs to be reimbursed to the BLM for costs incurred for the 2018 Burning Man SRP, reflecting both event monitoring and planning. This Agreement will serve as the continuance of the 2018 Cost Recovery Agreement (CRA) (Phase 2- Continued Planning Labor/ IAA's Funding / Operational Cost / Closeout Labor) developed to cover BLM incurred costs associated with project planning, with a final estimate for all additional 2018 expenses due by June 4, 2018, in order to develop a final estimate and decision for the overall 2018 CRA.

**III. PROVISIONS OF AGREEMENT**

A. In accordance with Section 304(b) of FLPMA, BLM Handbook H-2930-1, BLM Manual 1323, and 43 CFR 2932.31, Applicant agrees to reimburse BLM for the costs incurred by BLM for processing the Application, and should a SRP be issued, costs for issuing a SRP and monitoring the SRP.

B. This Agreement is subject to the Reimbursable Cost Provisions and the Direct and Indirect Costs to the government outlined in OMB Circular A-25, Treasury Account: 14X5017, Service Charges, Deposits, and Forfeitures, and 43 CFR Subpart 2932. The Cost Estimate is included, and it will be amended should actual expenses exceed the amounts identified in Attachment 1.

C. A cost recovery account will be established for the SRP. The BLM requires you to remit 100% of the estimated cost recovery costs before the start of the 2018 Event. Please refer to the payment schedule below. After the permit is complete and all work is finished, the BLM will notify you if additional funds are required or if you are entitled to a refund.

The following schedule for payments has been developed to allow for the amount due from the estimate to be paid in multiple installments and have 100% of the cost recovery estimate paid prior to the start of the event:

**Costs**

Phase	DIRECT COSTS	INDIRECT COST RATE	INDIRECT COSTS	TOTAL
1	\$581,171.00	21.8%	\$126,695.00	<b>\$707,866.00</b>
2	\$1,759,408.25	21.8%	\$383,551.00	<b>\$2,142,959.25</b>
TOTAL	\$2,340,579.25		\$510,246.00	<b>\$2,850,825.25</b>

**PAYMENTS**

PAYMENT	AMOUNT	DATE DUE
1	\$707,866.00	RECEIVED
2	\$1,071,479.62	June 30, 2018
3	\$1,071,479.63	July 27, 2018

Following the close-out of the event permit, an accounting of the cost recovery funds will be provided to Black Rock City, LLC by January 31, 2019.

**IV. REIMBURSABLE COST PROVISIONS**

A. BLM agrees to process the Application to the extent funding under the Agreement permits. Processing will include, but not be limited to, the following: coordination, administration and approval of any necessary NEPA compliance; consultation with appropriate Federal, State, Tribal, and local officials; preparation of the administrative record, monitoring the construction, operation and termination of any resultant authorization; and other necessary processing actions consistent with a final decision.

B. BLM agrees to timely notify the Applicant, in writing, of any changes to the indirect rate. Refer to the Definition of Direct and Indirect Costs in Section V. Applicant shall have the right to conduct, at its own expense, reasonable audits of the books, records, and documents of BLM relating to the items on any particular accounting statement provided by BLM.

C. Cost Recovery funds, once obligated by BLM, are not refundable and will not be made refundable by termination of the Project, withdrawal of the Application, or non-issuance of a SRP.

D. In accordance with 43 CFR 2932.31, 2932.32, and 2932.33(c), if BLM denies the Application, Applicant must reimburse BLM for all costs BLM incurred in processing the Application. If the Applicant withdraws the application, Applicant will reimburse BLM for processing costs incurred by BLM in closing its review of the Application and which cannot reasonably be avoided after BLM receives written notice of withdrawal of the Application.

E. Nothing herein shall be deemed to require BLM to maintain books, records, or documents other than those usually maintained by them, provided that such books, records, and documents reasonably segregate and identify the costs for which reimbursement is required and comply with generally accepted accounting practices for such documentation.

The designated points of contact with whom each party to this Agreement will communicate concerning any aspect of this Agreement are as follows:

Bureau of Land Management  
Mark E. Hall  
Black Rock Field Manager (Acting)  
5100 E. Winnemucca Blvd  
Winnemucca, NV 89445  
775-623-1578

Black Rock City, LLC  
Charlie Dolman  
Event Operations Director  
660 Alabama St  
San Francisco, CA 94110-2008  
415-865-3800 mehall@blm.gov  
Charlie.dolman@burningman.org

**V. DEFINITION OF DIRECT AND INDIRECT COSTS**

Direct costs are those costs which can be specifically identified with the Application and which are incurred for the benefit of said applicant in that the costs would not have been incurred but for the Application and are appropriate in order for BLM to process the Application. Examples of direct costs include, but are not limited to, personnel costs in the form of wages paid to BLM personnel working on the Application, with allowances provided for fringe benefits and leave surcharge rate and any overtime associated with processing the Application; travel expenses; purchased services, if necessary, such as printing, automated data processing services and photographic reproduction; and any miscellaneous supplies and equipment of a specialized nature, the use of which is directly applicable to processing the Application.

Indirect costs are those which cannot be specifically identified with the Application. These indirect costs have been calculated at a rate of 21.8 percent of direct costs. The indirect costs are subject to change annually. This percentage figure has been developed in accordance with Department of the Interior procedures and represents those administrative and program costs, excluding management overhead, which can be attributed to processing the Application. Indirect costs include a portion of the costs for capitalized and non-capitalized equipment; space rental; telephone services; postage; personnel transfer costs; budget and program development; administrative and clerical support; training; safety management; public information, inquiries and reports; cartography and basic series mapping; aviation management; telecommunications; maintenance of equipment and tools; and systems design and implementation.

**Treasury Account 14X5017, Service Charges, Deposits, and Forfeitures** further described as BLM Recreation Cost Recovery is defined in the table below:

<b>Treasury Account</b>	<b>14X5017, Service Charges, Deposits, and Forfeitures</b>
<b>BLM Fund Code, Subactivity, and Title</b>	<b>XXXL5017AP, Fund 341, L51050000, Recreation Cost Recovery</b>
Source of collections/appropriations	Cost recovery charges are associated with recreation activities or events and shall be levied to compensate the Government for the costs of authorizing and administering the recreation-related use. As such, this Subactivity covers revenues and expenditures associated with any Special Recreation Permit that has been determined to be Cost Recovery by BLM personnel as outlined in 43 CFR 2930-1 Permits for Recreation on Public Lands and H-2930-1, Recreation Permit Administration Handbook. Project codes are mandatory and will be assigned and administered by the State Office from their block of unassigned project numbers. They are used to differentiate revenues and obligations for each specific permit. Fees are collected in advance for specified tasks that must be carried out before significant recreation events can be permitted to occur on public lands, and BLM is expected to account to each applicant on the cost of all aspects of the work BLM performs.

As noted in the definition in the table, this account stipulates cost recovery charges shall be levied to compensate the Government for the costs of authorizing and administering the recreation-related use. Because Burning Man is a full cost recovery event, indirect costs will apply as they would for all other commercial permits that require full cost recovery.

**VI. EFFECTIVE DATE:**

This Agreement shall be effective, as of the latter date of its execution by both parties. Unless terminated earlier, it shall continue until the BLM authorized officer deems the agreement provisions have been satisfied.

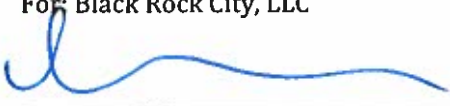
Please sign the agreement below, and return to the BLM, Winnemucca District Black Rock Field Office Manager by June 25, 2018.

**VII. SIGNATURES OF AGREEMENT**

For: Bureau of Land Management

For: Black Rock City, LLC

\_\_\_\_\_  
Signature

  
\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

  
\_\_\_\_\_  
Date

Mark E. Hall  
Black Rock Field Manager

Charlie Dolman  
Event Operations Director, BRC