

ORDINANCE/RESOLUTION REQUEST

Please email requests to the Mayor's Legislative Team

at MileHighOrdinance@DenverGov.org by **9 a.m. Friday**. Contact the Mayor's Legislative team with questions

Date of Request: October 12, 2023

Please mark one: ☐ Bill Request or ☒ Resolution Request

1. Type of Request:

- ☒ Contract/Grant Agreement ☐ Intergovernmental Agreement (IGA) ☐ Rezoning/Text Amendment
- ☐ Dedication/Vacation ☐ Appropriation/Supplemental ☐ DRMC Change
- ☐ Other:

2. Title: 3rd Amendment to the WJ Advisors LLC (WJ Advisors) contract with Denver International Airport

3. Requesting Agency: Department of Aviation

4. Contact Person:

Contact person with knowledge of proposed ordinance/resolution (e.g., subject matter expert)	Contact person for council members or mayor-council
Name: Chayot Ing-Aram SVP of Financial Planning	Name: Rita Aguilar Barry Burch Jr. Rachel Gruber
Email: chayot.ing-aram@flydenver.com	Email: Rita.Aguilar@flydenver.com Barry.Burch@flydenver.com Rachel.Grubel@flydenver.com

5. General description or background of proposed request. Attach executive summary if more space needed:

This request is for a 3rd amendment to the WJ Advisors Financial Consulting Services (WJ Advisors) contract at Denver International Airport (DEN). The consultant shall continue to provide professional airport system consulting services for the financial and economic management of DEN and for the planning and development of DEN facilities.

This contract started in 2017 after being selected through a competitive Request for Proposal (RFP) process. Since then, it has been amended twice. The initial contract and both amendments were approved by City Council. The current contract has been in place for seven years, expiring 12/31/2023, at a total capacity of \$5.5 million. This third amendment seeks to add one year and \$1 million in contract capacity, for a grand total of eight years, and \$6.5 million.

WJ Advisors is a provider of financial consulting services specifically within the aviation industry. This contract with WJ Advisors has helped the Finance Division at DEN develop airline rates, fees and charges, conduct annual Year-End Settlement processes with airline partners, support the issuance of bond proceeds, as well as provide support for other financial needs. A continuation of services will be provided for new and ongoing deliverables to maintain DEN's long-term financial health. The budget/fee structure was established as part of the original contract and rates proposed/awarded and budget is based on historical usage.

6. City Attorney assigned to this request (if applicable): Kevin Cain

7. City Council District: District 11

8. **For all contracts, fill out and submit accompanying Key Contract Terms worksheet**

To be completed by Mayor's Legislative Team:

Resolution/Bill Number: _____

Date Entered: _____

Key Contract Terms

Type of Contract: (e.g. Professional Services > \$500K; IGA/Grant Agreement, Sale or Lease of Real Property):
Professional Services > \$500k

Vendor/Contractor Name (including any dba's): WJ Advisors LLC

Contract control number (legacy and new): PLANE-202369633/ Legacy Contract SC-00001447

Location: Denver International Airport

Is this a new contract? ☐ Yes ☒ No **Is this an Amendment?** ☒ Yes ☐ No **If yes, how many?** 3

Contract Term/Duration (for amended contracts, include existing term dates and amended dates):

Previous

Contract Start Date: 01/01/2017

Contract End Date: 12/31/2023

This Request

Start Date: Date of Execution (DOE)

End Date: 12/31/2024

Total Term

Years & Months 7 years plus one year extension, new
total 8 years

Contract Amount (indicate existing amount, amended amount and new contract total):

<i>Current Contract Amount</i>	<i>Additional Funds</i>	<i>Total Contract Amount</i>
<i>(A)</i>	<i>(B)</i>	<i>(A+B)</i>
\$5,500,000	\$1,000,000	\$6,500,000

<i>Current Contract Term</i>	<i>Added Time</i>	<i>New Ending Date</i>
12/31/2023	1 year	12/31/2024

Scope of work:

This request is for financial consulting services. The Consultant shall provide professional airport system consulting services for the financial and economic management of the Airport and for the planning and development of Airport facilities.

Specifically, services to be performed by Consultant; when and as directed by the Manager of Aviation, shall include, but not be limited to the following:

A. Development and review of the annual and mid-year calculation of airline rates, fees, and charges relating to the Denver Airport System, which may include improvement, augmentation, modification and simplification of a financial model and assumptions used to calculate such rates. This includes a detailed summary of rates, fees and charges by airline as well as in total for the Airport system.

B. Create a manual and documentation for the rate model. Develop a user's guide incorporating the rate model operation, architecture and logic as well as provide training for airport staff on how to operate the model.

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C. Prepare a financial feasibility report regarding financing the airport's capital plan through the issuance of additional revenue bonds. The feasibility report shall be in a format suitable for incorporation into the Official Statement for the sale of such bonds.

Per requirements for the Airport Consultant's Report, Section 704B of the Airport General Bond Ordinance, prior to the issuance of additional bonds, Consultant shall issue a report, estimating the current and next three fiscal years, Gross Revenues, Operation and Maintenance Expenses, and other amounts required to be deposited to funds and accounts in support of funding the capital projects as well as the increase in operation and maintenance expenses and the increase in rates, fees, rentals, or other charges that may result from completion of the project(s).

Based upon those estimates, the report must demonstrate that the Net revenues in each such Fiscal Year, together with any Other Available Funds are projected to be sufficient in each such fiscal year to maintain required debt service coverage ratios, taking into consideration the debt service requirements of any future series of bonds required to complete the improvement project(s), as estimated by bond advisors, and after giving effect to, among other things, the increase in operation and maintenance expenses and the increase in rates, fees, rentals, or other charges that may result from completion of the project. The report must comply with the requirements as more fully outlined and described in Section 704B of the Airport General Bond Ordinance. If this report shows the Airport System not meeting the Rate Maintenance Covenant, Consultant shall advise the Manager of Aviation and make recommendations as to the revision to rentals, fees and charges to meet this requirement.

Services to be provided in connection with the financial feasibility report, or periodically as requested, shall include:

1. An analysis of the economic and air traffic forecasts;
2. A review and assessment of the requirements for the projects and project cost estimates;
3. A review of airport financial operations and rate policies;
4. A review of the projection of airport revenues, expenses, net revenues and debt service coverage;
5. Coordination with the City's team of investment bankers, bond counsel, and staff in the development of the financing plan for the project, preparation of the financial feasibility study report including black-line drafts for review by the working group, and participation in presentations to the rating services and investor tours/roadshows.
6. Create user's manual for financial model.

D. At the request of the Manager of Aviation, Consultant shall review and advise upon the capital program for the Denver Airport System for compliance with the Bond Ordinance and Airline Use and Lease Agreements.

E. Provide support in the renegotiating of the airline use and lease agreement, which includes assisting in the development of key goals and objectives, developing discussion materials, financial analysis and summary of key results on alternative methodologies/approaches. In addition, Consultant will assist in the development of individual airline costs per enplaned passenger results, provide recommendations to "Exhibit F" changes, as well as, participate in strategy and negotiating strategy sessions.

F. Provide support in the redevelopment of the Landside Terminal (referred to as the Great Hall Program), which includes strategic oversight and assistance in reviewing proposals received such as financial models of business arrangements and financial structures, as well as, offer advice and assistance in evaluating financial impacts, identifying any implications on proposed business arrangements/financial structures on the airline use and lease agreement and during negotiations with respondents. Consultant will also assist in developing key messages regarding any impacts, participated in internal meetings and provide other assistance to management, as requested.

G. Provide advisory capacity for the Great Hall Program to lead the team's direction, monitor progress and deliver guidance to executive leadership.

H. Provide advisory capacity for the consolidated rental car center (ConRAC) Program, including analyses on the feasibility and impacts, coordination with stakeholders on any necessary bond financing, and delivering guidance to executive leadership.

I. Consultant shall provide qualified persons from its staff to serve as expert witnesses in any judicial or administrative proceeding to which the City may be a party.

J. Consultant shall review and advise the Manager, as requested, with respect to any other matters affecting the Denver Airport System. These matters may include:

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1. Performing qualitative and quantitative analyses on a variety of strategic and financial issues, as well as business issues, including but not limited to, analyses relating to the operating & capital planning budget and sensitivity and scenario analyses;
2. Services in connection with the planning of present Airport System facilities or those to be acquired or to be developed by the City in the future;
3. Other requested services and special projects that have financial impact on the Airport System, as assigned by Airport management.

Was this contractor selected by competitive process? Yes, WJ Advisors was selected through an RFP process in 2016. This contract then went into effect 1/1/2017.
If not, why not?

Has this contractor provided these services to the City before? ☒ Yes ☐ No

Source of funds: Operations and Maintenance (O&M)

Is this contract subject to: ☐ W/MBE ☐ DBE ☐ SBE ☐ XO101 ☐ ACDBE ☒ N/A

The Request for Proposal was reviewed by DSBO, which determined it was not subject to the DSBO Ordinance and did not have a M/WBE goal assigned.

WBE/MBE/DBE commitments (construction, design, Airport concession contracts): N/A

Who are the subcontractors to this contract? N/A

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