



**DENVER**  
THE MILE HIGH CITY

# **Supplemental Request for Performance-Based Infrastructure**

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# Supplemental Request

- Provide \$1,318,805 in capacity to launch Performance-Based Infrastructure (PBI) initiatives, PBI Office<sup>1</sup> and projects, in 2018.
- Funds will support implementing the neutral, standardized and transparent process for evaluating and potentially executing partnerships with the private sector to deliver capital projects for Denver residents, as outlined in the PBI program.
- Supplemental includes funding for two new positions - one in the PBI Office and one in the City Attorney's Office - as well as professional services dollars.

PBI Office will initiate a competitive procurement process for PBI advisory services.

As outlined in the PBI program, the PBI Advisors will be responsible for providing assistance (but not limited to) the following:

- Facilitate proactive and interactive public engagement activities related to the development and implementation of the PBI program and specific projects.

### Project Screening

- Transparent, neutral and systematic process for evaluating projects ensures the city moves forward projects and expends resources on only the most viable projects that provide significant return on the city's upfront investment and greater value and benefits to taxpayers and residents over the life of the project.

### Project Structuring, Business Case Development

- Evaluation of Traditional and PBI procurement options
- Quantitative Procurement Assessment
  - Value for Money Analysis, Public Sector Comparator, PBI model
- Qualitative Procurement Assessment
  - Risk Register and Allocation Matrix, Market Sounding

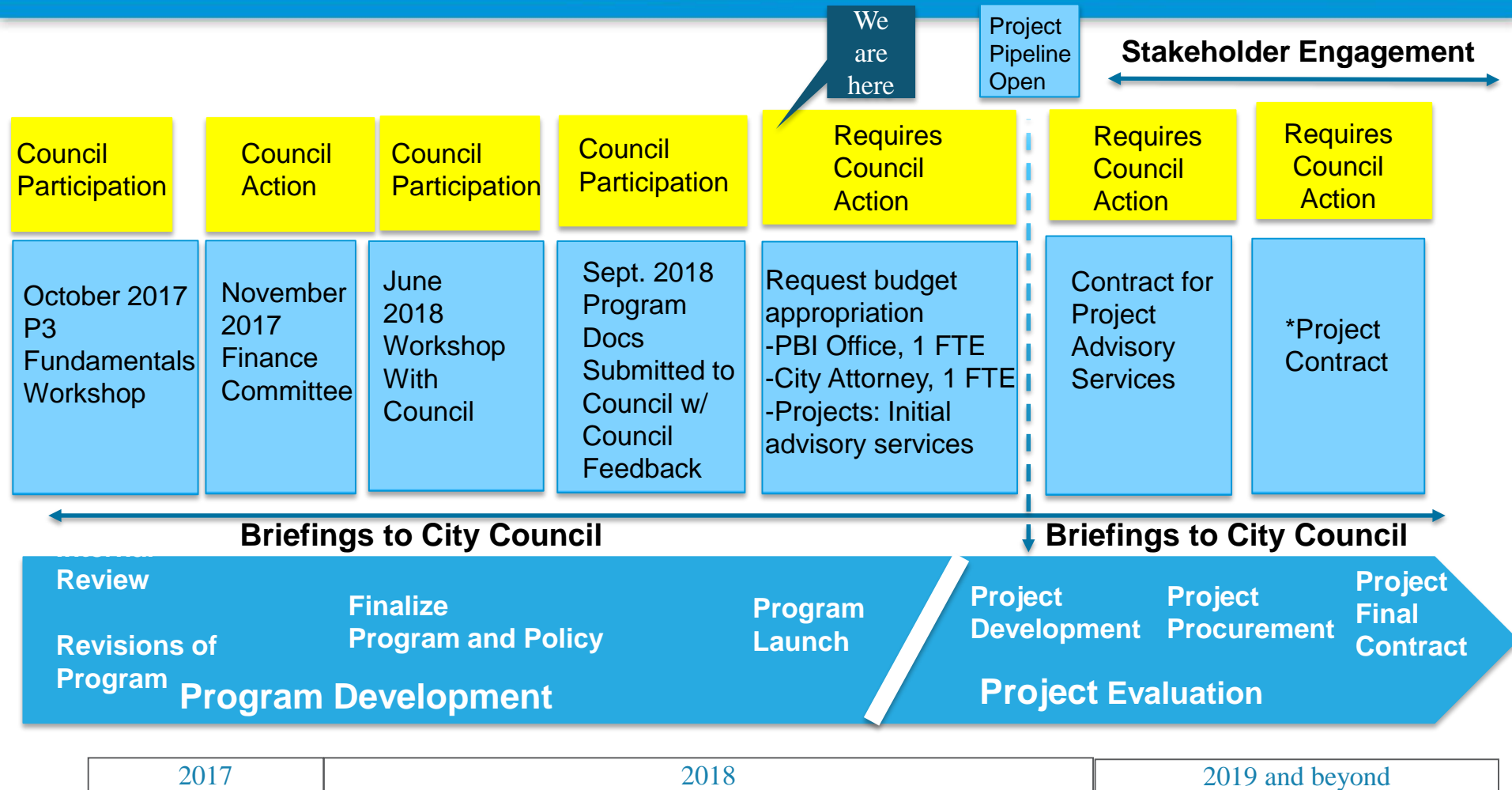
### Project Procurement

- Procurement strategy
- Drafting and issuing procurement documents
- Evaluation, shortlist and final partner selection
- Contract award and closing
- Financial close

### Project Implementation

- Provide long-term project monitoring services, as needed, to assist in the enforcement of the PBI agreement.

# Milestones and Timeline



\* Any future project will require Council action for final contract approval

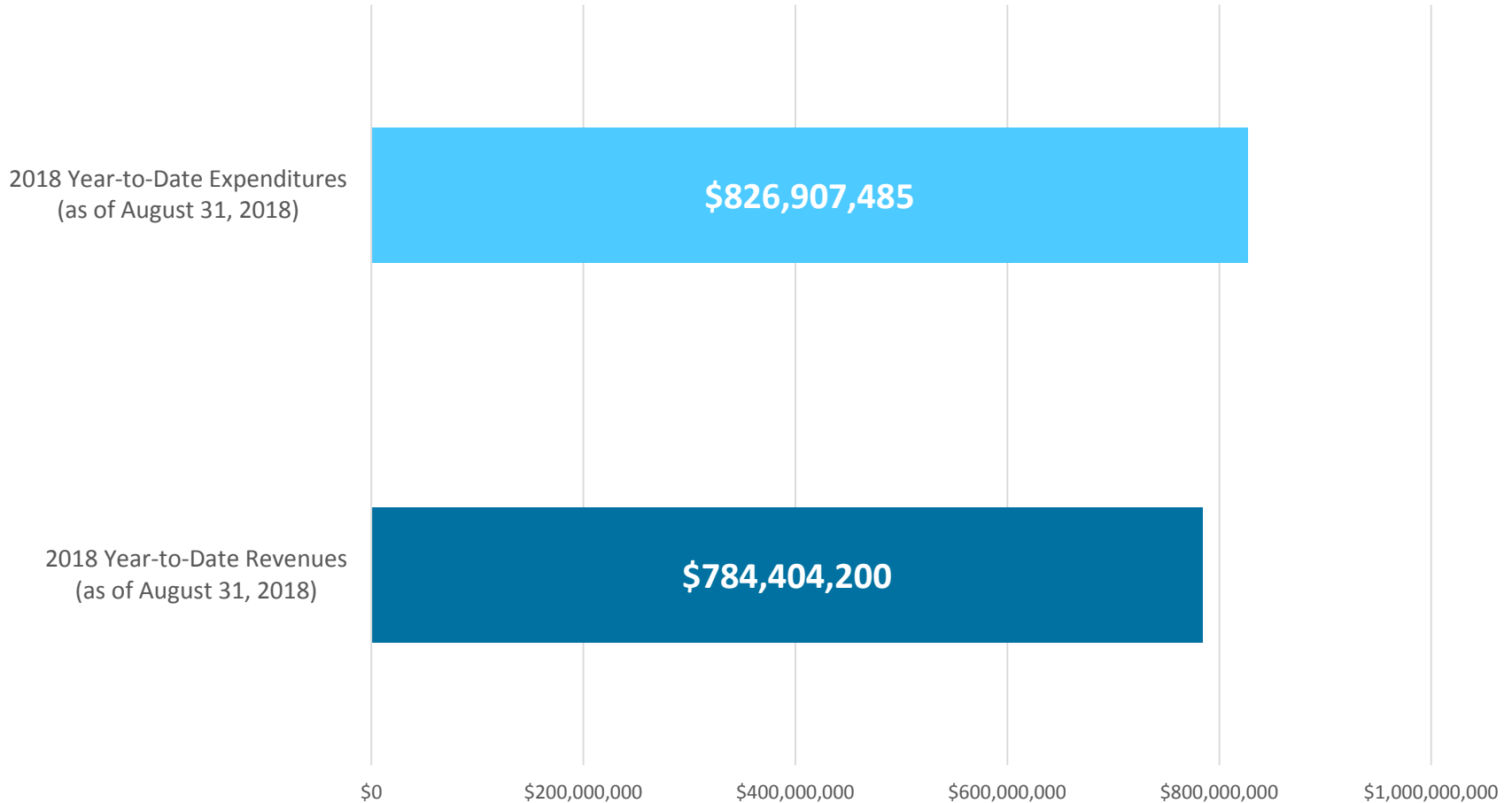


# Contingency and Supplemental Overview

2018 General Fund Contingency Original Budget: \$34.4M

2018 Supplemental Requests to date:

- \$4.5m GO Bond
- \$609K City Council transfer to various programs/funds
- \$3m 700 Colfax Avenue
- \$6,381,300 transfer to 911 Emergency Communications Trust Fund
- Approval of the supplemental for PBI will not impact the required 2% General Fund Contingency. After the above supplementals, 64% of the required 2% General Fund Contingency in the 2018 budget remains.
- Approval of the PBI supplemental request will result in General Fund Total Contingency balance of \$18,190,895, or 54% of the \$34.4M contingency approved in the 2018 budget.





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# Appendix



# Appendix, PBI Office Summary

- Serves as the city's center of excellence for alternative project delivery and leads the coordination of multiple agencies pursuing PBI projects.
- Provides the city with the capacity to systematically and transparently evaluate and execute partnerships with private entities to delivery PBI projects.
- Builds collaborations between the city and the private sector to complete major infrastructure projects and other programs through long-term performance based procurements.
- Responsible for creating and executing robust public outreach on PBI projects and incorporating stakeholder feedback throughout project development.
- Responsible for project delivery information and experience throughout the project lifecycle, providing best practices as well as tracking and reporting performance of projects under construction and in operations.

# Appendix, PBI Office Summary

- PBI is not appropriate for all public infrastructure projects and should be used judiciously which is why Denver is creating a PBI Office to:
  - Determine if a project is appropriate for PBI delivery to ensure future PBI projects stay true to Denver’s core values of inclusion, equity, and economic opportunities for all.
- A PBI office and program systemically builds efficiency and transparency measures into project development.
- The cost of PBI project development and delivery is quantified holistically through centralization in a PBI Office. The comprehensive approach to PBI project delivery takes into account the capacity necessary for screening, structuring and procurement a PBI project.
- Front loaded investment of resources for project development—to build a robust financial and legal framework—ensuring the private partner implements a high performing project over the life of the asset and the asset is returned to the city with plenty of useful life remaining at the end of the contract term.
  - Opposite of traditional procurement methods, some upfront expenditures for project development costs but most expenditures during project implementation.
- Standardizing project assessment and development lowers the cost of project development and evaluation by bringing efficiencies to the process and helps inspire confidence in the market