



Legislation Text

File #: 17-0822, Version: 1

**Contract Request Template (Contracts; IGAs; Leases)**

**Date Submitted:** 07-18-17

**Requesting Agency:** Denver International Airport  
**Division:**

- **Name:** Aaron Barraza
- **Phone:** (303) 342-2261
- **Email:** [Aaron.Barraza@flydenver.com](mailto:Aaron.Barraza@flydenver.com) <mailto:Aaron.Barraza@flydenver.com>

**Item Title & Description:**

*(Do not delete the following instructions)*

*These appear on the Council meeting agenda. Initially, the requesting agency will enter a 2-3 sentence description. Upon bill filling, the City Attorney's Office should enter the title above the description (the title should be in **bold** font).*

*Both the title and description must be entered between the red "title" and "body" below. Do **not** at any time delete the red "title" or "body" markers from this template.*

**A resolution approving a proposed Contract between the City and County of Denver and Denver Great Hall, LLC concerning design, construction, finance, operation, and maintaining certain areas of Jeppesen Terminal at Denver International Airport.**

Approves a thirty-four year contract with Denver Great Hall, LLC in the amount of \$1.8 billion to design, construct, finance, operate, and maintain certain areas within levels 5 and 6 of the Jeppesen Terminal, and the corridor from the terminal towards Concourse A, which includes the airline ticket lobbies, passenger screening checkpoint, concessions space, baggage claim area, and all associated public circulation space for a guaranteed price and schedule at Denver International Airport (201735867). The last regularly scheduled Council meeting within the 30-day review period is on 8-28-17. The Committee approved filing this resolution at its meeting on 7-26-17. Pursuant to Council Rule 3.7, Councilman Flynn called out this resolution at the Monday, August 7, 2017, Council meeting for a postponement to the next regularly scheduled meeting of Monday, August 14, 2017. Amended 8-14-17 to correct the Clerk's Filing No. and to fix typographical errors in the Development Agreement.

**Affected Council District(s) or citywide?** Council District 11

**Contract Control Number:** 201735867

**Vendor/Contractor Name (including any "DBA"):** Denver Great Hall, LLC

**Type and Scope of services to be performed:** The proposed Development Agreement governs the Public-Private Partnership between DEN and Denver Great Hall LLC (Developer). The Developer will design, construct, and finance the redevelopment of Levels 5 and 6 of the Terminal and the corridor from the Terminal towards Concourse A, which includes the airline ticket lobbies, passenger screening checkpoint (TSA), concessions space, baggage claim area, and all associated public circulation space for a guaranteed price and schedule.

The total project cost to design and construct the project is \$650-770 million This includes a large owner's contingency (\$120M) to cover potential industry changes in the next 4 years. DEN will pay 74% of the project cost (\$479 M) and GHP will pay 26% (\$171M), which reflects the large amount of construction for areas that DEN, not GHP, will operate. The first four years of the contract will cover this design and construction phase. Once the construction of these areas is complete, the airline ticket lobbies, passenger screening checkpoint, baggage claim area, and much of the associated public circulation space will be operated and maintained by the City.

Once construction is complete and accepted by DEN, DEN will begin annual supplemental payments to the Developer to reimburse financing, as well as operations and maintenance costs of \$24 million (indexed) annually. The Developer will operate and maintain the concessions space and designated areas on Levels 5 and 6. The airport will receive 80% of the concession revenues and 100% of the other terminal revenue such as airlines, rental car, corridor to A bridge, etc. The Developer will receive 20% of concession revenues. This is for a 30-year operating period.

Payments during these two phases cannot exceed the total MAXIMUM contract amount of \$1.8 B. (Exact dollar amounts may vary slightly due to rounding and will be finalized at financial close in September 2017). DEN is an independent enterprise of the City and this project will not expend tax payer dollars and will not affect the City's General Fund.

**Location (if applicable):**

**WBE/MBE/DBE goals that were applied, if applicable (construction, design, Airport concession contracts):** M/WBE: Design 33% Construction 18% ACDBE: 26%

**Are WBE/MBE/DBE goals met (if applicable)?**

**Is the contract new/a renewal/extension or amendment?**

**Was this contractor selected by competitive process or sole source?** Yes, Denver Great Hall LLC was selected as a result of the Great Hall Project RFP, issued on February 24, 2016. Three teams (all of whom had been short-listed through a prior RFQ process) responded to the RFP, and Denver Great Hall LLC was recommended by a highly sophisticated selection panel as the best apparent proposer.

**For New contracts**

**Term of initial contract:** Thirty-four years

**Options for Renewal:**

**How many renewals (i.e. up to 2 renewals)?**

**Term of any renewals (i.e. 1 year each):**

**Cost of initial contract term:**

Project Design Construction: \$650 - \$750 million includes \$120 million Owner's Contingency  
Annual Supplemental Payments: Financing \$14.8 million annually | O&M: \$9 million annually  
Maximum Contract Amount: \$1.8 billion

**Cost of any renewals:**

**Total contract value council is approving if all renewals exercised:**

**For Amendments/Renewals Extensions:**

**Is this a change to cost/pricing; length of term; terms unrelated to time or price (List all that apply)?**

***If length changing***

**What was the length of the term of the original contract?**

**What is the length of the extension/renewal?**

**What is the revised total term of the contract?**

***If cost changing***

**What was the original value of the entire contract prior to this proposed change?**

**What is the value of the proposed change?**

**What is the new/revised total value including change?**

***If terms changing***

**Describe the change and the reason for it (i.e. compliance with state law, different way of doing business etc.)**