



Legislation Text

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Contract Request Template (Contracts; IGAs; Leases)

Date Submitted: 10-23-2023

Requesting Agency: DEN
Division:

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Phone Number:

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 Third Amendment between the City and County of Denver and WJ Advisors LLC concerning consulting services for financial and economic management and for the planning and development of airport facilities at Denver International Airport.

Approves an amendment to an on-call contract with WJ Advisors Financial Consulting Services (SC-00001447) for an additional \$1 million for a new contract maximum of \$6,500,000 and 1 additional year and a new end term of 12-31-2024 to provide professional airport system consulting services for the financial and economic management of the airport and for the planning and development of airport facilities, in Council District 11. 202369633. The last regularly scheduled Council meeting within the 30-day review period is on 12-4-2023. The Committee approved filing this item at its meeting on 11-1-2023

Affected Council District(s) or citywide?

Council District 11

Contract Control Number:

202369633

Vendor/Contractor Name (including any "DBA"):

WJ Advisors Financial Consulting Services, DBA WJ Advisors

Type and Scope of services to be performed:

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.

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:

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.

Location (if applicable):

WBE/MBE/DBE goals that were applied, if applicable (construction, design, Airport concession contracts):

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?

For New contracts

Term of initial contract:

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:

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.)