



**Bond Implementation Committee
Summary**

Wed. Nov. 24, 2008

4:00 p.m.

Conference Room 391

Committee Members Present: Lehmann, Faatz, Garcia,
Committee Members Absent: Hancock
Other Council Present: Boigon, Nevitt, Robb

Agenda: The Bond Market Update
Baseline Project Schedule and Budget Update
Project Status
"Bond Built" Sign Update

1. Bond Market Update

Margaret Danuser, Debt Administrator, said Denver has good market access as the Denver name is strong and readily accepted.

The City issued \$38 M in commercial paper earlier this year, which will carry the bond program through January 2009. The first General Obligation (GO) Bonds issue will occur in the second quarter of 2009. The commercial paper will be paid down in the first half of 2009.

GO Bonds with 20-year maturity are at 5% to 5.5%. Commercial paper is currently at 1.2% annualized. Commercial paper has been a successful way to get in the market during this time. Insurance will not be required because of the City's AAA rating from Standard & Poor.

2. Baseline Project Schedule and Budget Update

Committee Action

The Committee request follow-up on questions regarding public art related to transportation projects.

Summary of Discussion

Don Hunt, Bond Program Manager, handed out a graph of timelines for each of the 68 named projects in the bond ordinance. The full details of all phases for each project will be published within 10 days. This information came from the project managers, who will report monthly on progress. Mr. Hunt said it was a huge hurdle to get to this point.

Projects accelerated from original schedule include City & County Building; Stapleton Recreation Center; Cherry Creek Solid Waste Transfer Site; Recreation Center Maintenance. The I-25 & Broadway project and improvements along the Cherokee and Lionstone redevelopments have been

moved back due to the current challenges in development financing. Additionally, Boettcher may be delayed. The Colorado Symphony Orchestra is undertaking a feasibility study to determine how much over its original \$30 M commitment it can raise. The outcome could change the project scope; it is prudent to wait.

Councilman Garcia asked what the process would be if it became impossible to undertake a project for any reason, and when a decision would be made that a project would be scaled down or eliminated. Mr. Hunt replied that decision would ultimately be Council's. If development issues have delayed any projects as we approach 2011, the City will have a tough decision to make. A project could be scaled back or eliminated and the funds allocated by Council to another project.

A reduction of 10% or more of any project budget must be approved by Council, per the companion ordinance. Movement of funds between Purposes (Public Works, Parks & Recreation, etc.) must be approved by Council. A maximum of 10% of a project's budget may be moved to another project within the same Purpose as an administrative matter.

The change control process requires that project managers submit a written explanation of why a budget change is necessary. The Executive Committee must approve any change.

Two-thirds of the project managers are City employees. All managers have received several hours of training in the required monthly reporting, change requests, etc. Most reporting is electronic in an effort to keep paperwork to a minimum.

Councilwoman Robb asked if project managers were told not to provide project information to Council members. Mr. Hunt said that is incorrect. Councilmembers do not have to go through program managers. The project managers are supposed to work with the Councilmembers.

"Program management" refers to Mr. Hunt, Stu Williams, Deputy Bond Program Manager, and the CH2MHill team. Program management for the entire bond program totals \$12, 269,000, which was added above the \$550 M project costs. It was allocated on a per project basis but does not impact the project budgets.

"Project management" refers to the individual projects. Much of this cost will be absorbed by the agency and is not a direct charge to the project budget. For instance, \$50 M is allocated for Street Reconstruction, but no project management cost is added because Public Works can absorb that added management.

Councilwoman Faatz asked why some but not all projects have a Public Art budget. She noted that the Quincy Avenue include public art. Stu Williams, Deputy Bond Program Manager, said the requirements in the public art ordinance were applied to each project, in consultation with the Denver Office of Cultural Affairs. Per the ordinance, if a project is for maintenance or rehabilitation only, no public art is required. If a project qualifies as construction and the combined construction and construction management budget totals \$1 M or more, 1% of that budget is allocated to public art. Quincy is a new facility that adds to the assets of the City; it is not a maintenance project. Public art is not as easily incorporated into transportation projects as into new buildings or parks, but it is done. The intent for the bond projects was to identify the public art money at the beginning so plans could incorporate the art.

Councilwoman Lehmann asked that the public art piece be continued at a later meeting.

Councilwoman Robb asked if the “reserve” funds are real dollars. Mr. Hunt replied they are actual dollars but they have not been assigned to specific projects within the category. For instance, under Parks & Recreation is a category “Reserve Regional Trails” with a dollar amount of \$3.2 M. The actual trails are listed, but the funds have not allocated among them. Ms. Mueller emphasized that these dollars will go to the listed projects.

3. Bond Built Signs

Michele Majevne, CH2MHill, said that a vendor, RMD Signs, a local company, has been selected through a Request for Proposals process. Ninety-percent (68 large and most medium projects) will have signage. As projects reach the Notice to Proceed, signs will be installed in waves varying from 5 to 20 at a time. A panel on the sign will be changed from “under construction” to “completed”.

Twenty signs will be installed during the week of Dec. 6, even for some completed projects. Councilman Garcia said the Tennyson Street project had been completed, and no sign is necessary. Ms. Majevne promised to have the signs installed in a timelier manner in future.

Mr. Hunt noted the signs are in the Program Management budget, not the Project budgets.

4. Project Status Update

Mr. Hunt said additional projects have been completed since the Sept. 22 meeting:

- Edna Oliver Child Care Center & Northeast Child Care Center
- Cranmer Park irrigation
- Tennyson – 26th to 32nd

On-call contractors were used in same cases for projects that were ready to go.

Each Council member will be contacted to schedule an individual briefing on his or her district projects in more detail than the schedules distributed at this meeting. A list of district projects with status will be provided prior to the briefing.

Councilwoman Robb stressed that project managers should be in contact with the appropriate Council member when the project goes into planning and design.

Councilwoman Faatz said Council has been hearing that for a long time that competition with China was increasing the price of construction materials, and therefore the project costs. She asked what impact the economic turmoil was having on prices. Mr. Williams said most commodities have probably stabilized and we won't see any more price declines. Labor costs probably won't increase as much or at the same rate as earlier.

Mr. Hunt noted that a Work Fair has been scheduled for Dec. 16 in conjunction with the Association of Contractors and the Office of Economic Development. The purposes of the Fair are to make contractors aware of the bond projects and to provide an idea of the project schedules and advance notice of when Requests for Proposals will be published.

