



**Bond Implementation Committee
Summary**

July 27, 2009

4:00 p.m.

Conference Room 391

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

Agenda: Program and Financial updates
 Library: Stapleton land purchase; Self-Check-out technology/equipment purchase

1. Better Denver Bond Program: Second Quarter 2009 Report

Don Hunt, Bond Program Manager, presented the Quarterly Report for the second quarter of 2009, summarizing that the program is on time and on budget. Forty project managers are working on the 68 projects named in the ballot measure. The original 5-year schedule has been compressed into 4 years, with exceptions being some of the cultural facilities which are dependant on private fund-raising to augment the bond funds.

Breaking out "Future Projects", which haven't been started, from the "Planning Phase" category presents a more realistic view of the program's status. First Quarter 2009 figures have been adjusted accordingly in the following table.

Also, the total number of projects has increased to 283, reflecting all of the sub-projects within the named projects. This improves transparency and the accuracy of progress reporting. Sub-project managers see their progress being counted and thereby derive more satisfaction.

Project Status				
Phase	As of 6-30-09		As of 3-31-09	
	Number	Percent	Number	Percent
Future Projects	42	15%	51	24%
In Planning Phase	24	9%	46	21%
In Design Phase	96	34%	64	30%
In Construction	63	22%	36	17%
Complete	58	20%	18	8%
Total no. of projects	283	283	215	215

Earned value of work completed through 6-30-09 is \$66,273,000, about \$3M behind the scheduled amount. This is still within 5%, which is very acceptable for such a large undertaking.

Program Schedule Performance		
Planned Value of Work through 6/09	Earned Value of Work through 6/09	Schedule Variance
\$69,393,000		(\$3,120,000)

Twenty-four projects were completed in 2Q, bringing the **total completions to 58**:

Public Offices Deferred Maintenance

- City & County Bldg. blinds

Cultural Facilities Deferred Maintenance

- Botanic Gardens irrigation and access improvements
- Museum of Nature & Science Diorama film installation

Parks & Recreation

- Magna Carta Park irrigation
- Congress pool shade structures
- Cook pool shade structures
- Eisenhower pool shade structures
- Garfield pool shade structures
- Globeville pool shade structures
- Harvard pool shade structures
- Harvey pool shade structures
- Southwest poll shade structures
- Barnum pool shade structures
- City Park Bandstand
- Athmar recreation center improvements
- Glenarm recreation center improvements
- Wagon Trail improvements

Public Works, Streets & Transportation

- Cherry Creek Drive Phase 1 improvements
- 3rd Ave. Steele to Colorado street maintenance
- Irving St. Mississippi to Florida street maintenance
- Steele St. 39th Ave. to I-70 street maintenance
- E. 11th Ave Monaco to Yosemite street maintenance
- Perry St. Ellsworth to 6th Ave. street maintenance
- 31st Ave. Williams to York street maintenance

Successful schedule compression

- Full \$14M **Street Maintenance program** (rotomill, paving, etc.) complete in 2009.
- Cherry Creek Greenway complete summer 2009 rather than late fall.
- DPAC theatre/rehearsal space renovation complete late 2009 rather than late 2010.

Land acquisitions remaining

- **West Side library**: Request for Information (RFI) responses being evaluated (14).
- **Central recreation center**: Sites on Colfax and at Congress Park Pool are being evaluated.
- **Lowry fire station**: the goal is to acquire an improved (with water, sewer, etc.) site at Lowry Vista, which is still going through the development review process. Expected delivery of the station has been pushed to 2012.

Cultural institutions

- **Museum of Nature & Science:** Project manager has been hired; Request for Proposals (RFP) is being issued; architect will be under contract by end of the year; delivery potential for 2012.
- **Boettcher Concert Hall:** Originally, this \$90M project (\$60M Bonds) was to be delivered in 2012, but private donations are slower than anticipated. City and Colorado Symphony Orchestra are evaluating the space needs, and potentially, a larger replacement hall on the same site. Bond funds contribution will remain at \$60M; the amount CSO must raise may double or triple.

Costs

Scott Hergenrader, CH2MHill, discussed construction costs. In 2008, costs spiked substantially over 2007. In 2009, costs have tracked just above 2007 levels, and analysts expect costs to maintain an upward trajectory through the remainder of 2009.

Councilwoman Faatz mentioned a constituent who suggested that if the CH2MHill management duties were taken in-house, costs would be greatly reduced. She asked if the City is committed to the entire contract with CH2MHill, or if there is a point at which bringing those functions in-house will be re-evaluated.

Mr. Hunt said the City is committed to the \$7M contract for 4 to 5 years (depending on how long it takes to complete the bond program), and it is a very cost-effective contract that has enabled the compression of the program schedule.

Amy Muller, Mayor's Deputy Chief of Staff, added that Public Works was already working on plans and issues around the FasTracks program. The staff couldn't absorb 200 more projects with the efficiency that the CH2MHill contract has provided.

Councilman Hancock and Councilman Garcia agreed, adding that the legacy software systems being put in place by CH2MHill are already resulting in improved processes that will benefit the City for years into the future.

Councilwoman Robb noted that the \$4.1M for program management covers CH2MHill and also includes several internal staff, including attorneys, Ms. Mueller, and Mr. Hunt.

2. Better Denver Bond Program Financial Update

Lotte Dula, Better Denver Bond Program Finance Manager, and Margaret Danuser, Treasury, presented a financial update. The program has spent 10% of funds and encumbered about 20%. The breakdown of expenditures through Q2 2009 is:

Description	Amount	Percent
Construction, equipmt, materials	\$39,915,691	73.2%
Planning, design, pro services	7,894,902	14.5%
Land	2,519,259	4.6%
Program management	4,187,945	7.7%
Public art	6,986	0.0
	\$54,524,783	100.0%

Ms. Dula said the program anticipates \$68M in cash flow in 2009. To date, that number is \$25M. Expenditures will ramp up during the 3rd and 4th quarters.

Councilwoman Faatz pointed out that the State does not require public art in street projects, a position the City should consider. Street projects do not lend themselves to public art: It is difficult to place a piece of artwork, and those funds could be used for more construction.

Councilwoman Boigon responded that public art can be incorporate into street projects, and she noted the MLK Blvd. medians as a good example.

Mr. Danuser said that in June, the City held a 1-day, scheduled bond issue for \$78M. The sale went very well, with 11% of the total sold to Colorado retail investors. The interest costs were 3.9%.

As much as \$19M in commercial paper could be issued by the end of the year. Savings from employing commercial paper rather than normal bond issuance is about \$2M.

Bids have been lower than expected, and some of the completed projects have remaining budget balances, which are moved into the contingency fund for that Purpose, or category. Little contingency has been used to date, but Mr. Hunt warned there is a long way to go yet.

3. Denver Public Library (DPL) (informational items)

Stapleton Library land acquisition

Letty Icolari, DPL, and Lisa Lumley, Real Estate Section, briefed the Committee on the \$400,000 purchase of a site at Roslyn and 29th Ave. from Forest City Stapleton, which is excited to have a library at the east end of the Town Center. This contract does not require Council action as it is under \$500,000. The project budget is \$12M, with \$1M allocated for land acquisition. The RFP for architectural services has been issued. Hopefully, the selection process will be completed soon after the closing on the property in early October.

Councilman Garcia emphasized that Forest City, a private interest, is excited to have a branch library anchoring its commercial area, and he hopes someone steps up with a generous gift to the Library Commission for the new West Side library.

3M Safety & Security Systems Purchase

Michelle Jeske, DPL Technology Services, explained the 2-year, \$823,562 contract with 3M for purchase and installation of 48 self-check-out stations and staff training. This contract was approved for filing by Consent of Committee on June 19, and CB 359 was approved by Council on July 13.

This is one part of a larger technological upgrade project. Under this contract, 17 old stations will be replaced. These self-check-out stations help with the reduced staffing levels, allowing the staff to do more. In the 2nd phase, the stations will be programmed to accept fees and fines from patrons. Other library systems with this technology report a higher rate of collection of fees and fines.