



GOLDEN URBAN RENEWAL AUTHORITY

Memorandum of Understanding

To: GURA Board of Commissioners
From: Mark Heller
Date: 6/7/05
RE: 2005 City Services

Over the past several months, I have been working with various members of City staff to explore the issue of GURA reimbursement to the City for services it provides to the GURA District. In 1996, the City and GURA agreed that GURA would pay \$12,500 to the City for such services, and that amount would be adjusted annually according to CPI. That agreement was abandoned fairly quickly, but if it was maintained, the below chart shows where we would be with the latest CPI info, which is 2004:

	Denver CPI	1996 Agmt
1996	1.035	\$12,500
1997	1.033	\$12,938
1998	1.024	\$13,364
1999	1.029	\$13,685
2000	1.04	\$14,082
2001	1.047	\$14,645
2002	1.019	\$15,334
2003	1.011	\$15,625
2004	1.001	\$15,797

In 2003, the City spent about \$40,000 but billed GURA for about \$18,000, which is about 45%. In 2004, the City billed GURA \$48,395, but accepted \$30,000 as full payment, which is about 62%

GURA and the City could proceed in at least the following two options. Option 1 would be to settle on an amount, perhaps \$30,000, and adjust annually for CPI. This would allow GURA certainty for budgeting, but would likely squeeze the City

over time since costs outpace inflation. Option 2 would be to settle on a reimbursement percentage, perhaps 60%. This option would also give relative certainty (barring emergencies), and would allow the City to better keep pace with increased costs. The City prefers Option 2.

If we proceed with Option 2, we need to also decide whether the percentage reimbursement applies to the cost of materials as well as to labor. Not surprisingly, the City would prefer 100% reimbursement for materials, but would accept 60%. An argument could be made to reimburse everything at 60% which is simpler and quite a bit more money than GURA has contributed thus far.

Either option will require an agreement as to the timing of reimbursement, which can range from by the job, by calendar quarter, or annually. I recommend annual reimbursement.

If GURA is to step up to the plate in this fashion, I would also recommend that GURA require the continuation of the close ties to the decision-making for these services that have been cultivated recently.