



Quarterly Status Report

January through March 2018



PREPARED BY:



IN CONSULTATION WITH:



DATE: May 17, 2018

TO: Transportation Commission, Bridge Enterprise Board of Directors, High Performance Enterprise Board of Directors

FROM: Tony DeVito, Project Director, Central 70 Project, David Spector, Director, High Performance Transportation Enterprise

SUBJECT: Quarterly Update

PROJECT PROGRESS

This memo summarizes the status of the Central 70 Project across the following areas:

- Status of Notice to Proceed
- Status of Pre-Development Budget
- Status of Community Commitments

ACTION

No actions are requested at this time. This memo is for information purposes only.

BACKGROUND

Per the Central 70 Project Intra-Agency Agreement, dated August 22, 2017, the Central 70 Project Director shall provide quarterly updates to the Transportation Commission, Bridge Enterprise Board of Directors, and the High Performance Transportation Enterprise Board of Directors through Final Acceptance.

MATTERS REQUIRING POLICY INPUT

None at this time.

COMPLETED AND UPCOMING MILESTONES

- Aug 31, 2017: Announcement of Preferred Proposer
- Nov 21, 2017: Commercial Close
- Dec 21, 2017: Financial Close
- Jan 24, 2018: Central 70 Initial Financial Plan was approved by the Federal Highway Administration (FHWA)
- Feb 9, 2018: Notice to Proceed 1 was issued by the Enterprises.
- Feb 9, 2018: The Kiewit Meridiam Partners (KMP) Baseline Schedule was conditionally accepted.
- Feb 13, 2018: KMP began submitting 30% design plans for review.

- Feb 26, 2018: Mobilization of initial Enterprises and KMP staff to the temporary co-located project office, which is located at 10825 E 47th Avenue, Denver, CO 80239.
- Mar 9, 2018: Union Pacific Railroad (UPRR) Approval of 100% Issued for Construction Track Plans
- Mar 24, 2018: Colonial Motel demolition began

Upcoming Milestones

- Jun 14, 2018: Notice to Proceed 2 issued by the Enterprises – commencement of construction related activities and operations and maintenance (O&M) during construction (excluding snow and ice)
- Sep 1, 2018: Notice to Proceed 3 issued by the Enterprises – commencement of snow and ice O&M activities

LAWSUIT UPDATE

Lawsuit/Complaint	Status
Lawsuit filed against Environmental Protection Agency (EPA) regarding Air Quality standards	Ruling in EPA’s favor
Title VI complaint filed against FHWA regarding Environmental Justice	Administrative decision in the Colorado Department of Transportation’s (CDOT) favor
Drainage lawsuit against City of Denver	Ruling in City of Denver’s favor
National Environmental Policy Act (NEPA) Lawsuit filed against FHWA regarding connected action	Lawsuit dismissed with prejudice
NEPA lawsuit filed against FHWA regarding environmental issues	Injunction denied, awaiting court decision on merits

CRITICAL ISSUES

The UPRR and Burlington Northern Santa Fe (BNSF) Railroad Agreements were not executed prior to Commercial Close. The UPRR agreement was executed on February 2, 2018 and sent as Enterprise Change Notice 003 to KMP to incorporate into the Project Agreement. KMP has submitted a Preliminary Supervening Event Submission (PSES) due to the execution date of the UPRR Railroad Agreement. The BNSF agreement is still in negotiations and anticipated to be executed in summer of 2018. This does not impact critical path of the Project.

The Project Agreement restricts KMP from starting construction of the UPRR bridge until after the UPRR completes the 36th Yard Expansion construction (Phase 0). UPRR was originally scheduled to complete this work prior to Notice to Proceed 2 (commencement of construction activities). KMP has submitted Supervening Event Notice 2.0 for this delay. This work is now

scheduled to be completed in October 2018. The Enterprises are currently working with the UPRR on mitigating this impact to the Project schedule.

KMP has not received approval of the Baseline Schedule by any of the railroads as of the date of this report. This is a Project Agreement requirement and KMP committed to having these approvals by Notice to Proceed 1 (commencement of design activities) plus 60 Working Days as a condition of the Enterprises’ issuance of Notice to Proceed 1 in February 2018. KMP has submitted the schedule to UPRR for review, but has not submitted the schedule to either BNSF or Denver Rock Island Railroad (DRIR). KMP is currently negotiating a time extension with the Enterprises for an additional 30 Calendar Days to fulfill the conditions associated with the issuance of Notice to Proceed 1.

KMP’s monthly schedule update is indicating that the design of the project is behind schedule. KMP is developing a recovery schedule to mitigate this impact to the Project.

SCHEDULE STATUS

The Enterprises conditionally accepted the Baseline Schedule on February 9, 2018. As part of these conditions, KMP must submit a Revised Baseline Schedule by June 22, 2018.

KMP is reporting that the Project is 9.57% complete thru the end of March 2018. Design is 41.86% complete and Construction is 0% complete.

Event	Baseline Date	Forecast Date	Status
Commercial Close	11/21/2017	NA	Complete
Financial Close	12/21/2017	NA	Complete
Notice to Proceed 1	02/09/2018	NA	Complete
Notice to Proceed 2	06/01/2018	06/14/2018	
Notice to Proceed 3 (Snow and Ice Control Services)	07/01/2018	09/01/2018	
Payment Milestone 1 (Sand Creek Bridge to Chambers Road)	12/09/2019	12/24/2019	
Payment Milestone 2 (Dahlia Street to Sand Creek Bridge)	10/20/2020	11/25/2020	
Payment Milestone 3 (Westbound I-70 Brighton Boulevard to Dahlia Street)	09/26/2020	11/25/2020	
Payment Milestone 4 (Eastbound I-70 Brighton Boulevard to Dahlia Street)	09/05/2021	11/03/2021	
Commence Intelligent Transportation System (ITS)/Tolling Testing/Integration	09/06/2021	11/04/2021	
Substantial Completion	03/04/2022	05/02/2022	
Final Acceptance	06/25/2022	08/23/2022	

BUDGET STATUS

No changes to the project budget have occurred in the reporting period.

Enterprises Costs Estimate	Amount
Environmental Phase	\$40.3M
Procurement Phase	\$80.8M
Delivery Phase	\$56.8M
Miscellaneous Enterprise Reserve	\$10.2M
ROW Phase	\$131.3M
Utility Phase	\$41.7M
Enterprises Construction Total	\$350.9M

In addition to the funds listed in the table above, the Enterprises have established a contingency (funded by the Department and Colorado Bridge Enterprise) to cover additional costs due to Supervening Events and Change Orders during the construction phase of the Project. Per the Project Agreement, the Enterprises have the option of paying KMP for changes via a lump sum payment or by adjusting the annual availability payment. The current balance of this contingency fund is provided in the table below.

Contingency	Amount
Enterprises Change Order/Supervening Event Initial Contingency	\$43.3M
Executed Change Orders – Previous	\$0M
Executed Change Orders – Current Period	\$0M
Remaining Enterprises Change Order/Supervening Event Contingency Balance	\$43.3M

CONTRACT CHANGE NOTICES

As of March 31, 2018, the Enterprises have issued (8) Enterprise Change Notices, received (8) Developer Change Notices, issued (1) Directive Letter, received (3) Supervening Event Notices, received (1) Preliminary Supervening Event Submission, received (0) Detailed Supervening Event Submissions, and executed (8) Change Orders. The change orders executed to date have all been for minor revisions to the Project Agreement that have no schedule or cost impacts to the Project.

No claims have been filed by KMP against the Project and the Dispute Resolution Panel (DRP) has not been utilized. The DRPs members will be finalized in May 2018.

QUALITY ISSUES

A summary of the Enterprises’ quality oversight program of KMP is provided in the table below. The Enterprises conduct assessments of KMP’s performance of project activities based on risk, with higher risk activities being evaluated on a more frequent basis. Conformances indicate that

KMP is fully compliant with the Project Agreement requirements, while nonconformances indicated that KMP’s performance is not fully compliant with the Project Agreement and requires correction.

Month	Conformances	Nonconformances	Conformance Percentage
January 2018	111	55	67%
February 2018	67	14	83%
March 2018	151	81	65%

Audits conducted by the Enterprises in January consisted primarily of KMP management plan submittals required for Notice to Proceed 1. Audits conducted in February and March consisted of evaluation of KMP’s implementation of management processes and design submittals. For March, the Enterprises and KMP both noted poor quality of 30% Design Plan and Management Plan packages submitted. KMP is implementing a Corrective Action Plan to attempt resolution of this issue.

KMP has not begun any construction activities except for some early field investigations and property demolition supporting the design development.

SAFETY ISSUES

Field activities consisted of survey, potholing, geotechnical borings, and demolition. There was one vehicle incident involving KMP staff during the reporting period. KMP will provide accident information within the project limits starting with Notice to Proceed 2.

MAINTENANCE/TRAFFIC ISSUES

No Maintenance/Traffic issues have been identified at this time. Only limited field activities supporting the project design are occurring (temporary lane closures for survey, potholing, and utility relocations).

CIVIL RIGHTS STATUS

KMP’s Small and Disadvantaged Business Participation Plan and its Workforce Development Plan were submitted at the end of January.

At the monthly civil rights meeting on February 15, it was brought to the Enterprises’ attention that Kiewit may not have paid some of its subcontractors monthly, which is a possible violation of Section 17.5 of the Project Agreement. The Enterprises are conducting a process audit of invoices and payments to subcontractors to identify any non-conformances related to Section 17.5. In addition, the Enterprises have requested (and KMP has agreed) to make civil rights an official “task force” and to hold such task force meetings on a biweekly basis in order to increase coordination and early issue identification.

KMP has been an active partner in workforce development and has enrolled several local hires to date.

MITIGATION/COMMUNITY COMMITMENTS STATUS

As of the date of this report, 65 of the 148 identified Record of Decision (ROD) mitigation measures are either in progress or completed. The Enterprises have made significant progress toward completing one of the more complex and time-intensive mitigations--providing home improvements to approximately 280 homes located near the I-70 viaduct. These improvements are being provided via a partnership with the City of Denver and several nonprofits, which has further leveraged CDOT's commitment and provided over 1,000 different improvements to these homes. In February, the WORKNOW program was launched. WORKNOW is a new employment platform designed to help place, retain and advance workers on the Central 70 Project and other regional infrastructure projects. In its first months of operation, WORKNOW enrolled 293 individuals needing varying levels of support, training and job placement. Eighty-eight WORKNOW enrollees were placed in new positions across the construction industry.

The Enterprises have completed two ROD re-evaluations to date. Two additional ROD re-evaluations are in progress. Re-evaluation #3 will make minor adjustments to the construction limits and re-evaluation #4 will incorporate KMP's Alternative Technical Concepts from the KMP proposal design.

COMMUNITY ENGAGEMENT AND COMMUNICATIONS

The Enterprises have continued to focus on neighborhood outreach as the start of construction approaches. This includes monthly "chips and chats" at a local restaurant, newsletters and e-blasts, briefings to nonprofit organizations and community leaders, and presence at community events. The team is also increasing outreach to the broader commuter audience through various media platforms. The Project is featured regularly on tv news and print media and the team is working in partnership with the Developer to develop messaging around construction coping and awareness.