



# Quarterly Status Report

April through June 2018



PREPARED BY:



IN CONSULTATION WITH:



**DATE: August 16, 2018**

**TO: Transportation Commission**

**FROM: Tony DeVito, Project Director, Central 70 Project**

**SUBJECT: Quarterly Update**

### PROJECT PROGRESS

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

- Status of Notice to Proceed (NTP)
- Status of Pre-Development Budget
- Status of Community Commitments

### ACTION

No actions are requested at this time. This memo is for information purposes only. (Data summarized is through June 2018)

### 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, BE Board of Directors, and the HPTE Board of Directors through Final Acceptance.

### MATTERS REQUIRING POLICY INPUT

None at this time.

### COMPLETED MILESTONES

- |                 |  |
|-----------------|--|
| Aug 31, 2017:   | Announcement of Preferred Proposer   |
| Nov 21, 2017:   | Commercial Close   |
| Dec 21, 2017:   | Financial Close  |
| Feb 9, 2018:    | NTP1 was issued by the Enterprises.  |
| April 16, 2018: | Union Pacific Railroad (UPRR) commenced construction of the 36th Yard Expansion Project (Phase 0)  |
| Apr 25, 2018:   | Completed demolition of Colonial Manor Motel (Colonial)  |
| May 11, 2018:   | Submitted the UPRR General and Stage 1 Final PUC Application                                       |
| June 15, 2018:  | Permanent Project Office mobilized at former Pilot location, 3543 E. 46th Avenue, Denver, CO 80216 |
| June 20, 2018   | Began construction of Temporary Wall at Swansea Elementary (Forecast completion in August 2018)    |

- July 10, 2018: Notice to Proceed (NTP) 2 issued by the Department – commencement of construction related activities and operations and maintenance (O&M) during construction (excluding snow and ice)
- July 18, 2018: NTP3 issued by the Department – commencement of snow and ice O&M activities
- August 3, 2018: Groundbreaking Ceremony

**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; plaintiffs request for reconsideration denied; merits scheduled to be briefed this fall

**ISSUES**

A summary of issues tracking on the project follows. As described below, KMP and the Central 70 team are working collaboratively towards resolution of all issues, with the shared goal of reaching Project completion in late 2022. None of the issues described below currently impact the ability to achieve that goal.

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 submitted a Detailed Supervening Event Submission (DSES) on June 22, 2018 due to the execution date of the UPRR RRA. The Enterprises are currently developing a response to this submittal. KMP, the Enterprises, and UPRR continue to work toward developing a mitigation strategy to minimize any impacts associated with the UPRR work. All parties continue to meet regularly on the mitigation strategy. The Burlington Northern Santa Fe Railway (BNSF) RRA is still in negotiations and has been delayed due to additional Right-of-Way (ROW) that KMP has identified in the 30% design plans. As the BNSF RRA does not contain a mechanism to revise the ROW after execution, BNSF and the Department are incorporating this additional ROW into the agreement. The BNSF agreement is anticipated to be executed in September 2018.

The Project Agreement restricts KMP from starting construction of the UPRR bridge until after the UPRR completes the 36<sup>th</sup> Yard Expansion construction (Phase 0). UPRR was originally

expected to complete this work prior to NTP2 (commencement of construction activities). This work is now scheduled to be completed in October 2018. KMP has submitted Supervening Event Notice 2.0 for this delay. The Enterprises are currently working with the UPRR on mitigating any potential impact to the Project schedule.

KMP has not received approval of the Baseline Schedule by the BNSF as of the date of this report. This is a Project Agreement requirement and KMP committed to having these approvals by NTP1 (commencement of design activities) plus 95 Working Days as a condition of the Enterprises’ issuance of NTP1 in February 2018. KMP received approval of the Baseline Schedule by the other two railroads on the Project, Denver Rock Island Railroad (DRIR) and UPRR, on April 27, 2018 and April 10, 2018, respectively. BNSF provided comments on the schedule on June 19, 2018. KMP is addressing these comments.

**SCHEDULE STATUS**

The Enterprises conditionally accepted the Baseline Schedule on February 9, 2018. KMP submitted a Revised Baseline Schedule on June 8, 2018. The Enterprises reviewed this submittal and provided comments to KMP on June 29, 2018. KMP is addressing these comments along with BNSF comments that were received in mid-June.

KMP is also working on another Revised Baseline Schedule that will reflect the updated construction sequencing that KMP is developing as design progresses. KMP anticipates submitting this schedule to the Enterprises in August 2018.

KMP is reporting that the Project is 9.32% complete thru the end of June 2018. Design is 57.26% complete and Construction is 0% complete.

KMP’s Overall Project Percent Complete for the second quarter of 2018 decreased from that reported by KMP in the first quarter (KMP reported 9.57%). This was due to an accounting error in the baseline file that KMP for the Performance Percent Complete calculation in Primavera, which resulted in the design cost being double counted in the overall budgeted total cost of the Project. This error has been corrected by KMP.

Event	Baseline Date	Forecast Date	Status
Commercial Close	11/21/2017	NA	Complete
Financial Close	12/21/2017	NA	Complete
NTP1	02/09/2018	NA	Complete
NTP2	06/01/2018	07/10/2018	Pending
NTP3 (Snow and Ice Control Services)	07/01/2018	07/18/2018	Pending
Payment Milestone 1 (Sand Creek Bridge to Chambers Road)	12/09/2019	12/09/2019	
Payment Milestone 2 (Dahlia Street to Sand Creek Bridge)	11/10/2020	11/10/2020	
Payment Milestone 3 (Westbound I-70 Brighton Boulevard to Dahlia Street)	10/17/2020	10/17/2020	

Event	Baseline Date	Forecast Date	Status
Payment Milestone 4 (Eastbound I-70 Brighton Boulevard to Dahlia Street)	09/29/2021	09/29/2021	
Commence Intelligent Transportation System (ITS)/ Tolling Testing/Integration	09/06/2021	09/26/2021	
Substantial Completion	03/25/2022	03/25/2022	
Final Acceptance	07/16/2022	07/16/2022	

**BUDGET STATUS**

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

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

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
<b>Remaining Enterprises Change Order/Supervening Event Contingency Balance</b>	<b>\$43.3M</b>

**CONTRACT CHANGE NOTICES**

As of June 30, 2018, the Enterprises have issued (18) Enterprise Change Notices, received (11) Developer Change Notices, issued (2) Directive Letters, received (3) Supervening Event Notices, received (1) Preliminary Supervening Event Submission, received (1) Detailed Supervening Event Submissions, and executed (12) 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. It is anticipated that all DRP members will be finalized prior to NTP2.

**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. KMP has diligently corrected or is working toward correcting all Nonconforming work to meet the requirements of the Project Agreement.

Month	Conformances	Nonconformances	Conformance Percentage
April 2018	75	20	79%
May 2018	440	64	87%
June 2018	367	58	86%

During the second quarter of 2018, KMP continued to implement their Corrective Action Plan (CAP) related to Design and Deliverable Quality. Through implementation of this Corrective Action Plan, they have improved their conformance percentage for Design and Deliverables. The improvement in conformance percentage is largely due to better adherence to their Independent Quality Control processes.

KMP continues to work towards resolution with the Civil Rights Compliance Process with the recent addition of Civil Rights to overall IQC process. KMP began early field investigations and property demolition (Early Work) supporting the design development. The Enterprises’ audits during this quarter showed high conformance percentage during KMP’s implementation of the Early Work.

**SAFETY ISSUES**

Field activities consisted of survey, potholing, geotechnical borings, and demolition. KMP reported five safety incidents during the reporting period (equipment/property damage and utility strike), but no injuries. KMP will provide accident information within the project limits starting with NTP2.

**MAINTENANCE/TRAFFIC ISSUES**

The O&M responsibilities on the Project transition from the Department to KMP at NTP2 and NTP3, which are anticipated in July 2018. Jorgensen has co-located into the Havana Yard in order to have a smooth transition of maintenance at NTP2, but CDOT has not given possession of the facility to date. The Department is working with KMP on baseline asset conditions and identifying assets that CDOT maintenance will take care of before transferring responsibility to KMP.

### CIVIL RIGHTS STATUS

KMP is currently working to meet the 11.6% DBE goal for the design period. To date, KMP has allocated \$4.16 million in work to DBE design companies. For local hire, KMP and its subcontractors have enrolled local hires on both the professional services and construction side. From a program wide standpoint, KMP has formed a workforce task force in addition to the compliance-related task force to increase collaboration between KMP and WORKNOW, the community-based employment platform partnering to support local hiring on Central 70. KMP has enrolled 59 local hires and 15 OJT participants to date.

### MITIGATION/COMMUNITY COMMITMENTS STATUS

As of the date of this report, 80 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 250 homes located near the I-70 viaduct (35 homes opted out of receiving improvements). 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 1,100 separate improvements to these homes.

WORKNOW gained momentum, reaching its 200th placement in June, one month earlier than anticipated. These placements were for both entry-level and advancement positions across the entire metro Denver construction industry. KMP began collaborating directly with WORKNOW and hosted seven "Meet and Greet" sessions for WORKNOW participants to learn more about Central 70's signatory unions and other non-union subcontractors. Eight individuals have enrolled in a registered apprenticeship program since the Meet and Greet sessions began.

The Enterprises have completed three ROD re-evaluations to date. Two additional ROD re-evaluations are in progress. Re-evaluation #4 is being prepared to incorporate the Developer's Alternative Technical Concepts (ATCs) into the project. Re-evaluation #5 is to request expansions of the construction limits in areas around I-270, Peoria Street, Quebec Street, and Sand Creek. State Historic Preservation Office (SHPO) consultation will be required for elements of this re-evaluation.

### COMMUNITY ENGAGEMENT

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.