

Transportation Commission– January 21-22, 2015

Wednesday, January 21, 2015

Contracting Workshop (Josh Laipply)

The purpose of this workshop was to update the Transportation Commission (TC) on current Innovative Contracting practices within CDOT and nationally.

CDOT has increased the use of innovative contracting procedures such as Design-Build and Construction Manager/General Contractor (CMGC) in recent years. CMGC allows an owner to engage a construction manager during the design process to provide constructability input, reducing risk of cost escalation. Staff has compared current CDOT project delivery procedures to industry best practices which was summarized for the TC to address their concerns related to project cost estimation practices.

Dr. Gransberg, a nationally renowned expert on innovative project delivery for transportation, summarized national trends as well as the benefits that other states have experienced with innovative contracting delivery methods. Craig Actis with the Federal Highway Administration also provided an overview on the benefits of cost estimating risk.

Risk-Based Estimating

Replaces contingency with clearly defined risks, separates estimate into “base” and “risk”, validates base costs, focuses on risks and base uncertainties, characterizes risks in terms of consequences and likelihoods (probabilities), and input and outputs reported as a range. Washington State DOT (WSDOT) has been using a form of risk-based estimating for 20 years. A Cost Estimating Relationship (CER) output curve was demonstrated for a given project that compared project cost escalation to probability and frequency that was of interest to TC members.

The Chief Engineer, concluded by answering questions about CDOT's experience with Design-Build and CMGC projects, and what plans are in place at CDOT to improve cost estimating practices in Colorado.

Discussion/Comments

- Commission members expressed interest in getting staff at CDOT trained in conducting this CER analysis.
- CDOT’s experience with CER curves is very elementary now; need culture shift and build from the bottom up to make it part of practice.
- Types of applicants that respond to CMGC are more experienced out of state contractors.
- Commission would like to see local contractors be encouraged to work with other larger groups to get more opportunity with CMGC method.
- CDOT used a CER curve on I-70 West project
- In order to make risk-based cost estimating part of the process, CDOT would need to decide an acceptable range for the percentage to fall in on a CER output curve.
- TC glad CDOT is moving in this direction and requested to please accelerate getting expertise in CMGC.

Program Management Workshop (Richard Zamora)

Cash Management and Program Management

The cash balance is approximately \$1,257M, \$212M above the target. The cash plus cash equivalents balance is approximately \$1,621M, \$49.3M above the target.

Status Update of Four Main Programs Reported

A Schedule Performance Index (SPI) is being calculated monthly for Flood, RAMP, and Asset Management. The FASTER and HSIP programs do not currently have an SPI, but expenditures are monitored.

RAMP and Project Cost Estimation

Staff has identified a total of sixteen partnership projects as having considerable risk of project cost overruns. Three of the projects have been awarded and two projects are CMGC, where an Independent Cost Estimate (ICE) consultant has been contracted to do the estimating. Several of the remaining partnership projects will not be advertised until FY2016.

For RAMP Local Agency and CDOT Administered Projects as of December 31st, 2014, a total of 39 RAMP Intergovernmental Agreements (IGA's) have been executed, 5 are awaiting local review, 8 are being drafted at HQ, and 3 are pending submittal to HQ. It has been proven difficult to establish the right-of-way (ROW) limits on some older highways being devolved. Of the 16 remaining RAMP IGA's, none are on the critical path in delivering the projects.

The Flood Program is forecasted and aggressively scheduled for completing all construction by the end of 2017. Two of the 36 permanent repair projects have completed construction with an additional five projects under construction. Of the 115 emergency repair and local agency projects, over 60% have been completed with another four currently under construction.

Discussion/Comments

- Concern was expressed over progress for expenditure-based cash management program status.
- Program Management staff indicated that several items will soon take place to improve progress in meeting goals – i.e., moving some 2016 projects into FY 2015 to expedite project expenditures, several projects were impacted/delayed due to weather events, once the construction season begins in 2015, things should improve.
- TC would like to get more details on specific items that are holding up expenditures – staff agreed to get back to the TC with more information regarding obstacles to meeting program goals.

Asset Management/Statewide Plan Committee (William Johnson, Debra Perkins-Smith, and Jeff Sudmeier)

Asset Management Metrics and Targets

The Asset Management Committee agreed that the CDOT Asset Management Metrics and Performance Targets from the Risk-Based Asset Management Plan should be referred to in and attached to the final version of Policy Directive (PD) 14. The table includes the Infrastructure Condition objectives already in PD 14 for bridges and pavement, as well as additional ones for bridges, buildings, Intelligent Transportation Systems (ITS), roadway equipment fleet, culverts, geohazard sites, tunnels, traffic signals and walls. Currently, CDOT exceeds the objectives in PD 14 for bridges, which pertain only to the percentage of bridge deck area that is not structurally deficient. It is not meeting the 80% High/Moderate Drivability Life

objective for pavement condition on Interstates and National Highway System (NHS), but expects to by 2023.

Discussion/Comments

- Compliments to Asset Management - CDOT Executive Director pleased how things have progressed.
- Policy Directive 14 – The Statewide Plan Committee recommended to the full Transportation Commission that it adopt PD 14 after it is revised in response to comments from Commissioners in February. Committee agreed that the other measures and objectives should be included as an attachment to PD 14.

T&I Committee (Mark Imhoff)

Division of Transit and Rail (DTR) staff provided four informational memos on the following items: Bustang Update, Faster Projects Update, Statewide Transit Plan Update and North I-25 Update.

Bustang

DTR has not yet set an opening date for the Bustang service. There are several outstanding issues causing delay of launch related to: Office of Information Technology (OIT) gateway issues, farebox collection system, local gov't agreements, and Park-n-Ride improvements. DTR is engaging in weekly meetings with the service contractor – Horizon, and the Bustang website is under development and should launch around mid-February.

FASTER Transit

DTR is seeking approval on the draft list of projects; process developed by DTR looked at capital needs using both state and federal funding; Interregional funding available was \$1 million with \$520,000 recommended for funding; interregional funding pool is a pilot program.

State Transit Plan

30-day public review and comment period is complete; comments included: expansion of rural transit; passenger rail along Front Range; and increased coordination with local governments.

Discussion/Comments

- Staff expressed a desire to connect Colorado transit districts, and continue to explore ways for those cities without transit service to connect to Bustang.
- DTR is developing a way for local governments to buy into future service; this might be achieved by future vehicle purchases.
- DTR is considering allowing park-n-ride locations as possible contribution toward additional service in the county.
- DTR will work with RTD to avoid service conflicts/overlap with RTD.
- The Statewide Passenger Rail Plan is slated for an update in 2017.
- Staff is working on the North Front Range Commuter Rail Study –which is an outcome from the North I-25 EIS – the study is focused on ROW needs and an updated cost estimate should be available in the next few weeks.

Thursday, January 22, 2014

Informational Presentation on Action Plan (Don Hunt)

The Action Plan was well received by the TC. The Plan was recognized as being readable, sending a good message, and acknowledgement was given to DTD for their work. In addition, the new Executive Director, Shailen Bhatt, has reviewed it, a draft was provided to the Governor’s Transit Committee, and it is also posted on the statewide planning website as a complementary document to the Statewide Transportation Plan. Below are some of the highlights in the Action Plan for each of the “5 + 1 strategies”:

- Improve business processes for better customer service and efficiency
 - Regional boundary changes improved CDOT’s alignment with local governmental partners.
- Use innovation and improved management to get more money to construction
 - Cash management makes more money available for construction, including making permanent improvements to the bridges and highways that were affected by the September 2013 floods.
- Get more out of the existing system
 - Transportation System Management and Operations Division began implementation of I-70 Mountain operational tactics to reduce travel delays in the summer, including designation of a single “commander” for the entire 100-mile mountain corridor.
- Partner with private sector to augment public funds
 - The first CDOT public-private partnership accelerated US 36 Phase II by years.
 - Pursuing innovative financing for use of shoulder lanes at peak periods on C-470 and I-70.
- Better transparency and accountability in CDOT activities
 - “Your CDOT Dollar” spells out performance of the system and where money is spent.
- Provide employees training and career development opportunities.
 - Leadership Journey has been extended to a three-tier program focused on front-line, middle, and executive management.

I-70E Project Funding and Governance Workshop (Mike Cheroutes, Peter Kozinski, Scott Richrath)

The discussion of this project (I-70E) has occurred over the course of three months as follows:

- November – Public Outreach
- December – Scoping
 - The Commission expressed overwhelming support for the “full project” scope that includes the Partial Cover Lowered (PCL) approach with Express Toll lanes from I-25 to I-225.
- January – Funding
 - SB 228 forecasts will be ready soon, and there is potential for FY 2016 funding from this source.
 - Economic triggers were not only met, but exceeded, in 2014; therefore, expected SB 228 funds have decreased to approximately \$100M for the first year.
 - In the second year, there are two conflicting forecasts. The Legislative Council predicts that there will be no transfer to CDOT, whereas the Governor’s office forecasts another \$100M transfer.
 - A one-year vs. two-year transfer potentially means the difference between a \$180M funding gap, and a \$90M funding gap for the project.

Discussion/Comments

- Need to make a decision on I-70E prior to knowing full amount of SB 228 dollars.
- Approximately \$90M extra could be needed with SB 228 shortfalls.
- Now is the time to take advantage of public and national support and recognition.
- Issuing Request for Qualifications (RFQ) will mean expectations from the public, but delaying it would be problematic.
- Design-Build-Finance-Operate-Maintain (D-B-F-O-M) by a private entity is the feasible option for CDOT, as CDOT can't afford to finance this project. Risks that are identified would be covered by private company, but unknown risks could potentially be CDOT's responsibility.
- If private lenders are involved on the project, the likelihood of a company walking away if financial difficulty arises is lessened.