

**Special Experimental Project No. 14 (SEP-14)
Workplan to Evaluate the Use of Local Labor
Hiring Preferences**

Colorado Department of Transportation

Central 70 Project

Location: I-70, from Brighton Blvd. to Chambers
Rd. (MP 274-284)

Federal-aid Number: AQC R600-165

State Id Number: 13599

October 14, 2015

A. Introduction

The Colorado Department of Transportation (CDOT) submits this work plan for FHWA review and approval as a \$1.17B design-build-finance-operate-maintain project, called the Central 70 Project, incorporating a Local Labor Hiring Preference (LLHP) contract provision. This workplan is provided under the Notice: Contracting Initiative announced in the March 6, 2015 Federal Register. CDOT is requesting FHWA's approval for the use of the following provisions on a Federal-aid project for the reconstruction of I-70 East between Brighton Boulevard and Chambers Road in the Denver-metro area under the experimental authorities under 23 U.S.C. 502 and SEP-14.

B. Purpose

Central 70 is a unique project that will impact some of the oldest neighborhoods in Denver, which contain a high concentration of minority and low-income residents. This section of I-70 is also one of the most heavily traveled and congested highway corridors in Colorado. This multi-year project is expected to bring thousands of construction-related jobs to the area. CDOT proposes a local labor hiring preference for the purpose of benefitting these impacted environmental justice communities. Members of these communities have expressed a desire for job opportunities on this project. Instituting a local labor hiring preference would demonstrate CDOT's support for innovative workforce initiatives.

C. Scope

The Central 70 Project is part of the greater I-70 East Project, which is currently under environmental review pursuant to the National Environmental Policy Act (NEPA). The Record of Decision is anticipated to follow a phased approach with Central 70 being the first phase. The proposed local labor hiring preference is currently anticipated to only apply to the Design/Build phase of the Central 70 Project. See **Attachment A** for a map of the Central 70 Project area.

Through its environmental study, CDOT is evaluating several alternatives for the reconstruction of I-70 between I-25 and Tower Road (<http://www.i-70east.com/>). CDOT has identified a preferred alternative called the Partial Cover Lowered (PCL) alternative. The Central 70 Project would implement Phase 1 of the PCL alternative. Central 70 is currently estimated to cost \$1.17 billion and would be the largest project in CDOT history. The project will be predominantly funded with state dollars, however, \$50 million in Federal CMAQ funds will be provided through the local Metropolitan Planning Organization. CDOT is also planning to submit an application for TIFIA financing. As currently conceived, the PCL Alternative would include:

- Removal of the existing viaduct between Brighton Boulevard and Colorado Boulevard;
- Reconstruction of the I-70 East Corridor, with a portion below the existing ground level;
- Construction of a landscape highway "cover" above one segment of the reconstructed highway, which would physically reconnect a divided neighborhood; and
- Addition of one new Express Toll Lane in each direction throughout the length of this project.

D. Schedule:

Described below is the overall schedule for the delivery of the Central 70 Project and a schedule for development and implementation of the local hire goal.

Central 70 Procurement Schedule

March 2015

Request for Qualifications released

July 2015

Shortlist announcement

September 2015

First Draft Request for Proposal (RFP)

- Draft notified teams that CDOT was submitting a SEP 14 application.

January 15 ~~2015~~ 2016

Second Draft RFP

March ~~2015~~ 2016

Third Draft RFP

May 2016

Final Request for Proposal

September 2016

Contract Award

2021/2022

Project completion (Design/Build phase)

Local Hire Goal Schedule

November 2, 2015

Workforce community roundtable.

- Workforce development groups, union representatives and local economic development groups will join CDOT in a discussion of workforce development for the Central 70 Project.

November 6, 2015

Issue workforce and needs assessment RFP.

- Issue Request for Proposal (RFP) for workforce development services and community needs assessment.

December 4, 2015

Award workforce and needs assessment RFP.

February 15, 2016

Needs assessment completed with proposed local hiring goal.

March 1, 2016

Local hiring goal and contractual language finalized for inclusion into the third draft of the RFP.

Fall 2016

Follow-up workforce community roundtable.

November 2016

Initial Evaluation Report.

January 2019

Interim Evaluation Report.

January 2022

Final Evaluation Report.

- Exact timing will be established to produce report within six months of substantial completion.

E. Evaluation Measures:

CDOT will evaluate the following criteria (as referenced in USDOT Q&A # 21), to determine the effectiveness and efficiency of this pilot project:

1) Describe the project(s), including the amount of FHWA funding involved in the as well as the estimated total project cost.

See the “Scope” section above.

2) Describe the proposed contracting requirement that may otherwise be found to be inconsistent with the general requirement for full and open competition.

The Colorado Department of Transportation (CDOT) proposes to use a local labor hiring preference for the Central 70 Project that would target residents of the environmental justice study area identified in the I-70 East Environmental Impact Statement (See **Attachment A** for a map of the environmental justice study area). Considering that many of CDOT’s projects are federally funded, CDOT has never before utilized local labor hiring preference contract provisions or tracked the use of local labor on past projects. As a result, the contracting requirements proposed in this application are anticipated to specifically benefit the I-70 East environmental justice community using workforce initiatives influenced by other programs or projects across the country.

Contract Local Hiring Goal Requirement

CDOT proposes a contracting requirement in which a certain percentage of all contract labor hours are performed by residents of the environmental justice study area. This percentage is anticipated to apply to both skilled and non-skilled labor. The required percentage, referred to here as the “local hiring goal,” will be determined after a workforce needs assessment of the community is conducted. In November, CDOT will be soliciting proposals for an organization to conduct a workforce needs assessment of the project as well as a job readiness evaluation of the community. This analysis would evaluate expected construction job opportunities and demographics of the community, which would enable CDOT to set an achievable local hiring goal. Community groups such as educational institutions, non-profits, public workforce investment systems, labor organizations, and other groups will be eligible to submit proposals.

Targeted Geographic Area

The local labor hiring preference is intended to benefit the residents of the environmental justice area as a way to provide ladders of opportunity for residents living adjacent to the Central 70 Project. The neighborhoods within the project's environmental justice study area are Globeville, Elyria and Swansea, Northeast Park Hill, Stapleton, Montbello, Gateway, and parts of Aurora (See **Attachment B**). However, CDOT recognizes that the environmental justice study area is a relatively small geographic area. Should the needs assessment find too small of a resident pool in the environmental justice study area alone to make a worthwhile goal, CDOT may expand the targeted geographic area to include areas with a high percentage of low-income populations outside of the environmental justice study area.

Workforce Development

CDOT's solicitation for a needs assessment will also include a scope of work for additional workforce development supportive services, which may include partnering with existing organizations. The organization awarded this contract will be expected to assist in the educating and training of residents in highway construction crafts and other project support fields prior to the commencement of construction. The organization would also serve as an initial point of contact that would assist in screening and tracking local residents seeking job opportunities on Central 70. The organization would refer applicants with relevant and appropriate experience to the developer and its subcontractors.

Advanced Notice of Job Openings

CDOT proposes requiring the developer and its subcontractors to provide advanced notice of job openings to local organizations approved by CDOT, such as the organization chosen by CDOT to provide the supportive services described above. After a specified period of time, the developer and subcontractors could then advertise openings through other sources. CDOT anticipates that this contracting initiative will help support the local hiring goal by providing local applicants early notification of job announcements.

Contract Incentives

CDOT is evaluating a contract provision that would award incentives to the developer for meeting or exceeding the local hiring goal. An incentive would be available to the developer on a yearly basis for the five-year construction of Central 70. To be awarded the yearly incentive, the developer would have to demonstrate good faith efforts for meeting the goal and demonstrate that it is trending toward meeting or exceeding the local hiring goal. Part of that demonstration would include a yearly description of specific actions the developer has taken and will continue to undertake toward meeting the local hiring goal.

3) Describe how the applicant will evaluate the effects of relevant contracting requirements on competitive bidding. In doing so, the applicant should, at a minimum, provide comparisons of bids received for the projects utilizing the relevant contract requirements to other projects of similar size and scope and in the same geographic area not utilizing such requirements. If a reduction in the pool of bidders is evident, explain the potential offsetting benefits resulting from the use of the requirement.

CDOT does not anticipate that the proposed local labor hiring preference will result in a reduction of bidders because of the large size of this project and enthusiasm for this project from the construction industry. CDOT has recently selected a shortlist of four teams interested in designing, building,

financing, operating, and maintaining the I-70 East project.

In preparation for this application, CDOT reached out to the Regional Transportation District of Denver (RTD) to gather information about its FasTracks rail expansion projects. While not highway construction projects, FasTracks is an example of another large construction undertaking in the Denver area that utilizes local hiring preferences. CDOT has received no indication from RTD that their local preferences resulted in a reduced pool of bidders. Similar to RTD with its Workforce Initiative Now (WIN) Program, CDOT proposes to support its own project-specific local hiring preference through its own collaborative workforce partnership. The WIN Program shows that a project-specific goal does not have to be a burden that limits competitive bidding. According to RTD, "WIN recognizes that each joint venture team or individual contractor bidding has varied workforce requirements and each individual project presents unique career development options. Maintaining this flexibility and understanding the needs of each contracting team and/or partnering employer is critical to being able to provide demand-driven services." (See **Attachment C** for a summary RTD's WIN Program and its local hiring preferences on FasTracks projects.)

4) Describe and quantify how the proposed contracting requirement would lead to increases in the effectiveness and efficiency of Federal funding for the project(s).

The purpose of CDOT's local labor hiring preference is to bring economic benefit and ladders of opportunity to an environmental justice impacted community with a large low-income population. Members of these communities have expressed a desire for job opportunities on this project. Instituting a local labor hiring preference would demonstrate CDOT's support for innovative workforce initiatives. This local labor hiring preference and other environmental justice mitigation efforts will help build more trust with these communities and result in a more effective and efficient project.

CDOT will track hiring on the project through quarterly reports from the developer. The reports will give the developer opportunities to discuss potential concerns or recommendations for the program. CDOT will also explore ways of how it can quantify and evaluate the economic benefit of the program to this area. CDOT believes that a local hiring goal in tandem with its other workforce development efforts will lead to a more efficient project because contractors will be able to spend less time and resources on finding qualified workers. CDOT also believes that having a local workforce could reduce traffic near the construction zone by reducing the need for workers that commute from outside the area.

Other federal funding effectiveness measures include, but are not limited to: enhancing the tax base of the local community, reducing burden on aid-based social programs, increasing resident's employment and earning potential, reducing local crime rates, as well as addressing diversity without affirmative action. Another advantage to the proposed contracting requirement is that hiring locally enables residents to spend their income in the target neighborhood, thereby directly contributing to the continued growth of the local economy and thereby creating a multiplier effect for additional new jobs.

5) Describe and quantify how the proposed experimental contracting technique would protect the integrity of the competitive bidding process either in connection with the particular contract or when considered over the long term for that agency's program.

CDOT is committed to maintaining the integrity of the competitive bidding process by conducting a transparent selection process. The I-70 East Project is a very visible project being observed by many interested stakeholders. CDOT has selected four teams to participate in the Request for Proposal process and the executive summary of each team's Statement of Qualifications is available at

<https://www.codot.gov/programs/high-performance-transportation-enterprise-hpte/procurement/i-70/i-70-east/i70eastsoqs>. CDOT also will publicly release all drafts of the project's Request for Proposals, which will be available at <https://www.codot.gov/programs/high-performance-transportation-enterprise-hpte/projects/i-70/i-70-east-1/request-for-proposals-rfp>. If approved, the proposed contracting requirements described in this application will be added to future drafts of the RFP.

To maintain the integrity of the local labor hiring preference, CDOT is planning a series of community roundtable meetings with key workforce development stakeholders to discuss the pilot process and broader workforce opportunities as a result of the project. In addition, CDOT will set a local hiring goal based on a workforce needs assessment, which will be publicly available. CDOT also will have the opportunity to discuss this proposed requirement with the shortlisted teams through upcoming one-on-one meetings. These conversations will provide an opportunity early in the process to identify and troubleshoot implementation concerns. By setting a realistic and achievable goal, CDOT is confident that local labor hiring preference will not negatively impact the integrity of the competitive bidding process.

6) Describe whether or not the proposed contracting requirement has been the subject of litigation or whether litigation surrounding the use of the requirement has been threatened.

CDOT is unaware of any litigation in Colorado related to the proposed contracting requirements.

F. Reporting

CDOT will prepare and submit initial, interim and final evaluation reports for the project per the schedule below.

November 2016

The initial report will be prepared shortly after the award of contract and will include an implementation plan for the local hire preference and describe any impacts on the competitive process.

January 2019

This interim evaluation report will be prepared mid-way through the construction period to evaluate progress toward achieving the local hiring goal, highlight success stories, and identify lessons learned.

January 2022

A final report will be submitted within six months of substantial completion of the Design/Build phase of the Central 70 phase of the contract. The final report will contain an overall evaluation of the contracting technique, any incentives paid, final local hiring participation numbers, along with any suggestions and recommendations for improving the process.

In addition to these evaluation reports, CDOT will require the developer to submit quarterly reports with information related to the following subjects:

- Applicant Information
- Residency Verification
- Recruitment Resources
- Supportive Services Utilized

- [Link to form a CDOT OJT Program](#)
- [Job Classification When Hired](#)
- [Anticipated Length of Employment \(with status checks\)](#)

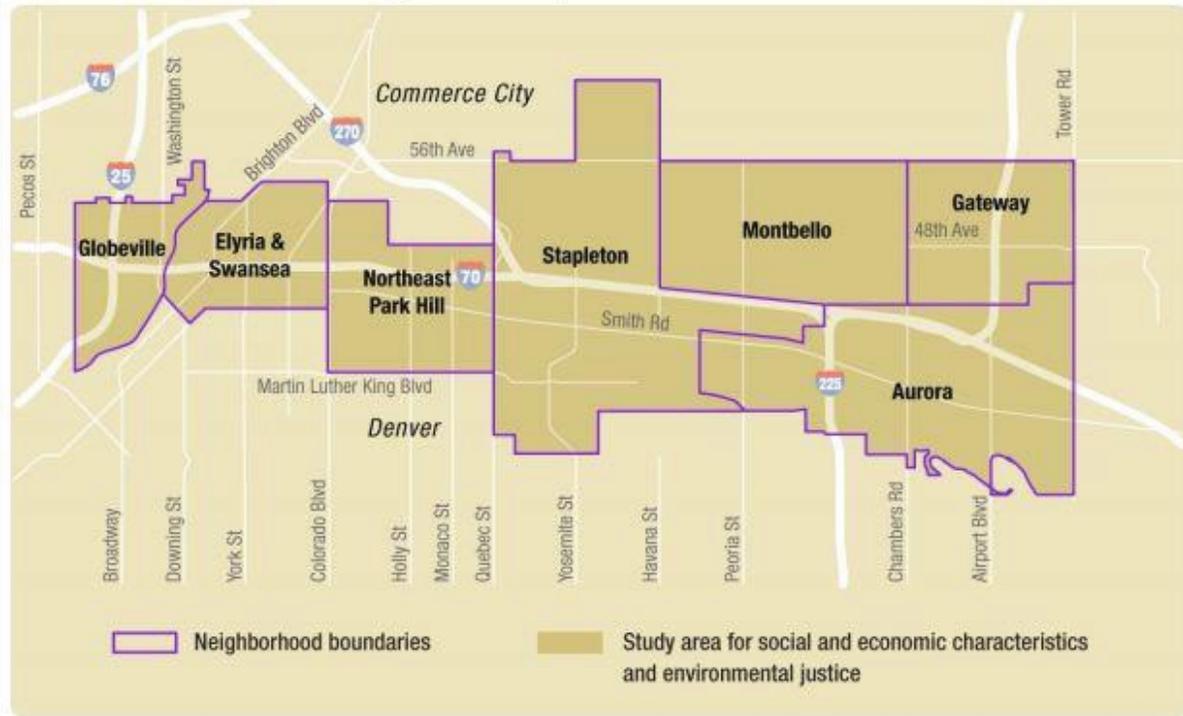
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Central 70 Project Area



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Exhibit 5.3-1. Environmental justice study area



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Attachment C

WIN's Incorporation into the FasTracks Program

Response to CDOT 7-2015

The Workforce Initiative Now (WIN) Program is a collaborative workforce partnership led by the Regional Transportation District (RTD) in coordination with the Community College of Denver, Denver Transit Partners, and Urban League of Metro Denver. WIN creates career pathway opportunities on construction and transportation and provides employer-focused workforce services on regional infrastructure projects. The two primary objectives of this project is to 1) develop and implement a community workforce program in the transit and construction industries; and 2) provide a replicable model for linking community workforce development to employment and training opportunities associated with transit infrastructure expansion.

RTD sees transit infrastructure expansion efforts such as FasTracks, as a way to provide a unique opportunity for dedicated employment and training opportunities that prepare local residents, including low-skill, high-barrier individuals, for successful employment. Programs such as WIN can make local residents more desirable candidates for employment and ensure that typical short-term job opportunities are transformed into longer-term career pathways. Additionally, they can provide project employers with a pipeline of qualified candidates not only for the identified project, but also for their long-term workforce needs.

When identifying prospective projects, RTD believes it is important to select a single regional opportunity, or consider a full-scale implementation approach that encompasses all expansion projects (or those above a specified dollar threshold). In the case of WIN, program activities were piloted initially on a single project—the Eagle P3 portion of the FasTracks expansion. Eagle P3 is a public-private partnership comprised of three rail line expansions (including one to Denver International Airport) and a Commuter Rail Maintenance Facility. The total 36 miles of new commuter rail lines are scheduled to open one at a time in sequence in 2016.

The joint-venture team completing the project, Denver Transit Partners, is a partnership comprised of Fluor Corporation, John Laing Investments Ltd., and Lloyds, along with Balfour Beatty Rail and Ames Construction. In addition to committing to a good-faith utilization of 8% to 10% of craft personnel hiring and with a total number of participants to-date of 62; DTP was highly involved in the planning and implementation stages of the pilot, guiding recruitment, screening and placement procedures. The team continues to play an integral role in on-going program development through advisory leadership, funding, and WIN evaluation efforts.

Following the WIN program kick-off on Eagle P3, RTD elected to include WIN requirements on various Requests for Proposals (RFP's) related to FasTracks construction. Additional, placement partnerships under construction include:

- **I-225 Light Rail expansion—a 10.5-mile light rail line within the city of Aurora that will**

provide key regional connections to the East and Southeast rail lines

- WIN Requirement: 7% on professional and skilled craft services.
 - Total Number of Participants To-Date: 145 participants.
 - Contractor's Plan to Meet WIN Requirement: Along with their overall 7% WIN requirement, the Contractor also sets WIN requirements for all lower-tier subcontractors.
- **North Metro Light Rail expansion—an 18.5-mile electric commuter rail line that will run from Denver Union Station through Commerce City, Thornton and Northglenn into North Adams County**
 - WIN Requirement: 4% professional services and 8% skilled craft services
 - Total Number of Participants To-Date: 12 participants
 - Contractor's Plan to Meet WIN Requirement: The Contractor created a comprehensive outreach and communication plan inclusive of forecasting workforce needs, installing computers for prospective workers and community partnership
 - **Renovation of historic Denver Union Station building—renovation of existing building into boutique hotel and open market retail, the hub for the FasTracks rail expansion**
 - No WIN Requirement in contract; however through good-faith efforts Contractor utilized program participants
 - Total Number of Participants To-Date: 8
 - Contractor's Plan to Meet WIN Requirement: Not applicable, as there was no contractual requirement

Other smaller FastTrack's projects include:

- Transit-oriented development and renovation of Alameda Station—station improvements and a multi-unit residential and retail building, workforce development activities designed in partnership with Denver's Urban Renewal Authority (DURA)
- Denver Regional Onboarding Survey— on-to-off survey and onboard transit passenger surveys for various fixed bus-routes and rail routes

Additionally, long-term service and maintenance employment opportunities exist within RTD as well, and as WIN participants gain work experience on building projects, training will provide transferrable skills to compete successfully for RTD positions to operate and maintain transit services. Community College of Denver is currently working with WIN Network Partners, Labor-management partners within RTD, and local school districts to develop stackable certificates to provide accredit training related to entry-level service and maintenance needs.

As a result of these project partnerships, WIN benefits from a rapidly expanding network of general contractors and small businesses who partner with WIN through placement and/or career training. By maintaining a project-based approach, WIN is able to capitalize on transit infrastructure investments and include mandated employment and training opportunities for local residents in contract language and in negotiations with contracting teams. Services for each project are customized through the workforce development plan, submitted by the project

contractor, and individual employer agreements that are prepared by WIN staff. WIN recognizes that each joint venture team or individual contractor bidding has varied workforce requirements and each individual project presents unique career development options. Maintaining this flexibility and understanding the needs of each contracting team and/or partnering employer is critical to being able to provide demand-driven services.