



U.S. Department
of Transportation

Federal Highway
Administration

Memorandum

Subject: **ACTION:** Local Labor Hiring Preference under
Special Experimental Project No. 14 (SEP-14)

Date: October 27, 2015

From: Thomas D. Everett
Director, Office of Program Administration
Washington, DC

In Reply Refer To:
HIPA-30

To: John M. Cater
Division Administrator
Lakewood, CO

We have received the Colorado Department of Transportation's (CDOT's) SEP-14 workplan for the use of local labor hiring preferences (LLHP) for the Central 70 Project on I-70 from Brighton Boulevard to Chambers Road, as well as CDOT's formal request for FHWA approval of the workplan, which were submitted to our office on October 16 by Chris Horn of your staff. The SEP-14 workplan is being advanced in response to the pilot [Contracting Initiative](#) announced by the U.S. Department of Transportation in a *Federal Register* Notice on March 6, 2015.

Central 70 is a \$1.17 billion design-build-finance-operate-maintain project. The process for the development of the LLHP hiring goals, incentives, and contract provisions will be conducted concurrently with the procurement process for the design-build project. This process will include a project workforce needs assessment, community job readiness evaluation, discussions with potential project developers, and the development of contract provisions (including the hiring goals and incentive payments). The proposed LLHP program is currently anticipated to only apply to the design-build phase of the project.

The SEP-14 workplan notes that the LLHP program is intended to benefit the residents of the environmental justice study area as a way to provide ladders of opportunity for residents living adjacent to the Central 70 Project. However, CDOT recognizes that the environmental justice study area is a relatively small geographic area. Subject to the recommendations of the needs assessment, 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.

FHWA approves of the proposed use of the hiring preference incentive provision, as the incentive costs associated with the approval are eligible for participation as surface transportation workforce development and training costs, authorized by [23 U.S.C. 504\(e\)](#), which provides for the use of Federal-aid formula funds for surface workforce development and training.

We are pleased to approve the CDOT request conditional on the resolution of the following comments:

1. We would ask that CDOT provide an estimate of the actual use of local residents on a few completed Federal-aid projects of similar size and scope (if such projects / information is available). Perhaps CDOT's workforce needs assessment will provide such information, but it would be good to know what is typically achieved without preferences.
2. Under Workplan Section E4, CDOT needs to describe and quantify how the proposed contracting requirement would lead to increases in the effectiveness and efficiency of Federal funding funds. It would be helpful for the application to address how the requirement will enhance the purpose of the federally funded project. It should describe how the requirement will facilitate community support for the project and how it will enhance overall workforce development for this projects and future projects.

If you have any questions, please contact the following: Gerald Yakowenko at Gerald.Yakowenko@dot.gov or (202)366-1562, or John Huyer at John.Huyer@dot.gov or (651)291-6111.