

GATES PROGRAM AMENDMENTS

Program to date: In 2017, Council approved a \$1.5 billion program to build 39 new gates at DEN to be completed by early 2022. That program remains on-time and on budget. The program is currently meeting its MWBE goal of 17 percent for design and 24 percent for construction contracts. In addition, more than 50 percent of the program has been competitively awarded to contractors affiliated with trade unions.

When Phase I began, DEN did not have signed commitments from airlines with these new airline leases. There is now a need to begin the next phase of the program. Also, due to the COVID-19 pandemic there are new opportunities to complete additional work as passenger traffic volumes are low and this will create additional efficiencies and savings by potentially accelerating additional concourse upgrades.

What DEN can achieve with these amendments?

- **Airline buildout:** DEN committed to build 39 new gates based on requests from airlines, but without prior contracts to lease the space. Since the program began, airlines have signed leases for all the additional gates – this is very good news. Now, in order to meet our commitment to the airlines, DEN must relocate airlines and build out the space for office and support needs as well as airline lounges – the way the gate expansion project works is similar to a developer building an office building, and then completing the finishes for individual tenants as they lease office space.
- **Flexibility:** These amendments give DEN the flexibility to design and adapt the concourse program to take advantage of recession pricing as well as significant reduction in passenger traffic. With construction teams already mobilized, DEN can accelerate aspects of its Capital Improvement Plan (CIP) while traffic is down at the airport. For instance, DEN is evaluating renovating existing hold rooms, conveyances, bathrooms and finishes in the concourses in late 2020 and 2021. Accelerating these program that we already included as part of our existing CIP will save costs, allow renovations to move faster than planned and reduce traveler inconvenience, compared to waiting until after the gates build out is complete and traffic returns.
- **Associated Apron work:** In order to take advantage of some gates being out of service for interior work, we plan to coordinate needed exterior rehabilitation of pavement, utility and fueling systems.

How – and why – is DEN doing this now?

Prior to the COVID-19 pandemic, DEN had already issued bonds to cover the majority of its Capital Improvement Plan (CIP). These bond dollars cannot be used to cover its expenses for Operations and Maintenance (O&M). So even as the airport makes significant cuts to our O&M budget, we have a separate and distinct set of funds that we are obligated to apply to our capital program, with specified time limits. As the crisis created by the Coronavirus took hold, DEN quickly took steps to freeze spending on our O&M budget and began a process to evaluate and re-prioritize our capital program. We anticipate a slow recovery of traffic at DEN. In recognition of that, we plan to delay some projects that are not immediately needed, while we expedite others to use the bond money and to continue to create jobs.

- **The Gates Program is Mobilized:** With construction and design teams already on site, these amendments allow DEN to quickly take advantage of reduced passenger traffic, give us flexibility in responding to airlines need for gates during recovery from the pandemic and fulfill the airport's long-term plans to replace aging infrastructure across the concourses. For instance, renovating gate waiting areas would likely have been paced at one or two gates at a time, under normal circumstances. With the decrease in passenger demand the airlines are currently experiencing, we can close and complete larger areas with no impact to operations.
- **Construction Keeps people working:** With Colorado and the nation seeing historic job losses over recent weeks, forging ahead with our CIP is one area where DEN can keep people working in a way that is safe and healthy and implementing needed improvements. Currently, the Gate Expansion project employs 800 to 1000 people each day, and we have successfully worked with our contractors to ensure they enforce appropriate measures to protect workers' health and safety.

Contract Amendments:

The following contract amendments are task based and reflect total maximum capacity potential. Our plan is to competitively bid tasks between prime contractors.

- Jacobs (design) Amendment for \$20 Million, changing the contract from \$65 to \$85 Million
- HNTB (design) - Amendment for \$20 Million, changing the contract from \$65 to \$85 Million
- Turner/FCI (construction) - Amended for \$240 Million, changing the contract from \$700 to \$940 Million
- Holder/Flatiron (construction) - Amendment for \$265 Million, changing the contract from \$655 to \$920 Million
- WSP (project management) – Amendment for \$15 Million, changing the contract from \$45 to \$60 Million
- **Total Contract Amendments – \$560 Million**