

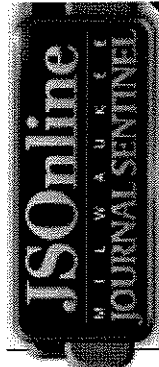


JS Online | E-MAIL | JS ONLINE | TM34 | WTMJ | WKTI

Web search

Network Features

REAL CITIES

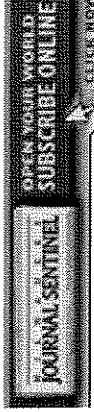


ADHINDER | JOBS | GARS | HOMES | RENTALS | CLASSIFIEDS

PERSONALS | TICKETS | CONTESTS

Article search...

SEARCH OPTIONS/TIPS...



**NOW SHOWING!**

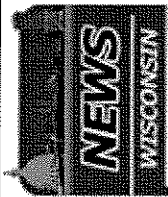
**WATCH MOVIE TRAILERS ONLINE**

**SCAN RECENT REVIEWS**

**READ THE LATEST MOVIE NEWS AND REVIEWS**

**LIVE**

THE JOURNAL SENTINEL



ON WISCONSIN : JS ONLINE : NEWS : WISCONSIN :

E-MAIL | PRINT THIS STORY

## State moves to bar company from DOT contracts

### Founding owner admits padding expenses; investigation under way

By **PATRICK MARLEY**  
[pmarley@journalsentinel.com](mailto:pmarley@journalsentinel.com)

Posted: July 4, 2004

**Madison** - A former state construction consultant has acknowledged padding expense reports by \$30,000 to \$40,000, and an investigation suggests that his company might have cheated the state out of hundreds of thousands more.

*Advertisement*

The state Department of Transportation is moving to block True North Engineering of Solon Springs, former company president Dale D. Darwin and five owner-employees from doing business with the state for up to three years. A federal investigator was involved in the case as recently as March, according to state documents.

- News
- Wisconsin
- Milwaukee
- Waukesha
- Ozaukee
- Washington
- Racine
- Editorials
- Crossroads
- Columnists
- Obituaries
- Letter to Editor
- Weather
- National Wire
- State Wire
- Special Features

**ELECTIONS**  
2004  
**PRESIDENTIAL**  
STATE AND CONGRESSIONAL

**WE**  
★  
**REMEMBER**  
SERVICE MEMBERS

**WAR IN IRAQ**  
LATEST NEWS AND  
ANALYSIS COVERAGE

**online chats**  
Live, local and  
interactive  
chat rooms

**RONALD REAGAN**  
1911-2004

**ERWIN GEBHARD**  
a career

**2004**  
Digital Snapshot  
Award Contest

**STILL SEPARATE AND UNEQUAL**

**MADE IN CHINA**  
SPECIAL SERIES

**ONE MILE**  
PHOTO SERIES

**CROSSROADS**  
analysis, opinions,  
views on the news

**PHOTO OF THE DAY**

**?? Takes ??**  
**5??**  
A DAILY Q&A

**Wisconsin**  
DOT  
**HUGE TOURS**  
Fast Turnaround Contracts  
**TICKETS**  
TICKETS PROVIDED BY  
DOT'S TRAVEL

Investigators have called into question more than half a million dollars in company wages, as well as an array of expenses, but have not determined the full fiscal damage that may have been done to the state.

"I'm not willing to say it's tens of thousands, hundreds of thousands, millions. We're still calculating it," said Randy Knoche, Transportation Department contractor manager.

Darwin resigned from the company in March, a week after a federal investigator confronted him with evidence that he had falsified expense reports, according to the lawyers of those involved. Darwin, the company's principal founder, reimbursed the company \$30,000 to \$40,000 for improperly billed expenses, said his attorney, Stephen Liccione. Darwin's stock in the company has been put in a blind trust, he said.

A notice to ban or "debar" the company from future Transportation Department business includes allegations that Darwin billed the state for Wisconsin travel at a time when other records show he was in Florida, and that another employee claimed payment for hundreds of miles of travel on days when auditors saw her working in the company's offices.

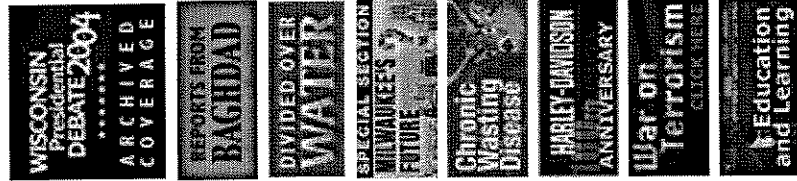
But the most costly question raised by auditors relates to extra pay given to the six employees.

The company contends that all wages were properly earned and billed.

From 2001 to 2003, True North did \$6.8 million worth of engineering business with the state, including \$1.8 million in 2003. The company, which held 38 state contracts last year, is authorized to inspect bridges, do surveying work and supervise the construction of roads, bridges and drainage systems.

The company continues to work on many of the earlier jobs it had secured but is barred from getting new business with the state while the Transportation Department pursues the debarment, Knoche said. No debarment hearing date has been set.

Past Features



Darwin is not contesting his debarment, but the company and the five other employees are. Gary T. Colbert, who has taken over Darwin's role as president, is among those the state intends to ban from state work. Colbert declined to comment.

### Lawyer offers no excuses

Darwin's attorney said the former president was embarrassed by his behavior.

"Unlike a lot of people in America, I'm not going to give you some song and dance and some explanation of how this is justified, et cetera," Liccione said. "There is, frankly, a very human, understandable side of this, but the bottom line is these expense reimbursements should not have been requested. They proved to be the basis of Dale's resignation, and he has made full restitution on it."

Liccione declined to discuss Darwin's motivation and said Darwin himself did not want to comment.

Other employees were being unfairly attacked as part of the Transportation Department's "scorched-earth response" to Darwin's improper billing, he said.

He maintained that the state had not been shorted any cash by Darwin's billings to the company for expenses. If those payments had not been made, the company would have used that money to pay bonuses or make retirement-fund contributions, rather than to pare back the state's costs, he said.

But it is those very bonuses that the state is scrutinizing.

The state argues that federal contract guidelines stipulate that government funds cannot go toward profit distribution for consultants. But True North, which does business almost exclusively with the state, gave nearly \$300,000 in what it billed as "additional compensation" to the six owner-employees in both 2001 and 2002.

The payments were made in approximate proportion to the employees' ownership of the company, with Darwin taking the largest share at \$110,000 each year, according to the state's report. Darwin collected base pay of \$89,262 in 2001.

State road-building projects are funded with substantial sums of federal money. David Barnes, a

### Need Help?

- Searching Archives
- Wireless Access
- Site Topics
- Table of Contents
- Contact Staff
- Subscriptions

spokesman for the U.S. Department of Transportation's Office of the Inspector General, would neither confirm nor deny whether a federal investigation is under way, as is consistent with department policy.

In a May letter protesting the debarment, company attorneys Marcus Berghahn and Stephen Hurley noted that auditors had always signed off on the company's accounting for such costs, and said the company had long corresponded with the Transportation Department on the matter.

Based on that, they wrote, "it is incredible to suggest that the company was trying to deceive the Department of Transportation."

### **Longer workdays in 2003**

The Transportation Department auditors found True North's accounting of compensation problematic in 2001 and 2002 but ultimately signed off on the company's books. Because of auditors' concerns, the company stopped paying bonuses to owners in 2003 and instead began accounting for all compensation by the hour.

Employee David A. Darwin - the son of the former president - reported the biggest jump in hours, from 2,327 in 2002 to 3,944 in 2003. That claim amounts to an average 76-hour workweek. Dale Darwin reported putting in 78-hour workweeks.

The state's report suggests that the increase in the company's hours was excessive, noting that they climbed between 22% and 69% for the six employees. In its protest letter, the company countered that it structured its accounting in 2003 exactly as state auditors had requested.

### **Travel claim questioned**

Investigators also are questioning bills for travel, lodging and cell phones.

For two weeks in February 2003, Dale Darwin billed the state for nearly 1,500 miles of travel within Wisconsin at a time when cell phone records show he was in Tampa, Fla.

That report also says that state Department of Transportation auditors witnessed office manager Cheryl A. Larson spend all of her time at the company's offices over four days, but she later claimed 560 miles of business travel during that time. Larson routinely submitted travel

expenses of that size, claiming \$11,000 worth of mileage in 2003, according to the report.

While the auditors were in the company's offices over the four days in August 2003, Larson stayed until 3:30 p.m. three days and until 4:30 p.m. one day. But Larson, who told auditors she did not take work home, reported on time sheets that she worked 10 hours each of those days.

The letter from True North's attorneys said business records showed that on one of those afternoons she drove to Duluth, a 70-mile round trip from Solon Springs. The lawyers said it was "probable" she drove to outlying company offices on the other days.

Larson could not be reached for comment.

### **Records don't match up**

Investigators have been unable to string together whether the use of cell phones was accurately billed because the company maintains so few records. Auditors were able to track down just 84 days' worth of cell phone calls for Dale Darwin in 2003. The locations from which he made calls on 35 of those days were incompatible with where he said he was working on time sheets and expense vouchers.

Those records include the days he was in Florida but said he was in Wisconsin. During that time he reported working 113 hours. He was reimbursed during that period for 1,490 miles of Wisconsin travel, the report says.

When presented with those findings in March by the U.S. Department of Transportation Special Agent Mark Peters, Darwin said he went to Florida to visit his ill father, but worked while he was there. The mileage was accurate, he said, but he changed the locations to avoid raising auditors' suspicions. Darwin said the travel - which averages 114 miles a day over 13 days - was required to get supplies and faxes.

Darwin subsequently reimbursed the company for travel claimed at that time, his attorney said.

For 2003, Darwin claimed reimbursement for 67,438 miles, which would mean he traveled an average of more than 250 miles a day if he worked five-day weeks.

Inspectors also found questionable billing practices for his lodging. Rather than submitting bills from hotels, he turned in handwritten receipts. When asked about this, he told Peters he stayed

in a camper that he parked at job sites or campgrounds rented from his daughter, Sheryl Nichols. He paid her in cash, he said.

From the July 5, 2004, editions of the Milwaukee Journal Sentinel  
Get the Journal Sentinel delivered to your home. [Subscribe now.](#)

[BACK TO TOP](#)

Article search...



SEARCH OPTIONS/TIPS...

© Copyright 2004, Journal Sentinel Inc. All rights reserved.  
Produced by [Journal Interactive](#) | [Privacy Policy](#)

Journal Sentinel Inc. is a subsidiary of [Journal Communications](#)





Change your approach,  
not your destination.



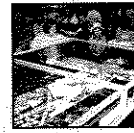
page 2

Four neighborhood consultants will provide grassroots communication efforts in African-American, Hmong, Hispanic and downtown communities



page 3

WisDOT has made significant planning efforts to keep Milwaukee "open for business" during construction of the interchange



page 3

A scale model that shows how the new interchange will look will be available for viewing at the 2004 Wisconsin State Fair

Wisconsin Department of Transportation District 2 • July 2004 • Issue 8

# Project News

## Programs build business and labor opportunities

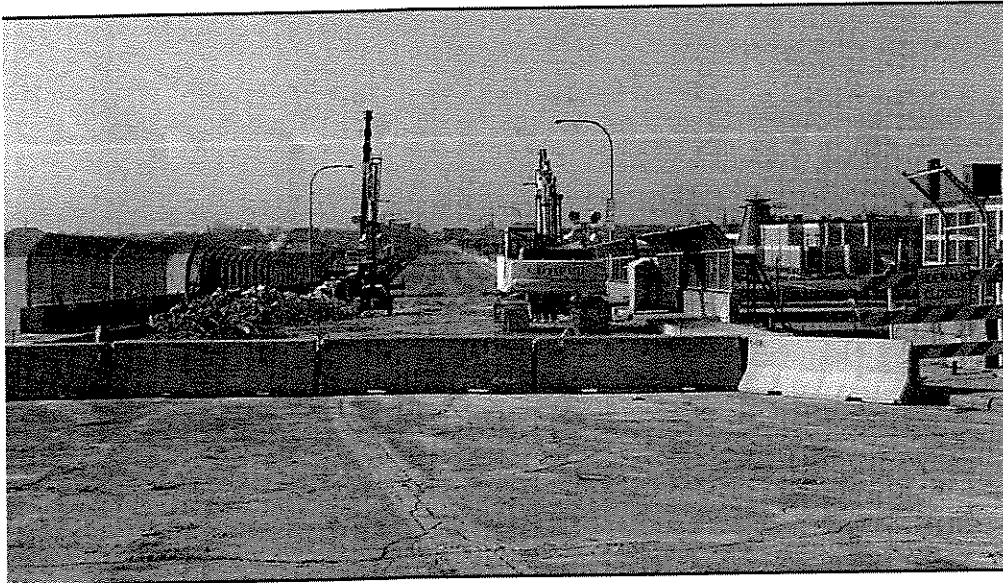
The Marquette Interchange Project plays an integral role in Wisconsin's future economic growth by offering opportunities for building the state's business and labor resources. Gov. Jim Doyle and WisDOT are committed to

use programs that help Disadvantaged Business Enterprise (DBE) firms gain the necessary certifications to bid on projects and help workers develop the skills needed to apply for employment on projects.

### Business assistance

The Marquette Interchange Business Development Program is designed to build capacity in the DBE community.

Continued, Page 2



The 16th Street Bridge over I-94 has been removed and will be replaced.

## Preliminary construction work moves ahead

Preliminary work is currently under way on Clybourn Street/Tory Hill between 10th and 16th streets. This work is being done to prepare for freeway construction beginning this fall.

Three retaining walls are under construction along Clybourn Street and I-94, totaling more than a quarter mile. The old 16th Street bridge over I-94 was removed and is being reconstructed to accommodate more ramp lanes on I-94. A new bridge is also under construction

at Tory Hill just west of 10th Street. Crews are grading for the realignment of Clybourn Street and Tory Hill. The crews will also relocate numerous utility lines to ensure that future construction proceeds smoothly. Clybourn Street/Tory Hill and 16th Street will be closed to through traffic for the rest of 2004.

Ramp work at the Becher Street, North Avenue and 28th Street on-ramps is complete. Sign structures will be installed in the near future.

## Clybourn work contracts meet, exceed DBE goals

Gov. Jim Doyle signed two contracts for construction work on Clybourn Street that met or exceeded Disadvantaged Business Enterprise (DBE) participation goals.

The governor signed an \$8.86 million contract with Walsh Construction Co. of Illinois for bridge and roadway improvements on Clybourn Street. The bid included a 27 percent DBE component with the following firms:

- Adaptive Electrical Controls Inc. of Elm Grove
- Arrow-Crete Construction LLC of West Allis
- Community Engineer Building Services of Milwaukee
- Steppo Supply & Construction Inc. of Blue Island, IL
- South Star Inc. of Milwaukee

Arrow-Crete Construction is the prime firm on a \$79,280 contract to install sidewalks and make landscaping improvements to Clybourn Street. The work will be concurrent with the bridge and roadway improvements and will be completed in November. The contract includes a 78 percent DBE share, well above the contract goal of 60 percent set by WisDOT.



## Neighborhood outreach firms provide grassroots communications

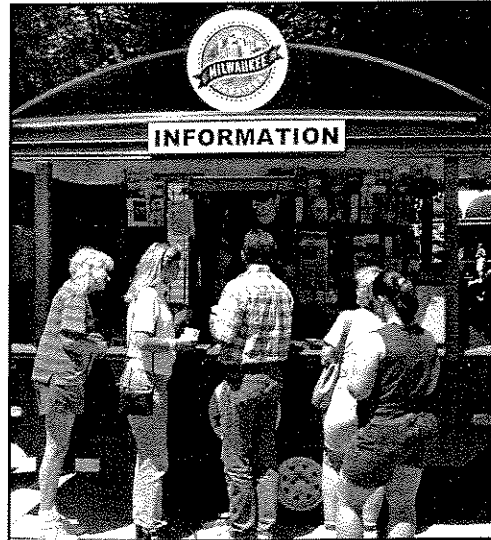
WisDOT understands the importance of meeting your informational needs during the Marquette Interchange reconstruction. That's why we're launching a comprehensive public outreach program. As part of this program, four neighborhood consultants are contracted to provide outreach to neighborhoods through grassroots communication efforts in the African-American, downtown, Hispanic and Hmong communities. These firms are making neighborhood presentations, distributing literature, communicating with community leaders and providing input for communication materials to ensure materials are appropriate for their specific audiences. The four neighborhood outreach firms are listed below, along with contact information if you would like more information about these specific outreach programs.

### African-American community

Association B, LLC  
1846 W. Cherry St.  
Milwaukee, WI 53205  
(414) 344-8423  
Contact: Martha Love, President/CEO

### Downtown community

The Alliance for Downtown Parking and Transportation, Milwaukee Downtown Business Improvement District #21  
600 E. Wells St.  
Milwaukee, WI 53202  
(414) 220-4700  
Contact: Beth Nicols, Executive Director



*Neighborhood outreach is a key part of the Marquette Interchange project communications plan.*

### Hispanic community

Abrazo Multicultural Marketing & Communication  
316 N. Milwaukee St., Suite 32  
Milwaukee, WI 53202  
(414) 220-9800  
Contact: Nancy Hernandez, President

### Hmong community

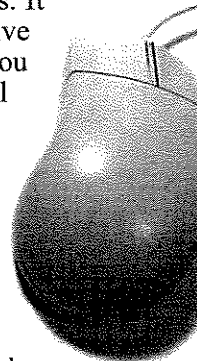
Hmong American Friendship Association  
3824 W. Vliet St.  
Milwaukee, WI 53208  
(414) 344-6575  
Contact: Lo Neng Kiatoukaysy, Executive Director

## Dedicated project Web site coming online this fall

mchange.org will include interactive features

In fall 2004, WisDOT will launch a Marquette Interchange Project Web site – mchange.org.

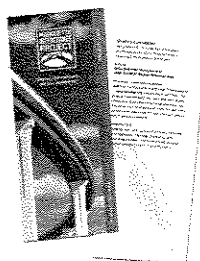
The site will provide you with current information on the project and traffic conditions. It will include interactive features that allow you to map your personal route through the interchange during construction, and a downloadable application that relays traffic conditions for your specific routes right to your computer desktop. Local groups and businesses will be contacted soon to link to the Web site.



Until the mchange.org site officially launches this fall, the mchange.org Web address will direct you to the WisDOT Web site and the Marquette Interchange Project page. The site includes current project news, background information on the reconstruction project, and project newsletters that are downloadable in PDF format.

## Pick up a project brochure for overview of construction

Watch for a new informational brochure coming soon. The brochure will include an overview of the project and an up-to-date construction schedule.



## Continued from Page 1: Programs build business and labor opportunities

The WisDOT DBE team will conduct workshops and networking conferences, including bonding seminars, bid matching services and outreach meetings. For more information, contact WisDOT DBE Support Services at (414) 444-5820.

### Job opportunities

The M-TrANS labor program is designed to be a single point of contact for contractors to meet demands in a flexible manner for laborers and other worker

needs on the Marquette Interchange Project. The Wisconsin Regional Training Partnership (WRTP)/BIG STEP team of community-based partners will operate a series of program components including outreach, screening, preparation, placement and retention services. The opportunities are competitive, and there is a screening process. The number of opportunities will range from about 50 in 2004 to about 175 by 2005. For more information, contact WRTP/BIG STEP at (414) 962-5067.

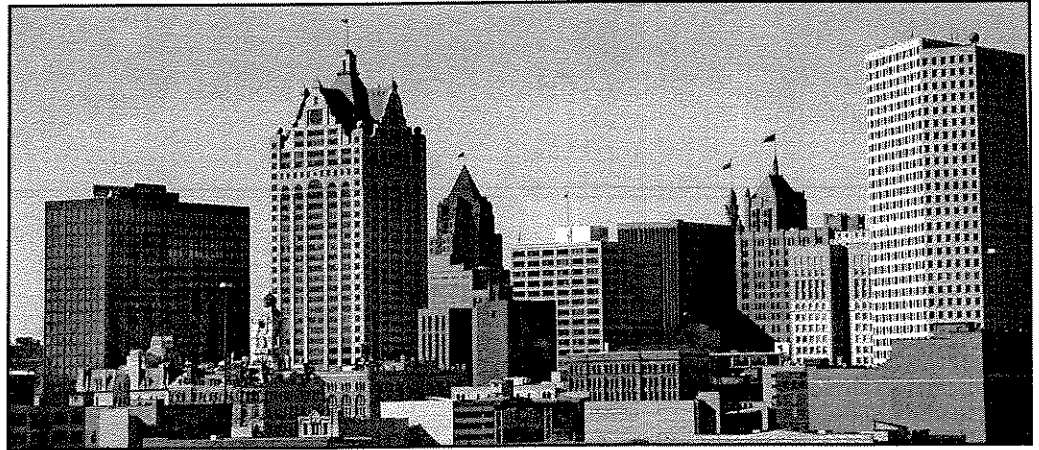
# Keeping Milwaukee open for business

## WisDOT makes big efforts to accommodate traffic flow

Routing 300,000 cars that travel daily through the Marquette Interchange will present a complex challenge during construction. Significant planning efforts have been conducted to ensure safe, continuous travel through and around the interchange.

### Helping traffic flow

- Two lanes of through traffic will be open during peak periods in four directions (north, south, east and west) during all four years of the project. However, some ramps will be closed for extended periods.
- Transit options will be increased to help reduce vehicle traffic during peak periods.
- Route alternatives will be identified and upgraded to handle increased traffic.
- Traffic engineers are working to



WisDOT is making plans to keep Milwaukee accessible and drivers safe during construction.

assure that emergency vehicles will continue to operate effectively.

- Temporary roads and bridges will keep I-94 connected to I-43 to and from the north.

### Helping you plan your route

- Web site – [mchange.org](http://mchange.org) – online in fall 2004 with interactive features that

allow you to map your personal route through the interchange during construction, and a downloadable application that relays traffic conditions for your specific routes right to your computer desktop.

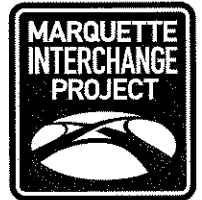
- Traveler's guide brochures.
- Telephone hot line.
- Radio, TV and print communications.

## Overall project construction schedule

CONSTRUCTION	FROM	TO
Clybourn St., 16th St. bridge construction	April 2004	December 2004
North leg, I-43 construction, including local street bridges over I-43	October 2004	December 2006
West leg, I-94 construction	February 2005	December 2006
South leg, I-43/I-94 Menomonee Valley Bridge	October 2005	December 2007
Core interchange and I-794 construction	November 2005	December 2008
Local street construction	June 2008	December 2008

## WisDOT introduces new project logo

WisDOT's Secretary Busalacchi unveiled a new logo for the Marquette Interchange Project. It was designed to provide a unifying visual element that helps commuters, tourists, visitors and others to quickly identify the project.



The logo's tagline, "Change your approach, not your destination," emphasizes that

Change your approach, not your destination.

Milwaukee will be open for business during construction. "You don't need to change your destination, just how you get there," Busalacchi said.

## See the Marquette Interchange model at Wisconsin State Fair

Get a close-up look at the new Marquette interchange! The scale model of the new interchange will be in the Exposition Building at the 2004 Wisconsin State Fair Aug. 5-15. WisDOT staff will be on hand to answer questions, provide project updates and discuss alternate driving routes during construction. Pick up project literature and sign up for the project mailing list when you visit the booth.



WisDOT's scale model offers a preview of how the interchange will look after construction.

To create the logo, WisDOT asked experts from transit, tourism, the city of Milwaukee, Milwaukee County, Motor Carriers Association, the Hmong and African American communities, and a bicycling group for their thoughts and opinions about the project's identity.



**Contacts:**

**WisDOT District 2**

Don Reinbold, P.E.,  
 Marquette Interchange Team Director  
 Phone: (262) 548-8778  
 donald.reinbold@dot.state.wi.us  
 P.O. Box 798, Waukesha, WI 53187-0798

**Emlynn Grisar, D-2 Communications Manager**

Phone: (262) 521-5373  
 emlynn.grisar@dot.state.wi.us  
 P.O. Box 798, Waukesha, WI 53187-0798

**Milwaukee Transportation Partners**

Jim Zehner, Community Involvement Rep  
 Phone: (414) 212-4400, Ext. 287  
 jzehner@hntb.com  
 433 W. St Paul Ave., Suite 300  
 Milwaukee, WI 53203

**Sign up for our mailing list**

Stay informed about the Marquette Interchange project by signing up for our mailing list. Contact Milwaukee Transportation Partners (see contact information at left) to get the latest newsletters, upcoming public information meeting announcements and other project information mailed to you or your business.

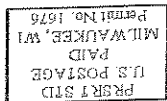


**Register your group for a project presentation**

“We will meet with you any place, any time.”

This is the motto of the Marquette Interchange project team. We encourage groups who are interested in hearing more about the project to contact us. The interchange project team will be happy to give a presentation to your group. To register, please contact Jim Zehner at (414) 212-4400, Ext. 287.

<p><b>Hot line:</b> (262) 548-5684 (Milwaukee area)                  (888) 468-0037 (outside Milwaukee)</p>	<p><b>Visit online:</b>  <a href="http://www.mchange.org">www.mchange.org</a></p>
---	---



\*\*\*\*\*AUTO\*\*ATTN\*\*FOR AADC 535  
 Carol Roessler  
 State Senate 18th District  
 State Capitol  
 PO Box 7882  
 Madison WI 53707-7882

Return Service Requested

Wisconsin Department of Transportation – District 2  
 P.O. Box 798  
 141 NW Barstow Street  
 Waukesha, WI 53187-0789

**Asbjornson, Karen**

---

**From:** Asbjornson, Karen  
**Sent:** Monday, August 02, 2004 3:41 PM  
**To:** Romanski, Randy  
**Subject:** Re: hearing on August 11

Hi Randy,

Here is the invitation letter and hearing notice for the August 11 hearing.

Please call or email me confirmation of Secretary Busalacchi attendance as well as any questions you may have.

A hard copy will follow in the mail tomorrow.



P20040811.doc



DOT Sec Busalacchi  
invite.doc

Thanks!

Karen Asbjornson  
Office of Senator Carol Roessler  
(608) 266-5300/1-888-736-8720  
Karen.Asbjornson@legis.state.wi.us



WISCONSIN STATE LEGISLATURE

Joint Audit Committee

Committee Co-Chairs:  
State Senator Carol Roessler  
State Representative Suzanne Jeskewitz

August 2, 2004

Mr. Frank Busalacchi, Secretary  
Department of Transportation  
4802 Sheboygan Avenue  
Madison, Wisconsin 53707

Dear Mr. Busalacchi:

As you know, at our public hearing on January 26, 2004, the Joint Legislative Audit Committee requested that you return to testify about the status of the value engineering study, the status of the Department's implementation of recommendations from the Legislative Audit Bureau's report (report 03-13), and to respond to the specific questions we raised with you in a letter dated February 19, 2004. The follow-up hearing has been scheduled for Wednesday, August 11, 2004, at approximately 11:30 a.m. in Room 411 South of the State Capitol and we ask that you plan to testify at that time.

We are particularly interested in the change management system that will be implemented to review and track project costs on an on-going basis during highway design and construction. The enclosed letter, received from the Citizens Allied for Sane Highways, expresses concerns related to the Marquette Interchange project. In preparing your testimony to the Committee, please plan to speak to the ways in which implementation of the change management system may help to address the concerns outlined by the Citizens Allied for Sane Highways.

In addition, we have recently received a request from Representative John Ainsworth for an audit of excess land holdings by the Department of Transportation. In preparing your testimony, please plan to respond to the specific issues raised by Representative Ainsworth in the enclosed letter.

Finally, we wish to take this opportunity to thank you and your staff for your cooperation in drafting legislation related to the administration of the Major Highway Program. As you know, 2003 Wisconsin Act 217 was signed into law on April 8, 2004, and will serve to increase oversight of the program.

Please contact Ms. Karen Asbjornson in the office of Senator Carol Roessler at 266-5300 to confirm your participation at the hearing. Thank you for your assistance and we look forward to receiving your testimony on August 11.

Sincerely,

Senator Carol A. Roessler, Co-chair  
Joint Legislative Audit Committee

Representative Suzanne Jeskewitz, Co-chair  
Joint Legislative Audit Committee

Enclosures

cc: Representative John Ainsworth

Ms. Gretchen Schuldt  
Citizens Allied for Sane Highways

Janice Mueller  
State Auditor

# 1. Soc. Responsibility

8-11-04  
Comm.  
Notes

## Audit

- by Feb 2005 provide year est. report on all major buys
- comprehensive cost provide value to legis. & TPC
- env. costs - track trends on env. costs or env. as SES statements impact related env. industry citizens
- 8-2 refer to some things: Allied some expansion cost against things - cost major things - up held as
- memos - upheld as
- cost model
- cost est. -> comprehensive

## Lesson - 50100 yrs ago

various - abutting our land - small parcel since permit - moving - cutting off the way - fence have liability off the tax value

- database constantly change
- 2-4 mile circle develop w/c from past years
- attempt to do fair market value to residents
- convertibly get back price to investment
- hold, reappraise, maintain
- don't just reappraise b/c owners have investment in it

## SS-

cost of appraisers don't have ability to generate margin at best 2,000 parcels to hold improvement projects

- use private - more sensitive  
- public + private knowledge  
market

Property - has the best use  
very hard procedure

how be responsive - exhibit  
need for long purposes

→ time frame we might expect  
on moving this consideration  
forward

lemons - Policy  
will tell you - Oct. or  
former

### Studying 8

ENV. COSTS -  
market defined env. cost.

in process of designing it.  
new

- there is codes & cost  
revaluation  
- OS - nothing ST Audit  
50 might be  
10/11/12

to breakdown of process

### DHES Child welfare

\* Summary of July  
attached they will  
get it to us

- awaiting of  
implementation  
tent in sept

- quarterly reports  
to fed govt.

Milw. - 1st part of  
etc largest co.  
in state

turning need to strengthen  
Plan, settlement Govt.  
kids 1st.  
Milw.

forum, forum in milw.  
Coun. - Coun. in milw.  
guarantees  
6-7 subscribers  
monthly  
specifications in milw.



- 1-2 apartments excessive income  
- 4 state says on comm.

transparency analysis  
Dr. Courtney / Dr. McCarthy

extensive body of info

child died:  
reported on findings

in time

children who longer in foster care  
who permanent in home

study conducted 700  
permanency

⊗ challenges - across state  
A. turnover + inexperience  
of staff

B. ~~\_\_\_\_\_~~

C. contracting agencies  
1998 - out on RFP  
to bid - next Sun  
go out

where been / what working on

- 1 of 5 other states primary  
academy

- Paul Titus Dodge Co.  
- Linda Davis

- Charity Clepper  
- Rebecca

- Helen  
- ~~\_\_\_\_\_~~ Rumasters

- \_\_\_\_\_

issued call for info  
do things smarter for  
collaboration.

⊗ collaboration  
technical training

⊗ policy issues  
- policy issues  
- philanthropy &

legisl. - Vestell - not moving  
forward for benefit  
of children

where ~~make~~ rules matter  
our goals - statutory

AL's

midswan - team of 3  
Langer, Soc worker +  
supp.

- expertise vs. experience

Requirements  
quarterly progress reports

- Bureau's draft operational plans  
that Bureau strength needs to

- comm. forum date

Doubting - abuse vs. neglect

- 6,000 homeless  
- look at that issue of homelessness at one

① of what happening w/ families  
directly impacts stability

significant  
issue of adoption

② about permanent's  
past process → skill tool length of

- Parents don't show up  
- experience of SOC workers

- welcome recommend.  
- spend 400 mil. on this issue

- lack of movement in adoption

① Ad. review - consistency  
- more guidelines assurance

② - a quality assurance  
check & catch

don't want inexperienced  
judgment

based on judgment of  
25 yrs. old  
SOC workers

promote to supervisory  
part - more focus on

new SOC workers gets  
training - have better  
outcomes

~~subjective~~  
objective & how applied

Dorissa - 1-1-48 state assumed

- # of children  
- permanency

- adoptions

- time to adoption

- council D of 15

- council W, 30th

1730 W, 30th  
8:30-11 send announcement

~~assess~~

3,400 in out of home care

returning severely returning children entering

- gives children entering

# in out of home

1600 - 98

3400 - now

- twice as many in out of home rather than out of home

family home rather than out of home

- low socialivism less than 40%

assumed 1800 licensed foster homes

98 → making progress w/ this

# of finalized adopt 100

~~587~~ 587 adoptions

- in spite of courts, jury trials → improvements here

looking for foster parents permanent placements

1 yr or 1 year same level of quality of

lost 1100 ~~go~~ go home to

poverty - unempl. - safe & affordable housing

case loads - 25-30 families

→ was per case mgr.

→ part of self care of 10 cases

for 1st m. 11 months for last m. 11 months

2003 11 cases for 11 months

Respite Care

3400 beds

1100 provided in  
court funded

children in residential  
4,000 cost of care

runners of cost  
system  
- 215 hrs per case  
get job done  
approve or reject

1100 can be court order -  
provide assessment

4 same service others  
placed in 10 places  
Or use 20 in 10 places

2 case care placement under  
as part of funding

more of a future  
some 3400 benefits

what - if case  
removing women support  
guardianship order

proving child need  
no more of other relative  
some legal guards  
still get the compensation  
from gov

for foster care  
over we need  
legislation to assist them  
in legis for budget

Foster parent bill of rights

how many go to jury trial  
A in that

Gov's children list  
paternal +

- > identifying resources
- > a lot of due diligence
- > get effective services

PR process - legal government  
leg issue what

not water removal  
complicated but there is  
a legisl issues on this issue

requested back by Aug 1  
have in brief case  
have proposals back

from court

- gave 60CS.  
- be let them know  
very keen interest  
is not yet responded  
df

5 year annual perf. agreement  
June 30 04

benchmarks Jan 1, 04 - June 30 04

Comm. w/ 3 categories

- 1 Safety of child
- 2 well being
- 3 Permanency
- 4 13 benchmarks

- 1. 1st page - completed
- 2. last 4 - not in full compl. but have fill Dec 04 to comply

1. - 90% - monthly visits face-to-face  
- 97% - 11-01-04

2. - 35% or less time in out of home  
- 32% DHS 2 yrs or more in foster care

3. - .65% or less Safety review  
- 53% → 2 children

4. 35% requirements  
1. because report referred state take 3 bus days more review process

is discuss the priority  
can investigate  
target 85%  
prior 98%  
assign w/ 3 bus days  
go back to complete  
85% w/ 10 bus days

5. cases closed are no more than 11  
reduced average 10 per  
foster

turnover improving -  
more manageable for staff  
us to stay 3-4 yrs.  
is stay to mos. in a practice  
significant staff  
challenge for counties

→ fewer cases - so better  
to monitor distribution

6. AFSA count time  
at least 15 of last 22 mos.

→ term provided by  
or → exception judicial  
order.

max target 7500  
31/8700  
most common exceptions:

- other children  
- 2/10 relative

benchmarks - 1990s  
3rd grade "a" grade

7. Per manerney plan  
9700 in its care w/ 100  
internal goal 10000  
days

8. Temp. Shelter care not feed  
good for young children

< 12 yrs. → family sit.  
foster care or  
family like  
setting

> 12 yrs. → comm. provider  
to level of plan  
to know child's  
needs

20 adolescents in same area -  
smaller group of  
adolescents

prefer to keep together

include shelter served needs of some

- want addressing needs  
- need more programming  
- prepared than for what want  
the goal for

next 4 -

1. benchmark  
children 15 mos. or fewer

for that group  
80% of that group come

2. length time to reunify children  
1st yr. meet

- 15% of children w/ if  
- hope more pos needs and  
of pae.

3. 25% of kids w/ 24 mos  
of coming into care

58% child adopted  
many longer than 24 mos.  
one of issues - serving state failed  
this indicator - lbc counts  
involved

4.

with getting into homes - parents

- pull & try

- 8290 3 on fees

1st year 8090  
two year 8290

fees from 3 placements

7190 having

wis acwis  
system

child ← wis  
staircase  
automated

before

inform  
system

- full report

- annual report available  
Feb.

- case variants

Quarterly reports start

when

expect plans  
to start Dec

1st quarterly after

Dec so probably

at end of Dec summary

Oct 15 summary of activities

business activities  
for Fund quarter  
to Parthrasing  
Council

no. reports & up. end  
remain

Quarterly report - can't  
do till after Sept.



Food stamps  
7.4 down 5%  
goal this yr is 6%

Dep. Pin Burr  
of Eligibility  
etc

renegotiated  
Nov. 15 - EBT cost serv.  
provided from  
Tactonville R

~~we~~ we are needed  
6% cumul. yr end.  
7.4 % now

fed govt invest  
obesity - Thompson - under  
coverage

2/3 of states - state adm.  
1/3 " " " Co. adm.  
↓  
still most states have some  
localization

Time his staff

- electronic case file
- leverage technology
- pd for buy USDA
- most services are under

March - 12 mos. certificate  
for food stamp issuance  
don't have take time off  
to opt to CD. - complete  
form & mail in  
brood base  
category

1. electronic case file
  2. web based front end to  
case system
- Rumour HC & ITC meant  
do pay food stamps w/ debit  
card

model from USDA

interactive

application - model sheet  
form new 8 pgs.

down from 30-32 pgs

eligibility years -  
- 3 months  
- 6 months  
- 9 months  
- 1 year  
- 2 years  
- 3 years  
- 4 years  
- 5 years  
- 6 years  
- 7 years  
- 8 years  
- 9 years  
- 10 years  
- 11 years  
- 12 years  
- 13 years  
- 14 years  
- 15 years  
- 16 years  
- 17 years  
- 18 years  
- 19 years  
- 20 years  
- 21 years  
- 22 years  
- 23 years  
- 24 years  
- 25 years  
- 26 years  
- 27 years  
- 28 years  
- 29 years  
- 30 years

6.0.

atkins 871,000 penalty  
fed fiscal year 02

Sept below 67% wing of  
note one  
very small b/c close

Sept 30 measure end  
5-6 mos.  
gd idea Tom for FY04  
not officially till June 05

I met w/ Curt from  
WI w/ municipal's  
Rep Besterwite asked  
for a survey  
noticing  
bids

— Minority Participation  
in G.B.

**LAB recommendations and DOT response summarized in italics**

- DOT track the number of acres and the cost of all real estate it purchases for each major highway project. (pg. 26)  
*DOT will provide an update to Committee by June 1, 2004*
- DOT report to Joint Legislative Audit Committee by February 2, 2004 on amount of savings it expects to achieve as a result of the November 2002 value engineering study, as well as the reasons why it does not plan to implement the study's other recommendations. (pg. 31)  
*DOT will prepare a report for the Committee by February 2, 2004*
- DOT create a report to include all expenditures associated with each major highway project and provide it to the Transportation Projects Commission semiannually. (pg. 32)  
*DOT will provide an update to Committee by June 1, 2004*
- DOT should track its overall and per project environmental expenditures, including those incurred by its own staff, consultants, and construction contractors, and report its plan for doing so to the Joint Legislative Audit Committee by June 1, 2004. (pg. 42)  
*DOT will provide an update to the Committee by June 1, 2004*
- DOT develop policies specifying that all project costs should be included in the project cost estimates that are presented in the environmental documents it prepares. (pg. 43)  
*DOT expects to develop guidelines by January 1, 2005*
- DOT follow our recommendations to improve financial and project reporting, in order to facilitate cost analyses (pg. 70)
- DOT provide comprehensive and consistently prepared information in its planning documents, particularly those that identify and estimate the costs of major highway projects (pg. 70)
- DOT consistently communicate changes in project design and scope, so that all understand when projects or funding needs expand beyond initial proposals (pg. 70)



~~PROCESS~~

TPC PROCESS

LEGISLATIVE OVERSIGHT

2nd fastest growing budget

Sen Cook

Reporting

In July 2004, LAB received a

"Certificate of recognition of merit"

from the National Legislative Program Evaluation Society,

NCSL  
a staff section of the National Conference of State Legislatures.

This award was prepared to recognize the

effect or merit of the Major-Highway Program audit

(report 03-13) on public policy in Wisconsin.

We were pleased to submit the report for

the National Competition and honored by the

Recognition.

# TPC memberships

## now

## bill

- 3 Maj Party - 4 Maj Party

- 2 minority - 2 minor

- DOT Sec (non voting) - "

- Gov (chair) - "

- 3 citizen members apted by Gov. - "

**LAB recommendations and DOT response summarized in italics**

- DOT track the number of acres and the cost of all real estate it purchases for each major highway project. (pg. 26)  
*DOT will provide an update to Committee by June 1, 2004*
- DOT report to Joint Legislative Audit Committee by February 2, 2004 on amount of savings it expects to achieve as a result of the November 2002 value engineering study, as well as the reasons why it does not plan to implement the study's other recommendations. (pg. 31)  
*DOT will prepare a report for the Committee by February 2, 2004*
- DOT create a report to include all expenditures associated with each major highway project and provide it to the Transportation Projects Commission semiannually. (pg. 32)  
*DOT will provide an update to Committee by June 1, 2004*
- DOT should track its overall and per project environmental expenditures, including those incurred by its own staff, consultants, and construction contractors, and report its plan for doing so to the Joint Legislative Audit Committee by June 1, 2004. (pg. 42)  
*DOT will provide an update to the Committee by June 1, 2004*
- DOT develop policies specifying that all project costs should be included in the project cost estimates that are presented in the environmental documents it prepares. (pg. 43)  
*DOT expects to develop guidelines by January 1, 2005*
- DOT follow our recommendations to improve financial and project reporting, in order to facilitate cost analyses (pg. 70)
- DOT provide comprehensive and consistently prepared information in its planning documents, particularly those that identify and estimate the costs of major highway projects (pg. 70)
- DOT consistently communicate changes in project design and scope, so that all understand when projects or funding needs expand beyond initial proposals (pg. 70)

testimony  
Samp Note  
this fall



## **Opening**

- Thank you for this opportunity to discuss the Major Highways Program.
- I want to thank committee members and legislative staff for your willingness to listen and work with us.
- I believe we've forged a strong and positive working relationship that will serve us well as we continue to implement the audit recommendations.

## **Returning as promised**

- When I addressed this committee last January, I pledged to return about six months later to update you on the progress being made, and I'm grateful for the opportunity to do that today.
- I trust committee members received a copy of my June 1<sup>st</sup> letter that updates our department's comprehensive efforts to comply with 2003 Wisconsin Act 217.
- We've already discussed the value engineering study at some length and so I won't go into great detail on that.
- But I'd like to provide a brief update on progress that's been continuing since we last met in January and my last report in the June 1<sup>st</sup> memo.

## **Change management process**

- It's important to note that our department has been proactively working to streamline the Major's process for some time - well before the audit took place.
- In fact, a Major Projects Program Committee was formed early in the year 2000, and has been meeting regularly ever since.
- The scope of this group's responsibilities continues to expand.
- This committee is comprised of department senior managers from across the state and is charged with scrutinizing any changes in the scope and cost of a major project.
- The group gets involved in the earliest stages of project development - from the study process, through design and construction.
- Along with monitoring individual projects, the program committee assesses improvements to the cost-estimating and scheduling process, to generate more accurate schedules and project cost figures.
- I'm pleased to report that this group has been very successful in containing costs associated with many Major projects.

- Much of this group's continuing work will serve as the foundation to meet recommendations outlined in the audit.

## **Real estate**

- The audit recommended the Department develop a mechanism to track the number of acres and the cost of all real estate purchased for each major highway project.
- In response, the Department has developed a process to identify the land needed for a major project and its cost for construction projects that began in the 2002 Fiscal Year.
- By February 2005, we will provide you with a report on the real estate purchased for those major highway projects.

## **Improved reporting**

- In an effort to more clearly analyze expenditures for individual major highway projects, we are developing a report containing comprehensive information on the cost of a major project, and the reasons behind any cost changes.
- This information will prove valuable to both the Legislature and the Transportation Projects Commission.
- As required by Act 217, this report on the financial status of the Major's program will be available by February 2005.

## **Environmental costs**

- The audit calls for greater detail on environmental costs associated with a transportation project.
- These are costs the department incurs in complying with state and federal laws to avoid, minimize or mitigate any environmental impacts as part of a project.
- The Department is pursuing a process that will track trends and the specific impacts of environmental laws on transportation projects.
- This process will monitor overall environmental costs and environmental costs associated with individual projects – including costs associated with completing environmental assessments and environmental impact statements.
- At the same time, a group comprised of state agency staff and construction contracting representatives will work to identify industry-related environmental costs associated with construction projects.

## **CASH concerns**

- This committee's August 2<sup>nd</sup> letter to our department references the Citizens Allied for Sane Highways. The CASH group has raised concerns over contracts for the Marquette Interchange project.

- This group has been quite active pursuing its agenda. That agenda is primarily to work against the expansion of freeways in southeast Wisconsin. Those issues are unrelated to the Marquette Interchange Project.
- Let me say this: the process we've followed to incorporate community input, minority input and minority contractors into the Marquette reconstruction has been upheld as a national model for how to best approach a transportation project of this type.
- It's also important to re-iterate that while this committee has been talking about Major projects, reconstruction of the Marquette is – by statute – completely separate and not part of the Major Highway Program.
- Having made that distinction, it's very difficult, as the CASH group admits, to get a good grasp of the Marquette project and its associated contracts following a two or three-hour review of records.
- The fact that a contract was frequently amended is no great surprise, especially on a project as complex as the Marquette.
- It is common with projects of this nature, that as specific components are “scoped-out” and costs more clearly identified, the contracts are then amended.

- This is a much simpler process that actually saves a lot of money in the end.

## **Surplus real estate**

- I know that Representative Ainsworth has questions regarding the Department's policies on surplus land.
- Our department is making a variety of efforts to facilitate the sale of such land at fair market value.
- This includes working with private realtors and posting available parcels on the Internet.
- I have brought with me today several members of my staff who are prepared to talk in greater detail about this issue.

## **Conclusion**

- As you look over the last six months, and the term of this administration, I think you can see that we are doing things differently.
- Changes are being implemented that will benefit the Legislature, the TPC, the public and the overall Major Highways process.

Suggested remarks – WisDOT Secretary Frank Busalacchi  
Joint Legislative Audit Committee – Major Highway Program audit update  
Wednesday, August 11, 2004 – approx. 10 a.m. – Room 411 South - Capitol

- We look forward to continuing our work with this committee to meet the requirements of ACT 217 and I again want to thank committee members and staff for your willingness to work with us.
- At this time, my staff and I would be glad to address any questions you may have.

**END OF REMARKS**

*X/Speeches/Busalacchi/2004/JointLegAudit8-11.doc*



DARROW GROUP TO RUN ADS DURING BLACKOUT PERIOD ... will continue to run car commercials within 30 days of the September primary, despite the McCain-Feingold law's ban on corporate-funded broadcast advertisements that mention political candidates in that time period. FEC declined an expedited ruling on exemption request, expected to rule mid- to late-Sept. Darrow III: "After reviewing all of our options, we believe it is in the best interest of our employees, our customers, the State of Wisconsin and our company that we proceed with our advertising in the same manner we always have." Dem US Sen. Feingold, GOP challenger Michels declined comment. GOP challenger Welch did not return call. BY FREDERIC J. FROMMER of AP, ST. PAUL PIONEER PRESS (free-registration required)  
<http://www.twincities.com/mld/twincities/news/local/states/wisconsin/9376302.htm>

STATE GROUP PRESSING CASE AGAINST MCCAIN-FEINGOLD ... Wisconsin Right to Life says requirements that it use regulated political money to pay for broadcast ads that refer to Feingold as the November election nears are unconstitutional. Dem US Sen. Feingold defends his law: "People in Wisconsin get it. My opponents don't get it. ... I'm happy to talk about it at any time and at any place." GOP challengers sound off. Darrow: "Part of the reason I'm running for this office is that I don't know of one significant thing that (Feingold) has done beside this." Michels: "In no way, shape, or form do I support legislation that inhibits the ability of citizens to criticize their elected officials for positions they believe are wrong." Welch and Lorge agreed the law is a failure. WRtoL's Armacost: "This has nothing to do with politics. We would prefer that we were able to lobby. This is not electioneering." By GRAEME ZIELINSKI, MILWAUKEE JOURNAL SENTINEL  
<http://www.jsonline.com/news/metro/aug04/250541.asp>

KOHL: REIMPORTATION WOULD BE LEGAL WITH BUSH SUPPORT: Dem US Sen. Kohl touted potential for 20-30% savings on Canadian drugs, "Pharmaceutical companies should have to deal with competition, too," noted fellow Dems Feingold and Kind support for bipartisan Dorgan-Snowe reimportation bill, called drug safety concerns "a bogus issue." Anderson for GOP US Rep. Gutknecht called Dorgan-Snowe "a step in the right direction." Pres. Bush has criticized Dem Kerry's support for reimportation. By REID MAGNEY, LA CROSSE TRIBUNE  
<http://www.lacrossetribune.com/articles/2004/08/12/news/z02kohl.txt>

RESIDENTS SATISFIED WITH STATE HIGHWAYS ... survey by the Wood Communications Group shows 79 percent of the residents polled think the state is maintaining its highway system well. ... 53 percent - would oppose turning some of the highways into toll roads ... nine out of 10 respondents think a reliable, affordable energy supply is essential, but only 68 percent think Wisconsin is doing well at providing that. ... 54 percent - said they would oppose increasing electric bills by 1 or 2 percent to fund electric transmission improvements. Pollster Wood sees dissonance in supporting road and energy improvements but opposing toll roads and utility surcharges, "It's because they're revolting. They're saying, 'hold it, hold it; why should consumers have to pay for this' " By Judy Newman, WISCONSIN STATE JOURNAL  
<http://www.madison.com/wsj/home/biz/index.php?ntid=8253&ntpid=3>

UNWANTED CALLS ARE NO. 1 COMPLAINT TO STATE, State fines haven't deterred do-not-call list violations: DATCP's Zaspel detailed program to-date, noted need to renew membership to the list. By Jose de Jesus, GREEN BAY PRESS GAZETTE  
[http://www.greenbaypressgazette.com/news/archive/local\\_17283795.shtml](http://www.greenbaypressgazette.com/news/archive/local_17283795.shtml)



## Wisconsin Department of Transportation

[www.dot.wisconsin.gov](http://www.dot.wisconsin.gov)

Jim Doyle  
Governor

Frank J. Busalacchi  
Secretary

Office of the Secretary  
4802 Sheboygan Ave., Rm. 120B  
P.O. Box 7910  
Madison, WI 53707-7910

Telephone: 608-266-1113  
FAX: 608-266-9912  
E-Mail: [sec.exec@dot.state.wi.us](mailto:sec.exec@dot.state.wi.us)

August 16, 2004

The Honorable Carol Roessler, Co-Chair  
Joint Legislative Audit Committee  
Room 8 South, State Capitol  
P.O. Box 7882  
Madison, WI 53707-7882

The Honorable Suzanne Jeskewitz, Co-Chair  
Joint Legislative Audit Committee  
Room 314 North, State Capitol  
P.O. Box 8952  
Madison, WI 53708-8952

Dear Senator Roessler and Representative Jeskewitz

During the August 11 hearing, some questions were raised about the Department's schedule for implementing a tracking system of environmental costs and the Department made a commitment to report back to you.

The audit identified gaps in the Department's tracking and reporting of environmental costs. Broadly speaking, some of these gaps relate either to cost reporting from our delivery partners, engineering consultant firms and highway contractors, or to financial coding and procedural changes to the Department's contract and financial management systems to isolate costs defined as environmentally related.

Toward this end, we have three separate efforts underway to close the gaps described above. There are workgroups in place to address: (1) consultant design cost reporting; (2) highway contractor environmental overhead costs; and, (3) DOT contract and financial management system enhancements. These workgroup efforts are scheduled to culminate next spring with a goal of having a more comprehensive approach in place to coincide with the start of fiscal year 2006.

I hope this information satisfies your concerns about our progress in this area. If the Department can provide any other information, please feel free to call me.

Sincerely,

A handwritten signature in black ink that reads "Frank J. Busalacchi".

Frank J. Busalacchi  
Secretary

# Road Builders

**F**ederal charges against a handful of paving company executives grabbed headlines early this year. But the bid-rigging scandal surrounding Vinton Construction Co., Manitowoc, and Streu Construction Co., Two Rivers, may be less significant than another controversy currently affecting Wisconsin's transportation building industry.

While the charges against Vinton and Streu are working their way through the legal process, transportation industry insiders suggest that the more significant impact on the state transportation budget will come from unusual price increases for cement — a component in the concrete used in roadways and major infrastructure projects.

Cement prices traditionally increase once a year in the spring, and contractors use the new price in bids for the coming season. But this year a second increase was handed down after projects were already bid — with all five international cement companies that supply Wisconsin acting in unison.

The move has many contractors up in arms and at least one crying for an investigation of the players that control the cement market nationally. Suppliers include Holcim US Inc., LaFarge Group, CEMEX S.A. de C.V., St. Mary's Cement Inc., and Buzzi Unicem USA.

## BID-RIGGING CHARGES

Federal charges of bid rigging were leveled in March in U.S. District Court, Eastern District of Wisconsin, against James and Michael Maples of Vinton Construction Co. and Ernest and John Streu of Streu Construction Co.

Prosecutors allege the two companies colluded to secure public projects in excess of \$100 million in violation of federal law and Wisconsin Department of Transportation rules. According to the federal case file, Vinton

and Streu then outsourced work to each other and effectively worked together to divide up projects.

Officials from the two firms did not return phone calls regarding the matter, but to some extent, the scandal has already blown over, according to sources in the industry.

"There really hasn't been a lot of impact," says Tim Zignego of Zignego Ready Mix Inc.,

Waukesha. "The state of Wisconsin has cut back its concrete road program this year, and they are already allowing Streu to bid under a new company name — Pavex Construction Co.

"Unfortunately, several of the municipalities don't regard bid rigging as a serious crime. They continue to allow both Streu and Vinton Construction to bid."

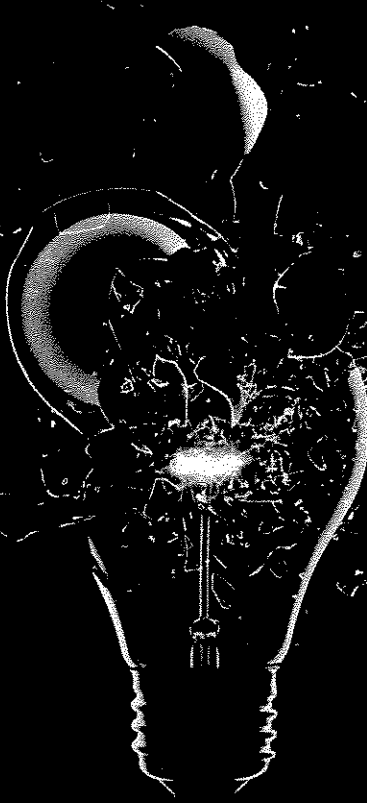
According to Don Miller, DOT's highway

**Prosecutors allege the two companies colluded to secure public projects in excess of \$100 million in violation of federal law and Wisconsin Department of Transportation rules.**

# Looking to break the mold?



WISCONSIN  
ALUMNI RESEARCH  
FOUNDATION



UNIVERSITY  
RESEARCH  
PARK



OFFICE OF  
CORPORATE  
RELATIONS

## We know how to do just that.

At UW-Madison, we're ready to help you look at new ways to build your business. For licensing new technologies, we have WARF, the Wisconsin Alumni Research Foundation. For a range of new business spin-offs and incubation services, we have University Research Park. To tap into these and a full range of other resources at one of the nation's leading public research universities, give our Office of Corporate Relations a call at 608-263-1392



OFFICE OF  
CORPORATE RELATIONS  
University of Wisconsin-Madison

[www.correlations.wisc.edu](http://www.correlations.wisc.edu)

# Hit Rough Patch

By Charles Rahmann



construction director, state code outlines how Vinton and Streu officials are to be sanctioned.

"We had a whole list of requirements outlined in statutes," Miller says. "Currently, Vinton's status is that they can quote as a subcontractor on all work in Wisconsin. But none of the offending individuals can be part of the work. I guess if they indeed want to attempt to prequalify as a prime contractor, they would have to sell the company. The current owners would not be involved in that company."

Apart from statutory guidelines, Miller says the desire on the part of the DOT to keep Streu involved with state contracts played a part in their handling of the firm. The company has been renamed, is under new management, and can participate as a subcontractor on construction projects.

"Streu is a large paving company; they have a lot of employees," Miller says. "We wanted to craft a way for them to participate in a limited fashion because the federal government and the office of inspector general will be charging these people in federal court."

"With all that in limbo, we certainly wanted them to be able to participate as a sub to the prime contractors," Miller says. "There is a large amount of capital involved, and we didn't want to lose the ability to use that equipment or those people."

Meanwhile, state code allows Vinton to continue with projects they have already begun, according to Miller, and Vinton is currently finishing some existing DOT projects and doing some municipal work, but barred from bidding on new projects.

"We have talked with them as per our legal

requirements," Miller says. "They have not been able to enter into an agreement with us."

## PRICES CAST IN CONCRETE?

While the Vinton and Streu cases may have increased the cost of some projects in the state, the lockstep price increases implemented by cement producers will drive up the cost of virtually all transportation and infrastructure projects throughout the state. Overall, cement prices have shot up by 12% for the year.

The second increase — which will take effect in August — has one ready-mixed concrete supplier concerned enough to write letters to Wisconsin's two senators, Herb Kohl and Russ Feingold and 1st District Rep. Paul Ryan.

Jesse Jacobs, managing member of Otto Jacobs Co. LLC, a ready mixed concrete producer in Lake Geneva, claims the increases from the five suppliers in the market look suspicious. One legislator is already following Jacobs' suggestion to look into the matter.

"We have called the Commerce Department to ask about skyrocketing cement prices and inquire about the possibility of collusion," Rep. Ryan says. "At this point, we're awaiting their response."

A spokesman for the Portland Cement Association, Skokie, Ill., steered clear of any discussion on why the prices may have increased in lockstep.

"As an association, I am not allowed to talk about pricing because of federal price regulation," spokesperson Ryan Puckett says.

"We are not in the business of price fixing.

**Bid-rigging scandal  
and suspicious cement  
price increases send  
ripples through  
construction industry**



## HOW CAN CONTRACTORS STAY OUT OF HOT WATER?

According to a construction legal expert with Michael Best & Friedrich LLP's Madison office, contractors and suppliers need to be careful to avoid charges of bid rigging on state and federal projects.

Attorney Buck Sweeny says bid rigging involves an agreement where, in response to a request for bids, one or more bidders agree not to submit a bid, or two or more bidders agree to submit bids that have been prearranged among themselves.

There are four types of bid rigging schemes, according to Sweeny:

**1. Cover bidding or complementary bidding.**

Co-conspirators submit token bids that are intentionally high or that intentionally fail to meet all the bid requirements in order to lose a contract.

**2. Bid suppression.**

One or more competitors agree not to bid, or to withdraw a previously submitted bid. In return, the non-bidder may receive a contract or payoff.

**3. Bid rotation.**

A preselected supplier submits the lowest bid on a systematic or rotating basis.

**4. Market division/allocation.**

Competitors agree not to bid in designated geographic regions or for specific customers.

"Some of this might seem like common sense, but it is really important to avoid talking about certain things with your competitors," Sweeny says. "When these transportation contractors meet at a seminar or convention, it is really important for them to avoid talking about what they plan to bid on, how busy they are or what their other plans are."

Sweeny says that simply talking about pricing or making other verbal slips may not constitute bid rigging, but such talk can be used as evidence in a case. In some cases, disgruntled former employees share information on these conversations with authorities — so according to Sweeny it is better to be safe than sorry.

The contractors themselves seem to have differing opinions on how hard it is to conform to bid rigging regulations.

"The rules and requirements are very, very stringent," Tim Zignego of Zignego Ready Mix says. "Basically, they consider it wrong for you to even let a competitor know if you are bidding or not bidding on a job. It does seem pretty straightforward, but when you go to the classes put on by the state Department of Transportation, it is pretty involved."

But Nick Rivecca, president of Sonag Ready Mix LLC, claims following the rules should be second nature.

"One of the first things they told me when I got into this industry is not to talk to the competition," Rivecca says. "It's just common sense."

same timing? Collusion is a nasty word, but it sure looks like it."

Nick Rivecca, president of Sonag Ready Mix LLC, Menomonee Falls, says he doubts cement producers are colluding on price. Rather, a number of economic factors are causing the uniform increases.

"The second price increase is about 8%," Rivecca says. "That will increase the price of concrete by about \$5 per yard to about \$70. And then you couple that with the fact that you can't get it."

According to Rivecca, a shortage of cement is being driven in part by a brisk construction economy in China and the rest of the Far East. Cement that might in the past have been imported to the United States is being used on construction sites abroad.

**"The problem is that there are no imports because China is taking 45% of the Asian cement production."**

—Nick Rivecca, president,  
Sonag Ready Mix

Meanwhile, environmental laws make the construction of additional cement production facilities in the U.S. very difficult.

Rivecca remembers a time when cement producers were being ordered to pay settlements to ready-mixed concrete producers in the wake of price-fixing charges — but that was back in the 1970s.

"We see the steel prices going up — and see cement prices doing the same thing," Rivecca says. "Do I say they are colluding? Absolutely not. The problem is that there are no imports because China is taking 45% of the Asian cement production.

"They are feeling the shortage now in Florida and the Carolinas — where they have a year-round construction season. We will feel it here probably in August."

Jacobs adds, "Regardless of whether it is collusion, it is going to impact transportation dollars.

"I mean, look at the steel industry. It is just kind of interesting that when steel prices are going through the roof, cement prices are doing the same thing." □

It is a matter that the market has an excessive demand for cement and the ability of imports to help meet that demand is reduced because of tightness of shipping. It is a federal regulation. We don't track pricing, and we don't comment on pricing."

But Jacobs seems interested in hearing someone comment about how the price

increases came about.

"They all came out with the exact same dollar amount increase at the exact same time," Jacobs says. "This type of price increase begs the question to be asked. There are only five players in the market — all international companies. An explanation needs to be made to the industry. How can they all have the

**madison.com**

Classifieds | Jobs | Autos | Homes | Rentals | Obits | Weather | Archives |  Search

# Wisconsin State Journal

- WISJ HOME
- ANNOUNCEMENTS
- BOOK OF BUSINESS
- CLASSIFIEDS SEARCH
- ENTERTAINMENT
- PHOTO REPRINTS
- STORY ARCHIVES
- CONTACT STAFF
- EMAIL A LETTER TO THE EDITOR

## Reader Services

- Subscribe
- Renew your subscription
- Temporary stop carrier opportunities
- Newspapers in Education
- > More reader services

## Advertiser services:

- Place a Classified ad
- Media kit
- Digital file requirements
- > More advertiser services

## COMMUNITY LINKS

## OPINION

### Money runs short for state highways

4:16 pm 10/11/04

This month marks the beginning of the first major phase of construction in the biggest, most expensive public works project in Wisconsin history. And there's more to come.

Gov. Jim Doyle plans to make a speech Oct. 12 to mark the start of the \$810 million reconstruction of Downtown Milwaukee's outdated Marquette Interchange, which entangles three interstate highways in a slowly crumbling concrete spaghetti.

Doyle no doubt will put up a cheerful front. But lawmakers and road builders are getting nervous about how the state will pay not only for the Marquette Interchange but for projects around the state in the future. Experts estimate that the freeways in southeast Wisconsin need some \$6 billion worth of overhauls in coming years. A 21-year highway plan approved by the Department of Transportation four years ago will cost an estimated \$20.4 billion in all.

But that's at least \$5 billion more than the state expects to raise from estimated gasoline taxes, license fees and federal highway aid. So how are we going to pay?

• Wisconsin's gasoline tax, which rises automatically each year to account for inflation, stands at more than 29 cents a gallon, already one of the highest in the nation. And fuel taxes no longer provide enough money to maintain the highway system, let alone expand it. Gas-tax advocates also face diminishing returns: Future revenue may be depressed as automakers improve fuel efficiency and sell more hybrid vehicles.


• Borrowing has ballooned. The Department of Transportation borrowed \$879.6 million between 1994 and 2002. Interest and principal payments on state transportation bonds now exceed \$125 million a year. This is not sustainable.

 EMAIL STORY  PRINT STORY

What do you think? [Add your comment to the forum](#)

**Subscribe online**

FOR HOME DELIVERY



## NEWS FROM AP

[Bush and Kerry Spar Over Health Care](#)

[Blasts Kill Seven in Baghdad's Green Zone](#)

[Israel Presses Offensive in Northern Gaza](#)

[Afghans Count Votes 5 Days After Election](#)

[AP: Report Finds Lavish Spending at TSA](#)





Teachers, click here for the News Game®, plus great language arts games – free from the Wisconsin State Journal.



**Answer Book**  
 City of Madison  
 Dane County  
 State of Wisconsin  
 University of Wisconsin  
 Madison School District  
 Wisconsin Dept. of Tourism  
 State election maps  
 Community pages

• And simply doing fewer road projects is not much of an option. Keeping Wisconsin's highways open and up-to-date is important to economic growth, as so many businesses depend on efficient links between population centers.

As one option, road builders and their allies in government have periodically pressed for high-tech toll roads that charge vehicles electronically as they pass through toll points at full speed. But Doyle staunchly opposes tolls and other user fees to pay for the Marquette or other road projects.

Simple cost controls would be a good start. An audit this year highlighted the need for better oversight when it found \$381 million in cost overruns on just seven projects. That amount could have covered the cost of a lot more concrete.

The state also needs to end shell-game budgeting practices that divert money from one purpose to another. In 2003, state officials transferred \$675 million in road money collected from motorists' fuel taxes and vehicle registration fees and diverted it to help pay for public schools and local government. That can't happen again. There may come a day when Wisconsin raises more money by replacing its fuel tax with fairer electronic reporting and payment based on miles traveled by each vehicle we own. For the shorter term, the Wisconsin Transportation Builders Association has floated a funding idea that uses cash and shorter-term borrowing that would raise \$161 million a year.

We have to get more money somewhere. Not everyone in Wisconsin has the option to ride the bus to work or telecommute from home; Highways are, and will continue to be, crucial to economic growth.

No one need begrudge Doyle for celebrating the Marquette construction start today. But his administration and lawmakers must sit down and figure out how to pay for the myriad of much-needed road projects stacking up for tomorrow.

What do you think? [Add your comment to the forum](#)

[Trade Deficit Surges, Jobless Claims Up](#)

[TV Host O'Reilly Accused of Harassment](#)

[Chicken Soup Replaces Flu Vaccine](#)

[Stocks Fall on GM Earnings, Higher Oil](#)

[Yanks Go Up 2-0; Cardinals Win Opener](#)

**Related Advertising Links**

**No More Quarterly Taxes**  
 Independent? Join today and say goodbye to quarterly tax estimates!  
[www.mybizoffice.com](http://www.mybizoffice.com)

**Free Tax Consultations**  
 Settle your tax debt for less. Nationally recognized tax expert  
[www.eTaxes.com](http://www.eTaxes.com)





E-MAIL | JS ONLINE | TMJ4 | WTMJ | WTKI

Web search



Network Features



ADFINDER | JOBS | CARS | HOMES | RENTALS | CLASSIFIEDS | PERSONALS | TICKETS

Article search...



SEARCH OPTIONS/TIPS...



# Storm Team 4 severe weather warnings



DESKTOP WEAT

ON WISCONSIN : JS ONLINE : NEWS : WISCONSIN :

E-MAIL THIS



## Transportation contracts jumped 45% in 5 years

- News
- Wisconsin
- Milwaukee
- Waukesha
- Ozaukee
- Washington
- Racine
- Editorials
- Crossroads
- Columnists
- Obituaries
- Letter to Editor
- Weather
- National Wire
- State Wire

### Legislators complain about lack of oversight, wonder if campaign donor unfairly win bids

By **PATRICK MARLEY**  
pmarley@journalsentinel.com

Posted: Oct. 26, 2004

**Madison** - The amount the state Department of Transportation paid consultants for en; work leaped 45% over the past five years, nearly four times the rate for all state contra that period.

Advertisement

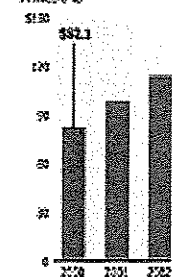
Get connected with the new AT&T Universal Platinum Card

The size of the engineering contracts swelled from \$82.1 million in fiscal 2000 to \$119.1 million for fiscal 2004, which ended in June, putting them among the fastest-growing group of contracts. State contracts for 2004 totaled \$862.8 million.

### Transportation

STATE CONTR TRANSPORT  
Engineering contract Department of Transportation over the last five years times as fast as for all e  
More are being awarded than July 15

ABOUT THE DOT PAID FOR ENGINEERING CONTRACTS



Source: Department of Transportation and Department of Administration  
RICK KANONIA/STAFF

Graphic/Rik

State contracts

#### Special Features



From the

Archives



partisan group advocating campaign finance reform.

"The contracts go out and the campaign contributions come in," said Rep. Marlin Schr Wisconsin Rapids). "That's a pretty good return for them, if they're getting by with the amount and getting that size of contracts."

Legislators demanded information on contracts after the Journal Sentinel reported in August the DOT outsourced the oversight of its stock of road signs, tripling the cost of the job contract was later revoked, and Gov. Jim Doyle ordered departments to review all their contracts.

The Oct. 15 report did not include information on the engineering contracts because the figures needed to be compiled from a database separate from the one used for other contracts. The engineering figures were calculated by the DOT at the request of the Journal Sentinel.

Need Help?

Searching Archives

Wireless Access

Site Topics

Table of Contents

Contact Staff

Subscriptions

Public employee unions have long said that the deals drive up costs for taxpayers, and other legislators have called for a review of all contracts, in part because of concern that campaign contributors get favored treatment.

### Technical problems

Under state law, the Department of Administration must report details on contracts and the Legislature's Joint Finance Committee. But from 2000 to 2003, the department did the report because the software that compiled it had not been reprogrammed to deal with the Y2K glitch at the end of the century, the department said.

Sen. Alberta Darling (R-River Hills), co-chair of the committee, said the administration failed to keep legislators abreast of the contracts, first by not filing the reports and then leaving out information on the engineering work.

"It's like your kids and you ask them where they were last night, and they tell you, but tell you for the time you want to know," she said.

The largest increases in engineering contracts came in 2001 and 2002. After Doyle took office in 2003, the engineering contracts rose less than 2%, from \$117.1 million to \$119.1 million.

Randy Romanski, executive assistant to DOT Secretary Frank Busalacchi, said the cost rose so much in the early part of the five-year period because of an influx of federal aid. State governors and legislative leaders decided to use the money for consultants instead of having the state do the work, in part to get the work done more quickly, Romanski said.

Sen. Mike Ellis (R-Neenah) said leaders of all political stripes can be blamed for not reviewing contracts more closely.

"This shell game has been going on through three administrations now, and a legislative Democratic (and) Republican (leadership)," he said.

Ellis, whose push for broad campaign finance reform has been brushed aside, said he is troubled by the correlation between campaign donations and contracts. "This is the hidden, corrupt side of state government," he said.

Eau Claire-based Ayres Associates landed the largest chunk of engineering contracts with \$7.47 million. Actual billings for those contracts may be above or below that figure, officials said.

Ayres employees donated \$14,575 to state candidates from 2000 to 2004, according to Wisconsin Democracy Campaign.

"The (contract) selections are done by the staff of the DOT, and the politicians never get involved in the selection," Ayres President Pat Quinn said. "The political process is in the hands of all of us, so quite a few of us, frankly, support candidates of both primary parties and expect any type of quid pro quo."

Quinn has given money to Doyle, a Democrat, as well as to the Republicans who preceded him, Scott McCallum and Tommy G. Thompson.

Madison-based KL Engineering was the only business in the top five for 2004 whose clients have not given money to candidates in the past five years. Its contracts came to more than \$10 million in fiscal 2004.

From fiscal 2000 through fiscal 2004, all state contracts climbed 12.4%, from \$767.4 million to \$862.8 million. The contracts account for about 3.6% of the \$23.8 billion the state was scheduled to spend for the just-ended fiscal year.

From the Oct. 27, 2004, editions of the Milwaukee Journal Sentinel  
Get the Journal Sentinel delivered to your home. [Subscribe now.](#)

Article search...



SEARCH OPTIONS/T

© Copyright 2004, Journal Sentinel Inc. All rights reserved.  
Produced by [Journal Interactive](#) | [Privacy Policy](#)

Journal Sentinel Inc. is a subsidiary of [Journal Communications](#)

## **Asbjornson, Karen**

---

**From:** Matthews, Pam  
**Sent:** Wednesday, October 20, 2004 10:59 AM  
**To:** 'Sue Home'; James Chrisman; Karen Asbjornson; Pam Shannon  
**Subject:** FYI...this is on the StoryHill website

### **Busalacchi says he can't prove contract savings**

*Marquette Interchange design contract now at 57 amendments, \$20.5 million*

**Oct. 10** -- The State Department of Transportation cannot verify that its multiple-amendment contracting method for Marquette interchange design work is saving any money, according to DOT Secretary Frank Busalacchi.

The Marquette design contract, which has been changed 57 times, has risen in cost from \$9,999,999 in late 2001 to \$20,500,365. Originally there were 13 subcontractors; now there are 33.

"Because we do not have a viable alternative for comparison, it is not possible to perform a cost analysis to demonstrate that the contracting methodology used for the Marquette Interchange design work was the most cost-effective option," Busalacchi wrote in a letter to Citizens Allied for Sane Highways.

CASH, a group formed to oppose freeway widening in Milwaukee, wrote to Busalacchi in August, asking him to substantiate his claims that the unusual Marquette contracting method saved money.

CASH also requested any professional or best practices literature that recommended piecemeal contracting of highway design work as a cost-effective way to conduct business. Busalacchi did not provide any such information.

Frequent contract amendments are not unusual in Wisconsin highway projects, Busalacchi said, citing as examples the Lake Parkway project, which cost an \$40 million a mile, and the USH 12 project, which came in more than 100% over budget and was cited in a Legislative Audit Bureau report last year because of its extreme cost overruns.

The design contract for the \$130 million had an initial contract value of \$1,539,315. It was amended 29 times, and the final contract value was \$6,336,963, he wrote.

The US Highway 12 design contract had 26 amendments, and the cost rose from an initial \$1,440,382 to \$2,671,849," he said.

The Audit Bureau noted that overall costs for that project rose from a projected \$64.1 million to an actual \$129.8 million.

Busalacchi said he was confident that issuing dozens of contract amendments on the Marquette saved the state money. To read his letter, click [here <10\\_04%20Busalacchi%20Letter.pdf>](#).

The amendments cover everything from web site design to property appraisal services, from load test drilling to stronger public relations "branding" efforts, DOT records show.

The prime contractor on the project is Milwaukee Transportation Partners, a joint venture between two politically-connected firms, HNTB and CH2M Hill. Those two firms also are the largest subcontractors on the project. HNTB thus far received \$6.4 million in contracts, while CH2M Hill got \$5.3 million in contracts.

Busalacchi said in his letter that the number of contract amendments for the Marquette design cannot be compared to those issued for other projects because the Marquette is so much larger than anything the state has done previously, he said.

*Pamela B. Matthews  
Research Assistant  
Office of Representative Sue Jeskewitz  
24th Assembly District*

*Office: 608-266-3796  
Toll Free: 888-529-0024*