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☞ Details: Department of Transportation Major Highway Program audit

(FORM UPDATED: 08/11/2010)

WISCONSIN STATE LEGISLATURE ... PUBLIC HEARING - COMMITTEE RECORDS

2003-04

(session year)

Joint

(Assembly, Senate or Joint)

Committee on Audit...

COMMITTEE NOTICES ...

- Committee Reports ... **CR**
- Executive Sessions ... **ES**
- Public Hearings ... **PH**

INFORMATION COLLECTED BY COMMITTEE FOR AND AGAINST PROPOSAL

- Appointments ... **Appt** (w/Record of Comm. Proceedings)
- Clearinghouse Rules ... **CRule** (w/Record of Comm. Proceedings)
- Hearing Records ... bills and resolutions (w/Record of Comm. Proceedings)
(**ab** = Assembly Bill) (**ar** = Assembly Resolution) (**ajr** = Assembly Joint Resolution)
(**sb** = Senate Bill) (**sr** = Senate Resolution) (**sjr** = Senate Joint Resolution)
- Miscellaneous ... **Misc**

* Contents organized for archiving by: Stefanie Rose (LRB) (September 2012)

Joint Legislative Audit Committee
Major Highway Program Audit
February 5, 2003

Testimony of Tom Walker
Executive Director
WI Transportation Builders Association

Thank you, Senator Roessler and Representative Jeskewitz, and members of the Committee.

I am pleased to be able to offer some constructive insights on the very important issue before the Committee this morning.

My name is Tom Walker. I am the Executive Director of the Wisconsin Transportation Builders Association (WTBA). WTBA is a statewide association of 300 member companies and their skilled employees. Our members design, build, repair, and reconstruct capital projects in every transportation mode – including railroads, state highways, local roads and streets, bike paths, airports, and specialized pedestrian facilities.

Prior to that, I served as Executive Director of the Transportation Development Association and for 8 years as the Executive Assistant at the Wisconsin Department of Transportation.

A good place to start is by asking the question, “why Major Highway Projects”? Answering this question will provide the context for the Legislature to determine what the annual funding level should be for this program, which of course determines when projects can be built.

In almost all cases, Major Projects add new travel lanes in existing high priority travel corridors along existing highways. Wisconsin is not building new highways, but fixing problems on existing routes. Major Projects ensure that travel on the state’s key arteries is safe, efficient, and reliable. Congested highways add travel time costs, interfere with Just-in-Time delivery, threaten assembly line shutdowns, waste fuel and increase accidents.

With my testimony, I am providing the Committee today a short paper on this issue I recently wrote.

Let me highlight its key points.

The key determinant of how much travel will grow is the economy: The number of jobs and their location; input and output shipments in the manufacturing process; agricultural production; the deployment of sales personnel; deliveries of consumer goods; an increase in tourism; and recreational travel.

There is a near perfect correlation between our gross domestic product, or GDP, and the number of vehicle miles traveled, all the way back to World War II.

I know that every member of this Legislature is keenly interested in growing Wisconsin’s economy and increasing wages. As Senator Panzer said recently, with scarce resources, every dollar we spend must be evaluated in terms of its potential to create jobs. We certainly concur. Consider, then, some key facts.

- Over the last 20 years, highway travel grew 60%, but the number of lane miles grew only 5%. Clearly congestion is growing.

- Travel is expected to grow another 35% by 2020, including a near doubling of commercial truck traffic. Think of that: 2 trucks for every 1 today, to carry the output of our businesses and workers, our farms and our forests.
- If we stopped investing in capacity, the miles of congested state highways will grow 70% by 2020.

Is this acceptable? What is the risk to our economy?

The fact is that America is falling behind Europe and the Pacific Rim, who have been investing far higher percentages of their GDP on transportation in all modes. We are rapidly losing our competitive edge in the costs to ship products and move people.

The best way I can explain the consequences is by referring you to an article I recently read in a world-class Journal that focuses on transportation policy options.

The authors call for a third transportation revolution, to provide a productivity leap similar to the building of the transcontinental railroad and the interstate highway system. They call for “a major rebuilding, expansion and modernization of the nation’s transportation infrastructure.”

In short, the Internet revolution has created a time-driven paradigm as never before, both for consumer goods and for the manufacturing inputs and outputs. With reliability and predictability assured, the full value of that potential can be realized. But without them, the economy will stagnate with higher transport costs.

Here’s what the authors say:

“If the nation doesn’t triple transportation capacity in the next 40 years, our prediction is that the economy will not grow 2% to 4% annually and income will not grow as expected. Productivity growth facilitated by the explosive growth of information technology will be blocked by a crippled and congested infrastructure. Export competitive advantages will be lost because of high distribution costs and unreliable transportation service, and U.S. goods will be less competitive in foreign (and U.S.) markets. The U.S. economic advantage will deteriorate and the growth of high-paying jobs will disappoint a growing population.”

Meeting Wisconsin’s Transportation Capacity Needs

Without question, ensuring that the one Wisconsin transportation program focused on productivity must be able to achieve its program goals effectively has to be a legislative priority.

With this mind, I would like to suggest that the proposed audit explore the following key issues:

1. **The first issue is what is the appropriate level of annual funding for major projects?**

Wisconsin invests only 11% of its total transportation revenues in Major Projects; 89% is allocated to other important programs.

I am not suggesting a reallocation. But the Legislature needs to see the whole picture, rather than focus on project enumeration.

A few years ago, DOT completed a 20-year State Highway Plan that looked at emerging congestion. To reduce costs, the Department changed its policy to allow higher levels of congestion before providing new capacity. **The Plan then called for a \$50 million annual increase in Majors funding, in constant 1999 dollars, which has not been provided.** And even so, there would still not be sufficient funding to add capacity to over 600 miles of state highways that would exceed the tightened standards by 2020.

It seems clear that the long list of needed projects is a symptom of chronic underfunding. Even if we enumerate no new projects for one or even two legislative cycles, there will simply be a much longer list of projects for the TPC to manage in the future.

Even if the Legislature were to enumerate all four projects that the TPC considered in December, the annual funding level will still determine when they can actually be built. My guess is that as one example, the badly needed additional capacity on Highway 41 could not be completed until after 2015, perhaps not until 2020. What will that do to the economy in the Fox Valley? Now multiply that by other key corridors across Wisconsin.

2. The second issue flows from the first. If the Legislature were to agree that more funds must be invested in the majors program, where will the money come from?

It would be very helpful for the Audit Bureau to look at comparative sources of state and local transportation funding. To be sure, all states are struggling with needs exceeding revenues.

What is different in Wisconsin is that we alone depend almost 100% on state-collected highway fees and local property taxes.

Our fuel tax is high not because we are overspending, but because the fuel tax pays a much higher share of transportation costs than in any other state.

Other states supplement highway user fees with state GPR, for highways and especially for transit, and authorize local option sales taxes to support transit, and in some cases highways as well. Just about every successful urban rail system is financially rooted on a robust dedicated local sales tax.

As one example, almost 20 states dedicate all or part of the vehicle sales tax to transportation.

A report showing the magnitude and frequency of non-traditional ways to fund both state and local transportation would, I believe, suggest realistic options for the Legislature to consider. Reforming how we pay for transportation in Wisconsin is a critical part of the solution to the problem of chronic underfunding, in the Major Highway and other programs.

3. No audit would be complete without taking a look at the cost side of the equation.

The problem we face is the explosion of development costs, at the expense of the delivered product on the road.

It simply costs more and takes much longer to bring a project through the maze of steps that must be completed before the first contract is let.

We recently looked at the cost structure of the state and local improvement program, let by WisDOT. What we found surprised us.

Despite the continuous effort by the Legislature to slowly expand the program, the constant dollar value of let contracts was flat, but the up-front costs have spiraled. All you need to do is look at the appropriations and compare them to let contracts.

Therefore, our third recommendation is for the Audit Bureau to measure those cost trends, look for the reasons, and recommend ways to reduce those costs.

Congress is also very interested in this issue. In TEA-21, Congress passed legislation requiring FHWA and FTA to streamline the public involvement process and environmental reviews, without compromising environmental resources. Disappointed by the progress, Congress is poised to take further action. In December, House Transportation and Infrastructure Committee Chair Don Young introduced a bill, called Expedite, to reduce the time and costs of getting projects to construction. He is planning to make it an integral part of TEA-21 reauthorization this year. I'm sure there are many ideas here the Audit Bureau may want to evaluate. Looking at mitigation costs might be another area worth examining.

One particular area of cost growth that merits close evaluation is the spiraling cost of right-of-way, especially at proposed new interchanges. By the time DOT can buy parcels, speculators have bid up the value of the adjacent land exponentially. Taxpayers are stuck with the bill. It would be very helpful to calculate these costs and explore ways for DOT to acquire property early, when it is affordable. The Audit Bureau might also explore ways to assure that adjacent owners reaping the dramatic economic benefits of these projects help pay for the cost.

WTBA is looking forward to working with the Committee and the Audit Bureau on this very important issue. We commend your initiative.

Modernizing the Role of the Transportation Projects Commission

Capacity, Congestion and Economic Stagnation:

Congestion results when traffic volumes increase, approaching and then exceeding the capacity of a given route. The result is an increase in accidents, wasted time and fuel, and loss of reliability. These impacts are unacceptable to Wisconsin motorists, and critically undermine a business's ability to depend on its delivery schedules and manpower deployment in a "just-in-time" environment.

Traffic volumes directly increase with economic activity, as well as with population, the number of household, the number of licensed drivers, and the availability of vehicles.

There is a near perfect correlation between GDP (Gross Domestic Product) and VMT (vehicle miles of travel).

In Wisconsin traffic grew by about 60% over the last twenty years. During the same time, state highway lane miles grew only 5%.

Total traffic is projected to grow 35% by 2020, with commercial truck traffic projected to nearly double!

Without new capacity, the number of congested state highways will grow nearly 70% by 2020.

America's Transportation Capacity Crisis:

There is a growing consensus that America has neglected to invest adequately in new transportation capacity, for at least 25 years, while Europe and the Pacific Rim have invested a much higher percentage of GDP, building new, modern and efficient transportation infrastructure that puts them on the cutting edge of competitive production in a world economy. The problem can be easily seen in all transportation modes: congested urban and inter-regional highway corridors; traveler delays at hub airports; railroad bottlenecks at key interchange points like Chicago and at ocean ports; etc.

In an article published just this month in the Transportation Quarterly, the most authoritative journal of transportation policy in the world, Kenneth Wykle and William Tuttle laid out the case for a third transportation revolution, that would impact economic productivity as much as the first two: building of the transcontinental railroad and the interstate highway system. The revolution would produce "a major rebuilding, expansion and modernization of the nation's transportation infrastructure."

Why? The stakes are quite clear. The internet revolution has created a time-driven paradigm as never before, both for consumer goods and for manufacturing inputs and outputs. With reliability and predictability assured, the full value of that potential can be realized. But without them, the economy will stagnate with higher transport costs.

Here's what Wykle and Tuttle emphasize:

"If the nation doesn't triple transportation capacity in the next 40 years, our prediction is that the economy will not grow 2 to 4% annually and income will not grow as expected. Productivity growth facilitated by the explosive growth of information technology will be blocked by a crippled and congested infrastructure. Export competitive advantages will be lost because of high distribution costs and unreliable distribution service, and US goods will be less competitive in foreign (and US) markets. The US economic advantage will deteriorate and the growth of high-paying jobs will disappoint a growing population."

Wisconsin is appropriately focused on expanding its economy, creating new jobs, and increasing average worker pay. We clearly cannot take a chance that congestion will undermine these goals.

Therefore, based on the consensus criteria that state spending must be prioritized on the basis of its potential to create good-paying jobs, investments in transportation capacity are quite likely the most cost-effective use of limited state and federal transportation funds



Matthews, Pam

From: Asbjornson, Karen
Sent: Wednesday, November 26, 2003 8:47 AM
To: Chrisman, James; Mueller, Janice; Matthews, Pam
Subject: FW: DOT audit
fyi...an email Carol received

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

-----Original Message-----

From: Halbur, Jennifer
Sent: Wednesday, November 26, 2003 8:47 AM
To: Asbjornson, Karen
Subject: FW: DOT audit

Does this name sound familiar?

Here is his contact information from Switchboard
Kirk A Konkel
803 Silver Lake Dr
Portage, WI 53901-1118
(608)742-6552

-----Original Message-----

From: Kirk Konkel [mailto:apkkonkel@jvl.net.com]
Sent: Wednesday, November 26, 2003 6:17 AM
To: SEN.ROESSLER@legis.state.wi.us
Subject: DOT audit

I see where you are leading the "charge" with regard to highway budgets on road projects. If you are really serious about this then you have to take a further step. The contractors have been running DOT for the last ten years. Do you know that Tom Walker, Executive Director of the Wisconsin Transportation Builders Association (Road Builders) is married to one of the chief budget analysts for DOT (Sandra Beaupre) ? Of course there is no conflict of interest here! It's nice to know what DOT is thinking about budget processes and what to do financially and how it effects the "Road Builders" before it even happens and who in the legislature to contact. I challenge you to do some investigation, BUT you will NEVER win.





WISCONSIN STATE LEGISLATURE

Joint Audit Committee

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

December 16, 2003

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

Dear Mr. Busalacchi:

The Joint Legislative Audit Committee will hold a public hearing on Legislative Audit Bureau report 03-13, *An Evaluation: Major Highway Program*, on Monday, January 26, 2004, at 10:00 a.m. in Room 411 South of the State Capitol.

As this report relates to the activities of the Department of Transportation, we ask that you and appropriate members of your staff be present at the hearing to offer testimony in response to the evaluation findings and to address questions from committee members. Please plan to provide each committee member with a written copy of your testimony at the hearing.

Should you have questions about the hearing, please contact us.

Sincerely,

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

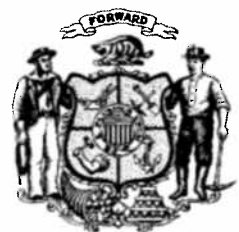
Representative Suzanne Jeskewitz, Co-chair
Joint Legislative Audit Committee

Enclosure

cc: Janice Mueller
State Auditor



WISCONSIN STATE LEGISLATURE



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

Mr. Scott Hassett, Secretary
Department of Natural Resources
101 South Webster Street
Madison, Wisconsin 53707

Mr. Tom Walker, Executive Director
Wisconsin Transportation Builders Association
1 South Pinckney Street, Suite 818
Madison, Wisconsin 53703

Senator Alan Lasee
219 South, State Capitol

Senator Mark Meyer
109 South, State Capitol

Representative John Ainsworth
309 North, State Capitol

Representative Mickey Lehman
103 West, State Capitol

Representative Amy Sue Vruwink
412 North, State Capitol

Mr. Leonard Sobczak
3287 North Oakland Avenue
Milwaukee, Wisconsin 53211

Representative Jerry Petrowski, Chair
Assembly Committee on Highway Safety
4 West, State Capitol

Ms. Lisa MacKinnon
1000 Friends of Wisconsin
16 North Carroll Street, Suite 1000
Madison, Wisconsin 53703

Mr. Bob Cook, Executive Director
Transportation Development Association of Wisconsin
131 West Wilson Street, Suite 302
Madison, Wisconsin 53703

Senator Roger Breske
310 South, State Capitol

Senator Joseph Leibham
409 South, State Capitol

Senator Dale Schultz
18 South, State Capitol

Representative Larry Balow
126 North, State Capitol

Representative Phil Montgomery
129 West, State Capitol

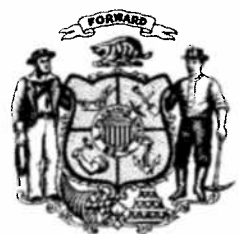
Mr. Michael Ryan
5841 Woodland Drive
Waukegan, Wisconsin 53597

Senator Neal Kedzie, Chair
Senate Committee on Environment and Natural Resources
313 South, State Capitol

Representative DuWayne Johnsrud, Chair
Assembly Committee on Natural Resources
323 North, State Capitol



WISCONSIN STATE LEGISLATURE



Handrick, Diane

From: Bob Bowen [rbowen@coredcs.com]
Sent: Tuesday, January 20, 2004 2:07 PM
To: suzanne.jeskewitz@legis.state.wi.us; carol.roessler@legis.state.wi.us
Cc: Don Bezruki
Subject: PUBLIC HEARING NOTICE; JOINT LEGISLATIVE AUDIT COMMITTEE

Senator Roessler and Representative Jeskewitz,

Thank you for the public hearing notice (as amended) on Audit Report 03-13, regarding the Major Highway Program. As citizens concerned about the nature and progress of USH 10 in Portage County, we plan to be present and listen to the discussion of this important WIDOT audit.

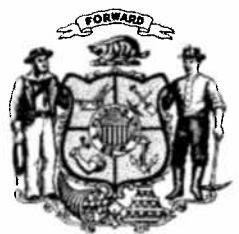
Your attention to the statewide transportation program is appreciated.

Bob Bowen Concerned citizen
 Town of Hull Plan Commission

Bob Bowen
2139 N. Second Drive
Stevens Point, WI 54481
TELE: 715-341-1751 **ALT:** 715-345-0773 **CELL:** 715-630-1750



WISCONSIN STATE LEGISLATURE



Harold A. Barfknecht
N6734 Triple T Rd
Mt Calvary, WI 53057

January 21, 2004

Representative Suzanne Jeskewitz
P.O. Box 8952
Madison, WI 53708-8952

Subject: STH 23 (CTH K – CTH P) expansion project.

Dear Representative Jeskewitz,

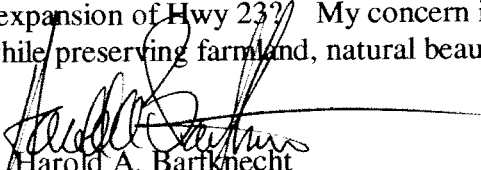
I know that I do not live in your district, but

I am frustrated because, of the five alternatives (see enclosed map), alternative (A) makes the most sense, yet I believe that the DOT is leaning toward other more costly plans. I'm trying to encourage them to select **Alternate A** as the best choice for the following reasons:

- **Cost** - Alternate A, by expanding the current roadway to a four lane divided expressway, would be the least expensive both in initial construction and in future maintenance. The other alternatives produce parallel highways and double future maintenance costs. In fact, an even more cost-effective alternative would be to redesign that section of Hwy 23 as a Super 2 highway – such as Hwy 26.
- **Farmland Preservation** - Although this alternative affects more homes 25 vs. 8, most of those homes would be *greatly improved* through updated construction. But, farms *are* businesses and Alternate A preserves far more of their ability to succeed as a business – their land is neither lost nor divided into smaller fields. Also, with judicious adjustments along the current route, the number of homes displaced could be reduced by more than 50%.
- **Protects Environmental Features** – Alternate A, by following essentially the same R-O-W, has the least environmental impact. Another consideration – this section of rural highway, through the rolling hills south of Elkhart Lake and north of Kettle Moraine S.P., is wonderful as a winding, modest(yet adequate) scenic highway. Remember, **tourism** is big business in Wisconsin.
- **Safety** – Alternate A, like the other proposals, would improve safety by providing two lanes and a graded shoulder in each direction (much like STH 57 south from Plymouth). That type of construction will be more than adequate for safe conduct of school busses, mail delivery and farm machinery movement. Currently, most accidents are due to deer and drunk or impatient drivers. Very few other crashes occur at non-intersection access points.
- **Mobility** – I have driven Hwy 23 from Triple T Rd to Fond du Lac almost daily for over 20 years. Although traffic has increased, it's not *that* busy a highway. Given the current and projected east-west traffic count, Alternate A, by providing a safe four lane divided expressway, would very easily meet this goal at the most reasonable cost. A limited access freeway would be grossly incorrect!

A recent audit of the DOT's major highway construction program points out a propensity to build bigger and more expensive highways than necessary. What can be done to hold back such overbuilding, wasteful, unjustified expansion of Hwy 23? My concern is not to question preparation for the future, but to build modestly while preserving farmland, natural beauty and taxpayers' pocketbooks. It can be done!

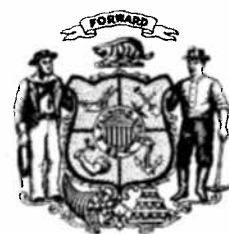
Sincerely,


Harold A. Barfknecht
Ph 920-753-2408

P.S. Half of the citizen members of the STH 23 Advisory Committee either live on, or own land on the current highway (Alt A) and would be biased against voting for what is obviously the best alternative.



WISCONSIN STATE LEGISLATURE



Matthews, Pam

From: Rep. Jeskewitz
Sent: Friday, January 23, 2004 12:00 PM
To: NDavlantes@aol.com
Cc: Sen. Roessler; Asbjornson, Karen; Mueller, Janice; Chrisman, James
Subject: RE: Budget-busting highway projects



P20040126.doc

Dear Ms. Davlantes,

Sen. Roessler's office forwarded me a copy of the e-mail you sent her last week. I appreciate the opportunity to respond to the concerns you raised regarding road builders in general and more specifically the cost increases identified in the audit report.

Let me begin by saying that I too am concerned with budget over-runs and the size and scopes of some highway projects. After reading the audit and discussing this issue with Department of Transportation Secretary, Frank Busalacchi, I believe the two issues are very much intertwined. The audit does talk about how much of the cost over runs are driven by upgrading of the original design of the project. These design upgrades are typically at the request of local officials and residents. Whether the various upgrades are actually necessary or needed is the question I have and plan to address during the hearing.

As for your comments regarding road builders, I can not comment at this point in time since I do not have any specific information regarding the issues you raise.

Thank you for communicating your concerns. I am hopeful that after the hearing on Monday we will all be better informed. I encourage you to attend the hearing if you can. If you can't you can also listen to the meeting live via the Internet. I have attached a copy of the hearing notice with the links for your convenience.

Sincerely,

Representative Suzanne Jeskewitz
Co-Chairperson

> Sue - FYI from the Roessler office.

>
> -----Original Message-----

> From: Asbjornson, Karen

> Dear

>
>
>
> -----Original Message-----

> From: NDavlantes@aol.com [mailto:NDavlantes@aol.com]

> Sent: Thursday, January 15, 2004 3:46 PM

> To: sen.roessler@legis.state.wi.us

> Subject: Budget-busting highway projects

>
>
> Dear Senator Roessler:

>
> I am not a constituent but am writing to you as you are co-chair of the
> Joint Audit Committee. Last December, I read that several highway

projects

> have run way over budget and were seemingly out of control. I heard that
> you would be holding a hearing on the audit that discovered this in
January

> and I hope you will work to call those responsible to account.

>
> It seems the roadbuilders get anything they want these days. As one who
> used to enjoy old Highway 110 out of Oshkosh and up to what is now old
> Highway 10, I was horrified to see what has become of what was once a
lovely

> rural road. Who needs all this overbuilding? People from Illinois so
they

> can get up to their vacation places quicker? If we're not careful, we
will

> have paved over so much of this state no one will want to come here
anymore.

> We're sacrificing that which once made us special.

>
> All this coupled with the federal charges leveled on four eastern
Wisconsin

> roadbuilders alleging bid-rigging collusion since 1996. Someone has got
to

> rein in this industry. I hope your hearing can begin this process.

>
> Is there some way I can be notified of when the hearing is likely to take
> place?

>
> Sincerely,

> Nancy Davlantes

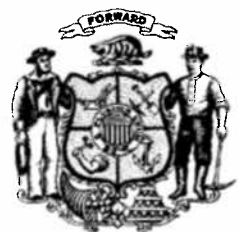
> 5983 Sugarbush Lane

> Greendale, WI 53129

>



WISCONSIN STATE LEGISLATURE





WISCONSIN STATE LEGISLATURE

Joint Audit Committee

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

February 19, 2004

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

Dear Mr. Busalacchi:

On behalf of the members of the Joint Legislative Audit Committee, please accept our thanks for your participation in the January 26th public hearing held on the Legislative Audit Bureau's evaluation of the Major Highway Program (report 03-13). The testimony offered by you and your staff was informative and reflected an open and dedicated commitment to work cooperatively to improve the management of this program vital to Wisconsin. We look forward to working closely with you in the weeks and months ahead.

The Legislative Audit Bureau recommended that the Department report to the Committee by February 2, 2004, concerning the amount of savings expected as a result of the 2002 value engineering study. We acknowledge receipt of this report and will be reviewing it closely in the weeks ahead. As we consider appropriate follow-up steps, we ask that you testify before the Committee again in June 2004 to discuss the value engineering study and the implementation status of other recommendations from the Legislative Audit Bureau report, as well as to respond to additional follow-up questions.

We also ask that you consider the testimony and questions raised by committee members and others at the January hearing in preparing for your June testimony. For example, Representative John Ainsworth raised concerns about the length of time devoted to local informational hearings before project enumeration and suggested that a prolonged period of speculation about a potential highway project creates uncertainties for adjoining landowners regarding future land use decisions. Representative Ainsworth also suggested that the Department should consider listing excess properties with local realtors in order to expedite sales more quickly. How does the Department plan to address these concerns?

As you know, in response to the testimony received in January, we plan to introduce legislation that would strengthen the role of the Transportation Projects Commission in providing oversight and ensuring greater accountability over the Major Highway Program. On February 26th, we anticipate that the Joint Legislative Audit Committee will hold a hearing on the bill drafts in Room 411 South of the State Capitol at 8:30 a.m. We look forward to continuing our close working

SENATOR ROESSLER
P.O. Box 7882 • Madison, WI 53707-7882
(608) 266-5300 • Fax (608) 266-0423

REPRESENTATIVE JESKEWITZ
P.O. Box 8952 • Madison, WI 53708-8952
(608) 266-3796 • Fax (608) 282-3624

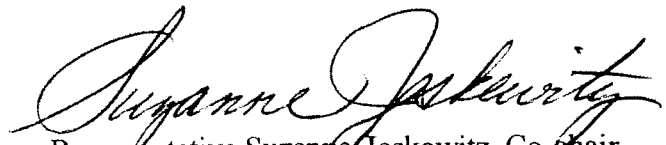
relationship with you and your staff on the details of this legislative proposal and thank you, in advance, for the testimony the Department will offer the Committee on February 26th.

Thank you for your cooperation and assistance.

Sincerely,



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



Representative Suzanne Jeskewitz, Co-chair
Joint Legislative Audit Committee

cc: Senator Robert Cowles
Senator Alberta Darling
Senator Jeffrey Plale
Senator Julie Lassa

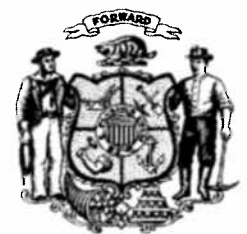
Representative Samantha Kerkman
Representative Dean Kaufert
Representative David Cullen
Representative Mark Pocan

Representative John Ainsworth

Janice Mueller, State Auditor



WISCONSIN STATE LEGISLATURE





For more information contact:
Ward Lyles, Transportation Policy Director
(608)-259-1000

March 16, 2004

1000 Friends of Wisconsin Applauds Passage of Transportation Reform Bill

1000 Friends of Wisconsin today applauded the passage of a major transportation reform bill as "the most significant transportation fiscal reform bill in recent history" that should produce significant savings for taxpayers. The reform legislation was introduced by Representative Suzanne Jeskewitz (R-Menomonee Falls) and co-sponsored Senator Carol Roessler (R-Oshkosh) on the heels of a legislative audit that showed more than \$381 million in wasteful cost overruns on seven Major Highway Projects, six of which were enumerated between 1989 and 1995 and one of which was enumerated in 2001.

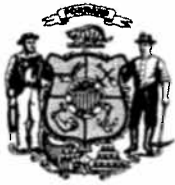
"Representative Jeskewitz and Senator Roessler should be commended for their work to increase transparency, accountability, and fiscal restraint when it comes to state highway spending," said Ward Lyles, Transportation Policy Director for 1000 Friends of Wisconsin. "Their work will help restrain out-of-control highway expansion spending, as well as make the whole process more accessible to the public and less subject to 'behind the curtain' decisions."

Assembly Bill 893 was introduced as a result of the findings of the recent audit of the Major Highway Projects program and will make five important changes to the Major Highway Projects program and approval process. The five changes are as follows:

1. It will require that the Transportation Projects Commission (TPC) receive notification that a project's environmental impact statement or environmental assessment has been approved by the federal government before it can approve that project, thus adding increased restraint to the approval process.
2. It will require WisDOT to implement a Change Management System to manage changes to a project's size, scale and scope that occur throughout the design and construction process.
3. It will require WisDOT to provide semi-annual reports to the TPC relating to the Change Management System, thus increasing the TPC's ability to track and oversee Major Highway Projects.
4. It will prohibit the Legislature from enumerating projects without TPC approval, reducing political pressure on the Major Highway Project approval process.
5. It will increase the amount of information available to the public, adding transparency and increasing accountability.

The legislation must be signed by the Governor before becoming law.

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Legislative Fiscal Bureau

One East Main, Suite 301 • Madison, WI 53703 • (608) 266-3847 • Fax: (608) 267-6873

March 30, 2004

TO: Representative Suzanne Jeskewitz
Room 314 North, State Capitol

FROM: Jon Dyck, Fiscal Analyst

SUBJECT: Department of Transportation Budget for the Maintenance, Rehabilitation, and Expansion of State Highways

At your request, this memorandum provides information about the amounts provided in the Department of Transportation's budget during the 2003-05 biennium for the maintenance, rehabilitation, and expansion of state highways.

The state highway program is composed of four principal programs related to the maintenance, rehabilitation, and expansion of highways: (a) the state highway maintenance and traffic operations program; (b) the state highway rehabilitation program; (c) the southeast Wisconsin freeway rehabilitation program; and (d) the major highway development program. The following table shows the funding provided in each of these programs, by funding source, for the two years of the 2003-05 biennium. The appropriations made from the state transportation fund are designated as "SEG" in the table, while the designation "FED" refers to federal highway funds allocated to the respective programs. General obligation bonds were provided by the 2003-05 budget for the state highway rehabilitation and southeast Wisconsin freeway rehabilitation programs to allow SEG funds that had been in the base of these programs to be used for shared revenue and school aid payments during the biennium. The annual debt service on these bonds is paid from the transportation fund during the 2003-05 biennium, but will be paid from the general fund beginning in 2005-06. The "SEG-S" designation is for revenue bonds, which normally pay for slightly over half of the total budget for the major highway development program. Debt service on these bonds is paid from revenue generated from vehicle registration fees.

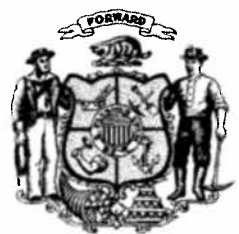
Second, any capacity expansion project on a freeway in southeast Wisconsin, regardless of whether or not it would be defined as a major highway development project, must be funded from the southeast Wisconsin freeway rehabilitation program. [For the purposes of this program, a southeast Wisconsin freeway is defined as a state highway located in Kenosha, Milwaukee, Ozaukee, Racine, Walworth, Washington, or Waukesha counties that has four or more lanes of traffic physically separated by a median or barrier and that gives preference to through traffic by limiting access to interchanges only.] However, during the 2003-05 biennium, it is likely that the only freeway project that will be funded will be the Marquette Interchange reconstruction project. Although this project will involve adding some capacity on certain freeway ramps, it is primarily a rehabilitation project since it involves replacing the existing interchange structures with new structures in a new alignment. In future biennia, this program may fund expansion projects on the southeast Wisconsin freeways.

It should also be noted that these programs include functions that may not be directly related to construction and maintenance projects. For instance, some of the administrative costs associated with developing highway rehabilitation projects are funded from within the state highway rehabilitation program. Also, auxiliary projects, like the construction of rest area buildings and wetland restoration (to replace wetlands destroyed by projects) are funded from the highway construction programs. Also, the maintenance and traffic operations program is responsible for some activities that are not strictly related to highway maintenance, such as the installation of traffic signals, highway signs, highway lighting, and pavement markings. The federal maintenance and traffic operations appropriation funds the operations of the Milwaukee freeway traffic operations center, which, through the use of freeway traffic cameras and other technologies, monitors traffic conditions on southeast freeways. This information is used to dispatch emergency vehicles and tow trucks to the site of incidents and to provide public notice of traffic problems.

The following table shows the total funding for maintenance, rehabilitation, and highway expansion for the 2003-05 biennium. The following assumptions have been made for the purposes of this analysis: (a) the amount budgeted for highway maintenance is the amount provided in the SEG appropriation for highway maintenance and traffic operations; (b) the FED appropriation for highway maintenance and traffic operations is excluded from the maintenance category since it funds the freeway traffic operations center highway rehabilitation, which is a distinct function that is not directly related to highway maintenance; (c) the rehabilitation category includes the amount budgeted for southeast Wisconsin freeway rehabilitation and the amount budgeted for state highway rehabilitation, minus the estimated amount associated with minor expansion projects conducted in this program (7.5% of the total, which is the midpoint of the range of the rehabilitation budget that DOT indicates is spent on capacity expansion); and (d) the expansion category includes the amount budgeted for major highway development plus the estimated amount spent on minor capacity expansion projects in the state highway rehabilitation program. The percentage that each function is of the total of these three functions is shown in the final column. The total does not add due to rounding.



WISCONSIN STATE LEGISLATURE





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

State Rep. Suzanne Jeskewitz
Co-chair, Joint Audit Committee
Room 314 North
State Capitol
P.O. Box 8952
Madison 53708

Hard Copy To Follow

State Sen. Carol Roessler
Co-chair, Joint Audit Committee
Room 8 South
State Capitol
P.O. Box 7882
Madison 53707

March 23, 2004

Dear Rep. Jeskewitz and Sen. Roessler,

Congratulations on the adoption of AB893. It will go a long way toward forcing the Wisconsin Department of Transportation to accept financial accountability. Your bill will do more to protect and inform the taxpayers and residents of Wisconsin than almost any other piece of legislation introduced during the session.

We are writing because of concerns with another major transportation project – the Marquette Interchange reconstruction project.

We have only review a few of the contract records associated with this project – CASH is a volunteer organization and we have to take time off from our jobs to review DOT records – but already we have been taken aback by what we have found:

- The first major design contract for the project went to CH2M Hill on a non-competitive basis after WisDOT revived a dormant, 7-year-old contract with the company. HNTB was added as a subcontractor. The design contract eventually was worth well over \$4 million.
- HNTB and CH2M Hill together now form Milwaukee Transportation Partners, the major design contractor on the project. HNTB and CH2M Hill, individually, are subcontractors on the project.
- WisDOT offered HNTB and CH2M Hill a total of more than \$25,000 to prepare and participate in a single public meeting. This was the fourth public meeting concerning the Interchange project, so it is likely there was very little new preparation needed. I am sure there are many Wisconsin residents who would appreciate paydays like that.

- One of the major design contract related to the Marquette was amended 49 times in 26 months (an average of 1.9 amendments a month), rising in value from \$9,999,999 to \$20.3 million. Under the original, September 2001 contract, HNTB and CH2M Hill each were to be paid \$3,570,793. By December 2003, CH2M Hill was on board for \$5,056,180, an increase of 42%. HNTB was signed up for \$6,001,291, a jump of 68%.

The issues identified in our very brief (2-1/2 hours on a Friday afternoon) review of Marquette Interchange contracts raise concerns about the contracting process used on this project.

We encourage you to make an audit of the MQIC contracting process a top priority of the Joint Audit Committee during the next legislative session. We believe that such an audit is necessary to assure Wisconsin residents all over the state that tax money being spent in Milwaukee is being spent wisely and well.

Thank you for your attention to this matter.

Sincerely,

Gretchen Schuldt
Co-chair
Citizens Allied for Sane Highways

Robert Trimmier
Co-Chair
Citizens Allied for Sane Highways

Cc: State Rep. David Cullen
State Sen. Tom Reynolds



JOHN AINSWORTH
STATE REPRESENTATIVE • 6TH ASSEMBLY DISTRICT

CHAIRMAN:
COMMITTEE ON TRANSPORTATION

JUN 17 2004

June 16, 2004

Senator Carol Roessler, Co-Chair
Joint Legislative Audit Committee
Room 8 South – State Capitol
Madison, Wisconsin 53707

Representative Sue Jeskewitz, Co-Chair
Joint Legislative Audit Committee
Room 314 North – State Capitol
Madison, Wisconsin 53708

In Re: Audit Request

Dear Co-Chair Roessler and Co-Chair Jeskewitz:

I would like to formally request the Joint Legislative Audit Committee to conduct a complete audit of all Department of Transportation holdings of excess land. Specifically, the review should include the following items:

1. Dates of acquisition – number of parcels acquired during specific time periods.
2. Recent (since last audit) trends in number of parcels held.
3. Estimated fiscal effect of holding property longer than required to complete sale.
4. Uniformity of sale procedure (or lack thereof) including regular re-appraisal, deviation from appraised price, etc.
5. Cost of time and effort spent by DOT handling its own sales and comparison to generally accepted percentage of sale paid to private real estate agent.

Your consideration of my request is appreciated.

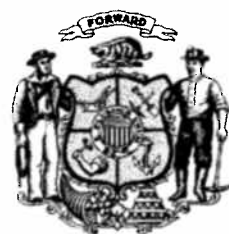
Sincerely,

John Ainsworth, Chair
Assembly Committee on Transportation

JA/cr



WISCONSIN STATE LEGISLATURE



Matthews, Pam

From: Asbjornson, Karen
Sent: Tuesday, August 10, 2004 8:27 AM
To: Chrisman, James; Shannon, Pam; Matthews, Pam
Subject: FW: Hearing on wednesday - Major Highways

fyi...

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

-----Original Message-----

From: Gretchen Doege [mailto:gdoege@wi.rr.com]
Sent: Monday, August 09, 2004 6:48 PM
To: Asbjornson, Karen
Subject: Re: Hearing on wednesday - Major Highways

Karen ---

Thanks for letting me know. I appreciate it. My phone, for future reference, is (414)-331-0724. The e-mail address, obviously, has not changed.

We sent two letters to the co-chairs -- one in February and one in (I think) March. The February one was in regard to the audit in general; the March one was to specifically ask for an audit of the Marquette Interchange. Is DOT responding to both?

Is the meeting going to be streamed via Internet? What time is it? Please let me know if it would be useful for us to be there. I take it from your note it is WisDOT the committee is looking to talk to, and it would not be particularly useful for us to be there.

I still would very much urge the Joint Committee on Audit to direct that an audit of the Marquette be undertaken. Not only is DOT's multi-amendment method of contracting (think of building a house, and commissioning the design window by window, with a contract amendment for each, then throwing in the Amtrak station and a web site) unusual, it's just a huge project that we can learn from, no matter how well or poorly it is done.

Thanks.

Gretchen Schuldt
Co-chair, Citizens Allied for Sane Highways

----- Original Message -----

From: "Asbjornson, Karen" <Karen.Asbjornson@legis.state.wi.us>
To: <gdoege@wi.rr.com>
Sent: Monday, August 09, 2004 12:25 PM
Subject: Re: Hearing on wednesday - Major Highways

Hi Gretchen,

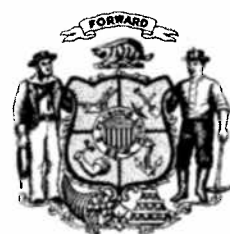
I have had trouble getting information to you because I have been unsuccessful finding a phone number. The Audit Committee is meeting on Wednesday to get a update from DOT on the major highway program audit. In addition, they will be responding to the letter Citizens Allied for Sane Highways sent to the Co-Chairs of Audit.

Thanks!

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



WISCONSIN STATE LEGISLATURE



MOTOR VEHICLE CRASHES IN WISCONSIN, 2002

In 2002, there were a total of 129,072 crashes of all kinds in the state of Wisconsin.

- ▶ Most of those crashes occurred on local streets and roads, followed by state highways, county highways, and Interstates.
- ▶ In 2002 there were a total of 723 *fatal crashes* in Wisconsin.

Local streets and roads

63,279 crashes occurred on local streets and roads in 2002.

- 198 fatal crashes occurred on local streets and roads.

State highways

41,800 crashes occurred on state highways in 2002.

- 310 fatal crashes occurred on the state highway system. Many of these road miles are two-lane, rural highways.

County highways

15,575 crashes occurred on county highway in 2002.

- 171 fatal crashes occurred on county highways.

Interstate highways

8,818 crashes occurred on the Interstate system.

- 44 fatal crashes occurred on the Interstate system.

Driver error is the primary factor in crashes

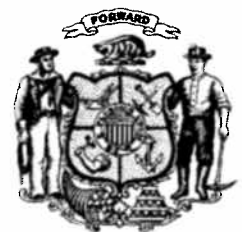
- Just five “driver contributing factors” make up nearly 73% of the 133,437 “possible contributing factors” listed on police accident reports, in the following order:
 - Inattentive driving (26,076 total, or nearly 20% of all crash causes listed)
 - Failure to yield right of way (23,485 total, or more than 17%)
 - Failure to have control (21,407, or 16%)
 - Speed too fast for conditions (15,272, or 11%)
 - Following too closely (10,480, or nearly 8%)

Highway conditions as a contributing factor

- Road conditions are much less often listed as a contributing factor in a crash.
- The most frequently listed highway condition factor by far is “snow/ice/wet” conditions.
- Visibility obscured, construction zone, loose gravel, other debris, are the other most frequently cited contributing highway conditions in crashes.



WISCONSIN STATE LEGISLATURE



Cost Changes On Two Recently Completed Major Projects

STH 110/US 45 - US 41 to CTH G

1991 estimate - \$14 million

Final 2004 estimate - \$34 million

- Original concept was to add 2 new lanes along side the existing roadway for 3 miles and a new multi-lane roadway for the remaining 5 miles.
- Investigations during the environmental process, resulted in a recommendation to construct a new multi-lane roadway for the entire length of the project.
- Other changes included:
 - Additional bridges in order to address local access and agricultural equipment concerns
 - An interchange at STH 116/GG to improve safety and traffic flow concerns resulting from growing development pressures
 - Grade separations at CTH Y and the WIOUWASH recreation trail to improve safety
- Consumer prices were up 35% during the decade, and construction prices rose by a similar amount.

*** US 10 - Fremont to US 45**

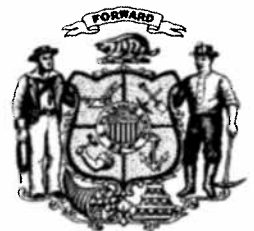
1992 estimate - \$38 million

Final 2004 estimate - \$79 million

- Original concept was for a multi-lane expressway.
- An East Central RPC corridor study resulted in strong local support for a freeway design to address safety and economic development concerns. Result: the addition of three interchanges and 18 additional grade separation structures.
- Real estate costs in Appleton area increased by 66% due to development pressure.
- Negotiations with local and county officials regarding jurisdictional transfer of existing routes increased costs by \$3 million over what was originally anticipated.
- Again, consumer prices were up 35% during the decade, and construction prices rose by a similar amount.



WISCONSIN STATE LEGISLATURE





STATUTORY CHARGE

13.489 Transportation projects commission. (1) CREATION. There is created a transportation projects commission consisting of the governor, 3 citizen members appointed by the governor to serve at his or her pleasure, and 5 senators and 5 representatives to the assembly appointed as are the members of standing committees in their respective houses. Of the members from each house, 3 shall be chosen from the majority party and 2 shall be chosen from the minority party. The secretary of transportation shall serve as a nonvoting member. The governor shall serve as chairperson. Citizen members of the commission shall be reimbursed for their actual and necessary expenses incurred as members of the commission from the appropriation under s. 20.395(4)(aq).

(1m) APPROVAL OF COMMISSION REQUIRED FOR STUDY OF POTENTIAL MAJOR HIGHWAY PROJECTS. (a) In this subsection:

1. "Environmental assessment" means an analysis of a proposed action to determine whether the proposed action constitutes a major action significantly affecting the human environment under s. 1.11(2)(c).
2. "Environmental impact statement" means a detailed statement required under s. 1.11(2)(c).
3. "Major highway project" has the meaning given in s. 84.013(1)(a).
 - (b) Not later than October 15 of each odd-numbered year, the department of transportation shall provide to the commission a list of potential major highway projects that the department has initially determined may be recommended under par. (c) for approval to prepare an environmental impact statement or an environmental assessment and a list of potential major highway projects that could be studied for possible recommendation under sub. (4). The commission may conduct public hearings on potential major highway projects identified by the department of transportation or by the commission.
 - (c) Not later than March 15 of each even-numbered year, the department of transportation shall report to the commission those potential major highway projects that the department recommends be approved by the commission for preparation of an environmental impact statement or an environmental assessment.
 - (d) Not later than April 15 of each even-numbered year, the commission shall notify the department of those potential major highway projects that the commission approves for preparation of an environmental impact statement or

an environmental assessment or shall notify the department that it does not approve any potential major highway projects for preparation of an environmental impact statement or environmental assessment.

- (e) The department of transportation may not prepare an environmental impact statement or an environmental assessment for a potential major highway project unless the commission notifies the department under par. (d) that the project is approved.

(2) DEPARTMENT TO REPORT PROPOSED PROJECTS. Subject to s. 85.05, the department of transportation shall report to the commission not later than September 15 of each even-numbered year and at such other times as required under s. 84.013(6) concerning its recommendations for adjustments in the major highway projects program under s. 84.013.

(3) ASSISTANCE TO COMMISSION. The department of transportation shall assist the commission in the performance of its duties. The department of transportation shall, when requested by the commission, make or cause to be made such studies, and cost estimates with respect to any proposed project as are necessary to permit the commission to consider the project. The costs of such studies shall be charged to the appropriate program appropriation under s. 20.395.

(4) REVIEW OF PROJECTS. (a) 1. All reports submitted as provided by sub. (2) shall be reviewed by the commission. The commission shall report its recommendations concerning major highway projects to the governor or governor-elect, the legislature and the joint committee on finance no later than December 15 of each even-numbered year or within 30 days following submission of a report under s. 84.013 (6). The commission may recommend approval, approval with modifications, or disapproval of any project, except that the commission may not recommend the approval, with or without modifications, of any project unless any of the following applies:

- a. The commission determines that, within 6 years after the first July 1 after the date on which the commission recommends approval of the project, construction will be commenced on all projects enumerated under s. 84.013 (3) and on the project recommended for approval.
- b. The report recommending approval of the project is accompanied by a financing proposal that, if implemented, would provide funding in an amount sufficient to ensure that construction will commence on all projects enumerated under s. 84.013 (3) and on the project within 6 years after the first July 1 after the date on which the commission recommends approval of the project.

2. In determining the commencement date for projects under subd. 1. a. and b., the commission shall assume that the appropriation amounts under s. 20.395 (3) (bq) to (bx) for the current fiscal year will be adjusted annually to reflect adjustments to the U.S. consumer price index for all urban consumers, U.S. city average, as determined by the U.S. department of labor.

(b) The commission may include in the report in par. (a) its designation of highway improvement projects under s. 84.013(6m) as major highway projects.