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☞ Details: Department of Transportation Major Highway Development Program

(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) (November 2012)

## Senate

### Record of Committee Proceedings

#### Joint Legislative Audit Committee

##### Proposed Audit of the Department of Transportation's Major Highway Development Program

January 27, 2003      Referred to Joint committee on Audit.

February 5, 2003      PUBLIC HEARING HELD

Present:            (10)    Senators Roessler, Cowles, Darling, George, Hansen. Representatives Jeskewitz, Kaufert, Kerkman, Cullen, Pocan.

Absent:            (0)    None.

##### Appearances for

- Thomas Walker, Madison - Wisconsin Transportation Builders Association

##### Appearances against

- None.

##### Appearances for Information Only

- Janice Mueller, Madison - State Auditor, Legislative Audit Bureau
- Alice Morehouse, Madison - Department of Transportation

##### Registrations for

- None.

##### Registrations against

- None.

February 5, 2004      EXECUTIVE SESSION

Present:            (10)    Senators Roessler, Cowles, Darling, George, Hansen. Representatives Jeskewitz, Kaufert, Kerkman, Cullen, Pocan.

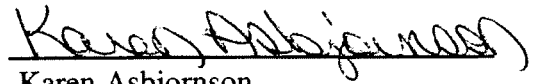
Absent:            (0)    None.

Moved by Senator Hansen, seconded by Representative Jeskewitz that **Proposed Audit of the Department of Transportation's Major Highway Development Program** be approved according

to the scope statement prepared by the Legislative Audit Bureau.

Ayes: (10) Senators Roessler, Cowles, Darling, George,  
Hansen. Representatives Jeskewitz, Kaufert,  
Kerkman, Cullen, Pocan.  
Noes: (0) None.

ADOPTION RECOMMENDED, Ayes 10, Noes 0



Karen Asbjornson  
Committee Clerk



## Record of Committee Proceedings

### Joint Legislative Audit Committee

#### Audit Report 03-13,

An Evaluation of the Major Highway Program.

January 26, 2004

#### **PUBLIC HEARING HELD**

Present: (8) Senators Roessler, Cowles, Plale and Lassa;  
Representatives Jeskewitz, Kaufert, Kerkman  
and Pocan.

Absent: (2) Senator Darling; Representative Cullen.

#### Appearances For

- Pat Riley, Franklin

#### Appearances Against

- None.

#### Appearances for Information Only

- Janice Mueller, Madison - State Auditor, Legislative Audit Bureau
- Don Bezruki, Madison - Legislative Audit Bureau
- John Ainsworth, Shawano - State Representative, 6th Assembly District
- Frank Busalacchi, Madison - Secretary, Department of Transportation
- Mark Wolfgram, Madison - Administrator, Division of Transportation Investment Management, Department of Transportation
- Kevin Chesnik, Madison - Administrator, Division of Transportation Infrastructure and Development, Department of Transportation
- Randy Romanski, Madison - Executive Assistant, Department of Transportation
- Alice Morehouse, Madison - Director, Policy and Budget, Department of Transportation
- Lynne Judd, Madison - Administrator, Division of Transportation Districts, Department of Transportation
- Leonard Sobczak, Milwaukee - Transportation Projects Commission

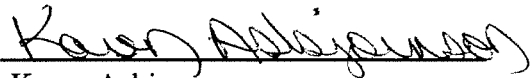
- Bob Cook, Madison - Executive Director, Transportation Development Association
- Tom Walker, Madison - Executive Director, Wisconsin Transportation Builders Association
- Kevin Soucie, Greenfield - Soucie and Associates
- Ward Lyles, Madison - 1000 Friends of Wisconsin
- Bob Bowen, Stevens Point
- Bryan Bowen, Rhinelander
- Alvin White, Glenbeulah

Registrations For

- None.

Registrations Against

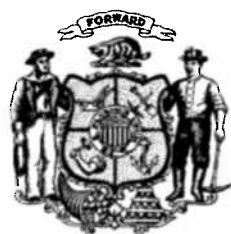
- None.



Karen Asbjornson  
Committee Clerk



# WISCONSIN STATE LEGISLATURE



# Record of Committee Proceedings

## Joint Legislative Audit Committee

### Follow-up: Audit Report 03-13,

Major Highway Program, Department of Transportation.

August 11, 2004

### **PUBLIC HEARING HELD**

- Present: (9) Senators Roessler, Cowles, Darling, Plale and Lassa; Representatives Jeskewitz, Kaufert, Kerkman and Pocan.
- Absent: (1) Representative Cullen.

#### Appearances For

- None.

#### Appearances Against

- None.

#### Appearances for Information Only

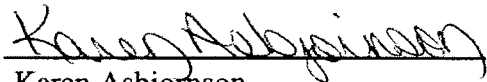
- Frank Busalacchi, Madison – Secretary, Department of Transportation
- Kevin Chesnik, Madison - Administrator, Division of Transportation Infrastructure and Development, Department of Transportation
- Mark Wolfgram, Madison - Administrator, Division of Transportation Investment Management, Wisconsin Department of Transportation.

#### Registrations For

- None.

#### Registrations Against

- None.



Karen Asbjornson  
Committee Clerk





## Matthews, Pam

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**From:** Handrick, Diane  
**Sent:** Tuesday, March 23, 2004 12:06 PM  
**To:** 'SueHome'; Matthews, Pam  
**Subject:** Citizens Allied for Sane Highways letter

**Follow Up Flag:** Follow up  
**Flag Status:** Flagged



MarquetteAuditReq  
uest.doc

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

**From:** Gretchen Doege [mailto:gdoege@wi.rr.com]  
**Sent:** Tuesday, March 23, 2004 6:10 AM  
**To:** sen.roessler@legis.state.wi.us; rep.jeskewitz@legis.state.wi.us  
**Cc:** David Cullen; sen.reynolds@legis.state.wi.us  
**Subject:** Citizens Allied for Sane Highways letter

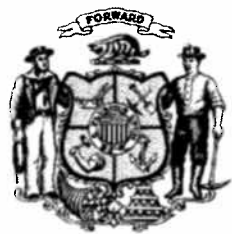
Please see the attached letter from Citizens Allied for Sane Highways re.  
the Marquette Interchange project.

Thank you.

Gretchen Schuldt  
co-chair, Citizens Allied for Sane Highways



# WISCONSIN STATE LEGISLATURE



## August 11, 2004 Audit Hearing Questions

### ***DOT – Major Highway Programs:***

- June 1, 2004 Report
  - 1) Why will it be February 2005 before you can provide data on real estate purchases?
  - 2) Are we on the same page? Legislation calls for the DOT to report to the TPC all actual and estimated project costs however, the June 1<sup>st</sup> report says you will provide more comprehensive information on the cost of the major highway project.
  - 3) Can you expand more on your explanation about the your approach on environmental costs? I'm trying to understand why it will be Fiscal Year 2007 before we can expect interim result?

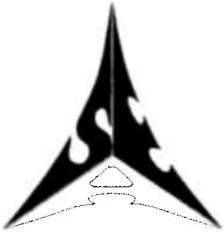
### ***Bureau of Milwaukee Child Welfare:***

- Karen has instructed the Department to testify from the perspective that an audit is eminent and might the audit focus on areas that would best help the department.
- This item of the hearing is less predictable for developing questions prior to testimony.

### ***Food Stamps:***

- Has Wisconsin's error rate dropped sufficiently so that we will not face sanctions?
- What system changes have been implemented since we last spoke and how have they helped?
- What states have you looked at to find best practices that might work in Wisconsin?





# STATE ENGINEERING ASSOCIATION

4510 REGENT STREET  
MADISON, WISCONSIN 53705 (608) 233-4696

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November 16, 2004

RE: Saving Taxpayer Money

Dear Honorable Elected Officials:

As you probably know, the Wisconsin Department of Transportation (DOT) was tasked to prepare a cost analysis to determine if consultants are more or less expensive than state employees for engineering services. After many delays, this report has finally been released. It once again proves state engineers are a better value for taxpayers. The data shows **taxpayers pay 18 percent more** when engineering work is contracted out.

I have attached a copy of DOT's cost comparison for your review, as well as a copy of our press release. Please take a few minutes to read the cost comparison, and consider this analysis as DOT submits its budget request. If DOT is allowed to expand outsourcing at a higher cost, more taxpayer dollars will be wasted and public safety will be compromised.

My request to you comes at a critical time because although DOT has submitted its budget request, there still is time to modify it to be more cost effective. As a taxpayer, I cannot afford to allow the state to continue the wasteful practice of outsourcing engineering work. As a state employee and President of the State Engineering Association (SEA), I am outraged that the state continues to expand contracting out even though study after study shows that contracting out costs more.

If you have questions about information in this report, please contact me at (414) 750-1496 or [MVKlipstein@aol.com](mailto:MVKlipstein@aol.com).

Sincerely,

*Mark Klipstein (CNC)*

Mark Klipstein  
SEA President



# STATE ENGINEERING ASSOCIATION

4510 REGENT STREET  
MADISON, WISCONSIN 53705 (608) 233-4696

November 16, 2004

FOR IMMEDIATE RELEASE

For More Information Contact: Mark Klipstein at (414) 750-1496 or SEA at (608) 233-4696

## **State Employees 18% More Cost Effective**

MADISON – In a report obtained by the State Engineering Association (SEA), Department of Transportation (DOT) officials determined that contracting out engineering work is much more expensive than having existing state employees do the work. The data shows taxpayers pay 18 percent more when engineering work is contracted out. Taxpayers have been fleeced for more than \$27.6 million for DOT engineering contracts.

State officials initially refused to release a cost comparison report that shows contracting out is much more expensive. “The state doesn’t seem to want to acknowledge that its employees are more cost effective than consultants. Instead, the state continues to shift work away from state employees to higher cost engineering consultants,” said SEA President Mark Klipstein. “In a time of tight budgets, the taxpayer cannot afford to have the state continue the wasteful practice of contracting out engineering work. If the state is allowed to continue to expand contracting, more taxpayer dollars will be wasted.”

DOT’s reorganization plan calls for 365 people to be laid off. “As contracting out continues to increase and more state employees are laid off, we are losing our capacity not only to engineer and design projects, but also to oversee consultants’ work and protect the public’s interest in safety and quality,” added Klipstein. “Consultants and local officials are concerned that the process for approval will be delayed as fewer employees are available for project review.”

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FOR WISCONSIN STATE EMPLOYEES ENGAGED IN THE PROFESSION OF ENGINEERING

State Employees 18% More Cost Effective (cont.)  
Released November 16, 2004

DOT was tasked to prepare the cost analysis to determine if engineering consultants are more or less expensive than state employees for engineering services. Analysts used accounting methods required by the federal government. The analysis is very thorough and is based on a substantial number of projects, reflecting the total cost to taxpayers. It clearly demonstrates that the taxpayer is better served by cutting back on contracting out for engineering. The report was released due to pressure from state legislators.

“These results are encouraging, but not unexpected. This study will clear up the misconception that private companies are always more efficient than government agencies,” Klipstein said. “That is why we pursued every option to get the full report made public.”

A contradictory report released by the Department of Administration (DOA) is based on only a tiny portion of DOT project costs. It also improperly shifts significant costs from consultant-led projects to projects that are performed by state employees. “DOT stands behind its report. Many wonder if the serious flaws in the DOA analysis are being used to support Governor Doyle’s plan to cut 10,000 state employees, without regard to the cost to taxpayers,” Klipstein said. “The administration has made it clear that state employees will continue to be laid off and their work will be contracted out, regardless of cost or public safety concerns.”

State studies conducted since 1985 consistently show that contracting engineering work costs taxpayers more. “Ironically,” Klipstein points out, “the state has expanded contracting engineering work since the mid-1980s and laid off qualified engineers.”

SEA is a bargaining unit of more than 1,000 engineers and engineering-related professionals in a dozen state agencies. We are a group of people dedicated to ensuring the quality and safety of life of every Wisconsin resident.

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Check the SEA website, [http://www.wisea.org/outsourcing\\_article\\_links.htm](http://www.wisea.org/outsourcing_article_links.htm) for links to recent newspaper articles on outsourcing.





## Wisconsin Department of Transportation

www.dot.wisconsin.gov

Jim Doyle  
Governor

Frank J. Busalacchi  
Secretary

Division of Transportation Districts  
4802 Sheboygan Ave., Rm. 417  
PO Box 7965  
Madison, WI 53707-7965

Telephone: 608-264-6672  
Teletypewriter (TTY): 608-261-8200  
Facsimile (FAX): 608-267-3356  
E-mail: [division-office.dtd@dot.state.wi.us](mailto:division-office.dtd@dot.state.wi.us)

November 11, 2004

Sharon Bremser  
1<sup>st</sup> Vice President  
State Engineering Association  
4510 Regent Street  
Madison, WI 53705

Dear Ms. Bremser:

Enclosed is the copy you requested of the DOT's comparison of in-house and contracted engineering-related work, including a brief description of the methods used. Also enclosed is a copy of an analysis performed by the State Budget Office of the Department of Administration.

As you review the information, please keep in mind that it is a numeric analysis of aggregate data representing four years of engineering-related work. It does not address cause for any observed difference and, of course, any individual project, whether produced in-house or by contract, may look different from the aggregate.

At the direction of the Governor every state agency is reviewing its contracting practices. As part of our review, the department recently modified its consultant selection process, instituting more detailed documentation and higher-level management reviews for consultant selection. We are currently reviewing negotiation practices, including our latitude to negotiate price under the federally mandated Qualification-Based Selection process, and consideration of greater standardization for contract provisions. We expect results of this second review in early 2005.

If you have technical questions about this analysis, please contact the Department's Division of Transportation Districts (608-264-6672).

Sincerely,

A handwritten signature in cursive script, appearing to read "Lynne B. Judd".

Lynne B. Judd  
BTD Administrator

Cc: Mark Klipstein, SEA President

# DRAFT

## WisDOT and Division of Transportation Districts Engineering Cost Comparison April 20, 2004

### **Engineering Costs Have Declined 25% Over the Last Decade**

- The Division of Transportation Districts tracks the cost of delivering closed state highway improvement projects by both consultant and in-house staff as a percent of construction costs. Because this historical trend data is based on closed projects, it is not completely current and is dependent on the timing of administrative closings.
- Over the last decade, this Engineering Cost Index shows that the cost for engineering services has declined by approximately 25%.

### **Costs Are Lower For In-house Led Projects**

- In response to a legislative request in 2001, DTD developed a method to calculate more current engineering costs for comparison purposes. This method was used to calculate the costs reported here.
- Comparison cost data for the four years from FY1999 to FY2002 shows that:
  - In-house Design engineering costs were lower in four of five improvement categories
  - In-house Construction engineering costs were lower in all five improvement categories
  - Total in-house engineering costs averaged 21.8% and total consultant engineering costs averaged 25.7% of construction costs.
- With the loss of each in-house FTE, the Department pays approximately \$19,000 (or 18%) more for consultant engineering services to deliver the same amount of the program as the in-house FTE.
- The four-year Design total might have been \$21.6 million less if consultant led projects had been delivered at the in-house delivery percent.
- The four-year Construction total might have been \$6.0 million less if consultant led projects had been delivered at the in-house delivery percent.
- The data reported is from state fiscal years 1999-2002 for projects that were determined to be at least 95% complete.

### **In-house Costs Include Overhead**

- WisDOT first developed an in-house engineering services overhead rate in the early 1990's to compare the cost of in-house and consultant provided services.

# DRAFT

## Engineering Cost Comparison 1999-2002 Complete and Almost Complete Projects

SFY 1999 to 2002 Type of Project (least complex to most complex)	Consultant, % (A)	In-House, % (B)	Difference, % (A-B)	Consultant Relative % More or Less
SHRM *	18.7	13.0	5.7	+43.8
Bridge Replacement	28.6	29.7	-1.1	-3.7
Rehabilitation **	22.9	20.4	2.5	+12.3
Reconstruction ***	28.8	25.7	3.1	+12.1
Major Projects	25.4	21.2	4.2	+19.8
ALL PROJECT TYPES	25.7	21.8	3.9	+17.9

\* SHRM (State Highway Roadway Maintenance) includes low level roadway and bridge preservation.

\*\* The category for rehabilitation work includes resurfacing, reconditioning, pavement replacement and bridge rehabilitation

\*\*\* The category for reconstruction includes roadway replacement and, in some cases, expansion below the major project threshold.

### **WisDOT Provides Important Competition**

- WisDOT continues to perform highway engineering work to maintain:
  - competition and, thus, control costs
  - flexibility to outsource the right mix of work
  - expertise necessary to maintain quality and to oversee consultant work
- WisDOT's goal has been not more than 50% outsourced engineering work; somewhat less than that would increase flexibility.
- Consultant expenditures for engineering services have increased from approximately \$65 million in FY1999 to \$116 million in FY2003.
- WisDOT's increasing cost advantage has tempered its loss of market share, however in-house work has declined from 59% in FY1999 to 46% in FY2003. In-house work as a percent of engineering work is expected to decline again in FY2004.
- WisDOT believes that effective competition has contributed to its declining costs; preserving competition is important to continued and improved efficiency.

## WisDOT Engineering Cost Comparison Methodology - Details

### INTRODUCTION

#### Projects included in study

State Trunk Highway Improvement Projects  
Appropriations 363 / 383 and 362 / 392

Design Projects – from inception of project to bid letting

Construction Projects – from letting to completion of construction

#### The study is conducted on basis of fully absorbed costs (actual costs plus overhead)

In order for WisDOT to make a valid cost comparison between In-House and Consultant Led engineering efforts, WisDOT developed an In-House engineering services overhead rate that is applied to In-House and Consultant labor.

### STEPS

I. Draw list of projects that meet criteria listed above from source and download to Excel spreadsheets

II. Report on projects that are substantially complete to accurately forecast engineering costs.

The entire population of data includes projects that are not substantially complete. We maintain a record of these projects apart from this study for reference.

III. Sort State Trunk Highway Projects into the five Improvement Categories we report

Reconstruction  
Rehabilitation  
Bridge Replacement  
SHRM (General Maintenance)  
Major Projects

IV. Calculate Engineering Cost as a percent of the construction costs

For Design – engineering charges to a project divided by what we expect to pay to build the project

For Construction – engineering charges to a project divided by what we actually pay the road contractor

Total Engineering Cost is the sum of total Design and Construction

Design Delivery Cost  
FY99-FY02

**DRAFT**

TYPE	BY	CONTRACT AMOUNT	DELIVERY	DELIVERY %
SHRM 99-02	CNSLT	\$ 21,507,206	\$ 1,802,085	8.4%
SHRM 99-02	SHARE	\$ 3,574,945	\$ 136,644	3.8%
SHRM 99-02	IN HSE	\$ 119,398,252	\$ 6,079,471	5.1%
SHRM 99-02	TOTAL	\$ 144,480,403	\$ 8,018,199	5.5%

TYPE	BY	CONTRACT AMOUNT	DELIVERY	DELIVERY %
BRDG REPLACE 99-02	CNSLT	\$ 22,782,099	\$ 3,620,099	15.9%
BRDG REPLACE 99-02	SHARE	\$ 11,056,365	\$ 2,490,686	22.5%
BRDG REPLACE 99-02	IN HSE	\$ 74,026,368	\$ 13,033,276	17.6%
BRDG REPLACE 99-02	TOTAL	\$ 107,864,831	\$ 19,144,061	17.7%

TYPE	BY	CONTRACT AMOUNT	DELIVERY	DELIVERY %
REHAB 99-02	CNSLT	\$ 245,989,635	\$ 32,239,646	13.1%
REHAB 99-02	SHARE	\$ 57,837,348	\$ 7,521,882	13.0%
REHAB 99-02	IN HSE	\$ 465,116,706	\$ 55,776,915	12.0%
REHAB 99-02	TOTAL	\$ 768,943,689	\$ 95,538,443	12.4%

TYPE	BY	CONTRACT AMOUNT	DELIVERY	DELIVERY %
RECONST 99-02	CNSLT	\$ 278,590,721	\$ 48,941,985	17.6%
RECONST 99-02	SHARE	\$ 84,111,969	\$ 16,015,432	19.0%
RECONST 99-02	IN HSE	\$ 316,839,508	\$ 46,883,916	14.8%
RECONST 99-02	TOTAL	\$ 679,542,198	\$ 111,841,333	16.5%

TYPE	BY	CONTRACT AMOUNT	DELIVERY	DELIVERY %
MAJORS 99-02	CNSLT	\$ 194,743,952	\$ 30,061,486	15.4%
MAJORS 99-02	SHARE	\$ 26,232,894	\$ 3,670,209	14.8%
MAJORS 99-02	IN HSE	\$ 151,426,298	\$ 18,200,902	12.0%
MAJORS 99-02	TOTAL	\$ 372,403,144	\$ 51,932,598	13.9%

ALL TYPES 99-02	TOTAL	\$ 2,073,234,265	\$ 286,474,635	13.8%
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**Design Delivery Cost  
FY99-FY02**

TYPE	BY	CONTRACT AMOUNT	DELIVERY	DELIVERY %
ALL TYPES 99-02	CNSLT	\$ 783,613,612	\$ 116,665,302	15.3%
ALL TYPES 99-02	SHARE	\$ 182,813,521	\$ 29,834,853	16.3%
ALL TYPES 99-02	IN HSE	\$ 1,126,807,131	\$ 139,974,480	12.4%
ALL TYPES 99-02	TOTAL	\$ 2,073,234,265	\$ 286,474,635	13.8%

TYPE	BY	CONTRACT AMOUNT	DELIVERY	DELIVERY %
ALL TYPES 99-02	CNSLT	36.8%	40.7%	
ALL TYPES 99-02	SHARE	8.8%	10.4%	
ALL TYPES 99-02	IN HSE	54.4%	48.9%	
ALL TYPES 99-02	TOTAL	100.0%	100.0%	

Construction Delivery Cost  
FY99 to FY02

TYPE	BY	NON DELIVERY	DELIVERY	DELIVERY %
SHRM 99-02	CNSLT	\$ 42,444,222	\$ 4,369,314	10.3%
SHRM 99-02	SHARE	\$ 8,329,068	\$ 653,323	7.8%
SHRM 99-02	IN HSE	\$ 63,462,502	\$ 5,026,981	7.9%
SHRM 99-02	TOTAL	\$ 114,235,792	\$ 10,049,617	8.8%

TYPE	BY	NON DELIVERY	DELIVERY	DELIVERY %
BRDG REPLACE 99-02	CNSLT	\$ 37,198,644	\$ 4,741,983	12.7%
BRDG REPLACE 99-02	SHARE	\$ 7,694,693	\$ 848,469	11.0%
BRDG REPLACE 99-02	IN HSE	\$ 46,581,909	\$ 5,647,583	12.1%
BRDG REPLACE 99-02	TOTAL	\$ 91,465,246	\$ 11,238,034	12.3%

TYPE	BY	NON DELIVERY	DELIVERY	DELIVERY %
REHAB 99-02	CNSLT	\$ 180,319,815	\$ 17,656,639	9.8%
REHAB 99-02	SHARE	\$ 40,615,946	\$ 3,348,997	8.2%
REHAB 99-02	IN HSE	\$ 380,298,958	\$ 31,900,674	8.4%
REHAB 99-02	TOTAL	\$ 601,234,719	\$ 52,904,310	8.8%

TYPE	BY	NON DELIVERY	DELIVERY	DELIVERY %
RECONST 99-02	CNSLT	\$ 182,929,960	\$ 20,564,809	11.2%
RECONST 99-02	SHARE	\$ 83,964,897	\$ 9,985,474	11.9%
RECONST 99-02	IN HSE	\$ 245,877,181	\$ 26,851,447	10.9%
RECONST 99-02	TOTAL	\$ 512,772,038	\$ 57,401,729	11.2%

TYPE	BY	NON DELIVERY	DELIVERY	DELIVERY %
MAJORS 99-02	CNSLT	\$ 206,459,190	\$ 20,545,625	10.0%
MAJORS 99-02	SHARE	\$ 80,474,548	\$ 6,936,043	8.6%
MAJORS 99-02	IN HSE	\$ 204,657,607	\$ 18,810,485	9.2%
MAJORS 99-02	TOTAL	\$ 491,591,345	\$ 46,292,152	9.4%
ALL TYPES 99-02	TOTAL	\$ 1,811,289,140	\$ 177,885,843	9.8%

**Construction Delivery Cost  
FY99 to FY02**

TYPE	BY	NON DELIVERY	DELIVERY	DELIVERY %
ALL TYPES 99-02	CNSLT	\$ 649,351,831	\$ 67,878,369	10.5%
ALL TYPES 99-02	SHARE	\$ 221,079,152	\$ 21,770,305	9.8%
ALL TYPES 99-02	IN HSE	\$ 940,858,157	\$ 88,237,169	9.4%
ALL TYPES 99-02	TOTAL	\$ 1,811,289,140	\$ 177,885,843	9.8%

TYPE	BY	NON DELIVERY	DELIVERY	DELIVERY %
ALL TYPES 99-02	CNSLT	35.9%	38.2%	
ALL TYPES 99-02	SHARE	12.2%	12.2%	
ALL TYPES 99-02	IN HSE	51.9%	49.6%	
ALL TYPES 99-02	TOTAL	100.0%	100.0%	



Engineering Delivery Cost  
FY99 to FY02

TYPE	BY	DESIGN DELIVERY %	CONSTRUCTION DELIVERY %	ENGINEERING DELIVERY %
ALL TYPES 99-02	CNSLT	15.3%	10.5%	25.7%
ALL TYPES 99-02	SHARE	16.3%	9.8%	26.2%
ALL TYPES 99-02	IN HSE	12.4%	9.4%	21.8%
ALL TYPES 99-02	TOTAL	13.8%	9.8%	23.6%



(e) If applicable, a provision specifying that any operation and maintenance under the agreement by the private entity shall be conducted in accordance with requirements and specifications approved by the department.

(f) A provision establishing a mechanism for the resolution of disputes.

(g) 1. In this paragraph, "park-and-ride facility" means a facility with a parking lot and, within a reasonable walking distance, a station or transfer point where commuters access a mass transit system.

2. If the department determines that such a provision advances the public interest, a provision exempting the private entity from the restrictions under ss. 84.25 (11) and 86.19 (1), and specifying any requirements that the department determines will practicably advance the purposes of ss. 84.25 (11) and 86.19 (1). This subdivision applies only to park-and-ride facilities.

(31) ACCOMMODATION OF UTILITY FACILITIES WITHIN HIGHWAY RIGHTS-OF-WAY. Notwithstanding ss. 84.06 (4), 84.063, 84.065, and 84.093, the department may, upon finding that it is feasible and advantageous to the state, negotiate and enter into an agreement to accept any plant or equipment used for the conveyance, by wire, optics, radio signal, or other means, of voice, data, or other information at any frequency over any part of the electromagnetic spectrum, or to accept any services associated with the collection, storage, forwarding, switching, and delivery incidental to such communication, as payment for the accommodation of a utility facility, as defined in s. 84.063 (1) (b), within a highway right-of-way. Any agreement under this subsection is exempt from ss. 16.70 to 16.75, 16.755 to 16.82, and 16.85 to 16.89, but ss. 16.528, 16.752, and 16.754 apply to such agreement.

(32) CONFIDENTIALITY OF BIDDER INFORMATION. (a) The department may not disclose to any person any information requested by the department for the purpose of complying with 49 CFR 26, as that section existed on October 1, 1999, that relates to an individual's statement of net worth, a statement of experience, or a company's financial statement, including the gross receipts of a bidder.

(b) This subsection does not prohibit the department from disclosing information to any of the following persons:

1. The person to whom the information relates.
2. Any person who has the written consent of the person to whom the information relates to receive such information.
3. Any person to whom 49 CFR 26, as that section existed on October 1, 1999, requires or specifically authorizes the department to disclose such information.

**History:** 1971 c. 40, 125; 1973 c. 12; 1973 c. 243 s. 82; 1975 c. 189; 1977 c. 29 ss. 918 to 924, 1654 (1), (8) (a), (f), 1656 (43); 1977 c. 190, 272; 1979 c. 221, 314; 1981 c. 346 s. 38; 1983 a. 27, 130; 1985 a. 29, 300; 1987 a. 27; 1989 a. 31, 125, 345; 1993 a. 246; 1995 a. 225, 338; 1997 a. 27, 106; 1999 a. 9; 2001 a. 16.

**84.011 Who to sign contracts.** The secretary, or the secretary's designees, may sign and execute in the name of the department any conveyance or any contract or agreement with the federal government or its departments, subdivisions of the state, corporations, limited liability companies, associations, partnerships and individuals.

**History:** 1977 c. 29; 1993 a. 112, 490.

**84.012 Setoffs.** All amounts owed by this state under this chapter are subject to being set off under s. 73.12.

**History:** 1985 a. 29.

**84.013 Highway projects.** (1) In this section:

(a) "Major highway project" means a project, except a project providing an approach to a bridge over a river that forms a boundary of the state or a southeast Wisconsin freeway rehabilitation project under s. 84.014, which has a total cost of more than \$5,000,000 and which involves any of the following:

1. Constructing a new highway 2.5 miles or more in length.
2. Reconstructing or reconditioning an existing highway by either of the following:

a. Relocating 2.5 miles or more of the existing highway.

b. Adding one or more lanes 5 miles or more in length to the existing highway.

3. Improving to freeway standards 10 miles or more of an existing divided highway having 2 or more lanes in either direction.

(b) "Reconditioning" means work in addition to resurfacing. "Minor reconditioning" includes pavement widening and shoulder paving. "Major reconditioning" includes improvement of an isolated grade, curve, intersection or sight distance problem to improve safety. Major reconditioning projects may require additional property acquisition.)

(c) "Reconstruction" means total rebuilding of an existing highway to improve maintainability, safety, geometrics and traffic service. It is accomplished basically on existing alignment, and major elements may include flattening of hills and grades, improvement of curves, widening of the roadbed, and elimination or shielding of roadside obstacles. Normally reconstruction will require additional property acquisition.

(d) "Resurfacing" means placing a new surface on an existing highway to provide a better all-weather surface and a better riding surface, and to extend or renew the pavement life. It generally involves no improvement in capacity or geometrics. Resurfacing may include some elimination or shielding of roadside obstacles, culvert replacements, signals, marking, signing and intersection improvements. Usually no additional property acquisition is required; except possible minor acquisition for drainage and intersection improvements.

(2) (a) Subject to ss. 84.555 and 86.255, major highway projects shall be funded from the appropriations under ss. 20.395 (3) (bq) to (bx) and (4) (jq) to (ur) to (uum).

(b) Except as provided in ss. 84.014, 84.03 (3), and 84.555, and subject to s. 86.255, reconditioning, reconstruction and resurfacing of highways shall be funded from the appropriations under s. 20.395 (3) (cq) to (cx).

(3) The department may proceed with construction of the following major highway projects:

(ab) STH 11 extending approximately 7.6 miles from west of Burlington to STH 36/83 east of Burlington, designated as the Burlington bypass, in Walworth and Racine counties.

(ac) USH 12 extending approximately 11.6 miles from the junction of USH 12 and I 90/94 to approximately 0.75 miles south of Ski Hi Road in Sauk County.

(ae) USH 53 extending approximately 6.2 miles between I 90 and USH 14/61 near 7th Street in La Crosse, La Crosse County.

(ag) STH 57 extending approximately 17.3 miles from the junction of STH 57 with CTH "A" to STH 42 in Kewaunee and Door counties.

(ai) USH 141 extending approximately 15.4 miles between Lemere Road and 6th Road in Oconto and Marinette counties.

(ak) USH 151 extending approximately 18 miles between the junction of USH 151 and CTH "HH" south of Dickeyville to west of Belmont in Grant and Lafayette counties.

(dm) USH 51 between CTH "S" and USH 8, designated as the Tomahawk bypass 2nd roadway, in Lincoln County.

(kb) USH 151 extending approximately 18.2 miles between USH 151 west of Belmont and STH 23 south of Dodgeville, designated as the Belmont to Dodgeville project, in Lafayette and Iowa counties.

(kg) STH 16 and STH 16/67 extending approximately 7.4 miles from the junction of STH 16 with the Rock River to the STH 16/67 interchange east of Oconomowoc, designated as the Oconomowoc bypass, in Jefferson and Waukesha counties.

(km) USH 53 extending approximately 7.5 miles between USH 53 south of the USH 53/STH 93 interchange in Eau Claire and the USH 53/STH 124 interchange south of Chippewa Falls, designated as the Eau Claire Freeway, in Eau Claire and Chippewa counties.



(4) All laws, conflicting with this section are, insofar as they conflict with this section and no further, superseded by this section.

(5) Unless the context requires otherwise, the terms "building", "new buildings" and "existing buildings", as used in this section, include all buildings, structures, improvements, facilities, equipment or other capital items as the building commission determines to be necessary or desirable for the purpose of providing housing for state departments and agencies.

(6) If the building commission finds and declares that the housing available in any building leased or subleased from a non-profit-sharing corporation under sub. (1) (c) is in excess of the current housing needs or requirements of the state departments and agencies occupying or availing themselves of the space in or capacity of such building, the building commission need not operate such building in a manner to provide revenue therefrom sufficient to pay the costs of operation and maintenance of such building and to provide for the rental payments due a nonprofit-sharing corporation.

(7) In proceeding with development of new facilities at state fair park in West Allis, the building commission shall employ the following procedures:

(a) The building commission, with advice from the state fair park board, shall examine and review detailed design requirements for all state-owned facilities involving a cost of more than \$250,000 to be included in the development of state fair park.

(b) Final approval by the building commission for the construction of any facility specified in par. (a) at state fair park shall be contingent upon a finding by the building commission that the proposed project is consistent with the overall objectives of the state fair park and that actual lease commitments and the probability of future lease commitments are such that the building commission may reasonably determine that the facility will be completely self-amortizing, including principal and interest payments covering the life of any bond issue.

History: 1971 c. 125; 1977 c. 29 s. 1650m (4); 1979 c. 32 s. 92 (5); 1979 c. 221; 1981 c. 20; 1983 a. 36 s. 96 (3), (4); 1987 a. 399; 1989 a. 219; 1999 a. 197.

**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 poten-

tial 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.

History: 1983 a. 27; 1985 a. 2; 1985 a. 29 ss. 27 to 29, 3202 (51); 1987 a. 27; 1993 a. 16; 1997 a. 27, 86; 1999 a. 9.

### 13.50 Joint survey committee on retirement systems.

(1) CREATION. There is created a joint survey committee on retirement systems composed of 10 members, as follows:





**TELEPHONE**

**DIRECTORY**

November 2003

## TRANSPORTATION PROJECTS COMMISSION MEMBERS

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Chairman  
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Secretary Frank J. Busalacchi  
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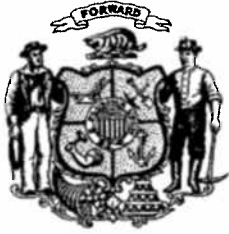
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(TPC03dimov)



### Questions Concerning Fiscal Note

1. Fiscal note prepared assuming 4 reports per year; amendment changes that to 2 per year
2. Fiscal note makes it appear this would be a new record keeping requirement, but doesn't the Department currently keep track of it expenditures in its accounting system?
3. Currently, a status report for all the majors is prepared monthly for department use, why can't this report simply be modified to capture baseline data, engineering and real estate costs?

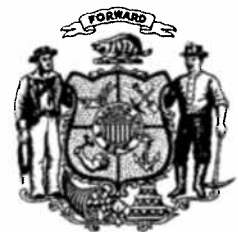


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AN EVALUATION

*Management of the Highway  
Program*

*Department of Transportation*

97-4

*March 1997*

**1997-98 Joint Legislative Audit Committee Members**

**Senate Members:**

Robert W. Wirth, Co-chairperson  
Joseph Wineke  
Brian Burke  
Peggy Rosenzweig  
Dale Schultz

**Assembly Members:**

Mary A. Lazich, Co-chairperson  
Carol Kelso  
Scott Jensen  
Gregory Huber  
Doris Hanson

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The Bureau is a nonpartisan legislative service agency responsible for conducting financial and program evaluation audits of state agencies. The Bureau's purpose is to provide assurance to the Legislature that financial transactions and management decisions are made effectively, efficiently, and in compliance with state law and that state agencies carry out the policies of the Legislature and the Governor. Audit Bureau reports typically contain reviews of financial transactions, analyses of agency performance or public policy issues, conclusions regarding the causes of problems found, and recommendations for improvement.

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**APPENDIX I - AUTHORIZED COUNTY EXPENDITURES FOR ROUTINE MAINTENANCE**

**APPENDIX II - RESPONSE FROM THE DEPARTMENT OF TRANSPORTATION**

\*\*\*\*



March 18, 1997

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Senator Robert W. Wirth and  
Representative Mary A. Lazich, Co-chairpersons  
Joint Legislative Audit Committee  
State Capitol  
Madison, Wisconsin 53702

Dear Senator Wirth and Representative Lazich:

We have completed an evaluation of the Department of Transportation's management of the highway program as part of our ongoing audit of the Department. Our limited review of other functions in the Department suggests that the highway program presents the best opportunity for improved efficiency. In fiscal year (FY) 1996-97, the Department will spend \$1.58 billion, including \$867.9 million, or 54.9 percent of the total, on state and local highways. Cost-effective management of these funds is important, especially when demands for increased transportation funding exceed available revenues.

The cost of design and construction engineering has increased 35.8 percent above inflation since FY 1987-88, but only part of this increase can be explained by salary adjustments and increased workload. While the Department has developed some measures of performance, decreased the ratio of managers to staff, and reorganized to place greater emphasis on a balanced transportation program, cost increases have not been analyzed to provide managers with information on how efficiency can be improved. More detailed cost analysis, holding design engineers accountable for design quality, systematic evaluation of engineering and construction contractor performance, and development of more useful performance measures are needed to limit project cost overruns and improve program management.

Routine maintenance of state highways, which is performed by counties under contracts with the Department, appears adequate. However, county concerns about the 9.3 percent decline in maintenance funding over the past ten years call into question whether the current funding level will continue to be sufficient.

If management improvements are made, some millions of dollars may be saved. However, because more than 64 percent of expenditures for the highway program will pay for construction costs, achieving substantial savings will require slowing the pace of major improvements, limiting the scope of rehabilitation projects, or modifying construction standards to emphasize cost reductions.

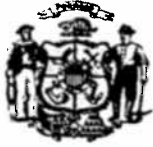
We appreciate the courtesy and cooperation extended to us by Department of Transportation staff and county highway commissioners. A response from the Secretary of Transportation is Appendix II.

Respectfully submitted,



Dale Cattanach  
State Auditor

DC/JF/aw



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March 1997

## **MANAGEMENT OF THE HIGHWAY PROGRAM**

In fiscal year (FY) 1996-97, the Department of Transportation will spend \$1.58 billion on all transportation programs, including \$867.9 million on state and local highways. As of December 1996, the Department employed 3,745 staff, which was 61 staff less than in December 1988. Most of the decrease has occurred in the Division of Motor Vehicles, while there has been some increase in planning positions. Increasing demand for transportation spending requires the Department to ensure that all funds currently available are used effectively before additional funds are committed. Our review of highway program management indicates the Department has taken some steps to increase cost-effective use of existing resources, but continued management attention over several years would lead to needed improvements.

### **Engineering Costs Have Increased Sharply Since FY 1987-88**

The cost of design and construction engineering within the highway program has increased 35.8 percent above inflation since FY 1987-88. As a result, in FY 1996-97, engineering costs are \$39.2 million more than could be expected from inflation alone. Some of the increase in engineering costs is related to mandated increases in staff salaries and expanded requirements for environmental studies. However, a major cause of the cost increase is associated with increases in engineering workload, which resulted from the rapid expansion of the major highway improvements program. This work includes developing environmental impact statements before major projects are selected; ongoing planning and preliminary design work even for projects that will not begin construction for eight or more years; and the design of large projects, including Highway 29 from Green Bay to Chippewa Falls. However, not all the causes of cost increases can be identified, making cost control difficult.

### **Additional Efforts to Control Costs Are Needed**

The management information currently available to district staff and managers is insufficient to identify how costs can be controlled more effectively. Current systems could capture needed financial information, but they are not being fully utilized. All districts have not made full use of available automation to increase efficiency in engineering design.

In FY 1995-96, 24.6 percent of design projects required at least one addendum because of design errors that could have been prevented through better review by the engineers who designed the projects. The Department has established procedures for evaluating both design and construction engineering quality at the completion of each project, but these procedures are not always followed, and their results are not fully utilized. In FY 1995-96, non-budgeted costs for construction contracts totaled \$25.4 million. Efforts to control such costs will require improved methods for negotiating contract change orders after construction has begun.

## **Wisconsin Highway Construction Bids Compare Favorably with Those of Other States**

In FY 1996-97, road construction contract awards are expected to total approximately \$470 million. Expenditures for highway construction projects have grown 6.1 percent above inflation since FY 1987-88, which is significantly less than the total increase in state and local highway program expenditures. In general, federal officials and others believe that the ready availability of commonly used construction materials and the highly competitive nature of the construction industry in Wisconsin have helped to limit construction cost increases. In FY 1994-95, 435 construction contracts were distributed among 113 different primary construction contractors. Prices for common construction materials are lower in Wisconsin than in most midwestern states. For example, the 1995 price paid for asphalt was \$22.05 per ton, third-lowest among six midwestern states, and well below the national average price of \$28.83.

The Department seldom assesses liquidated damages when projects fail to meet established completion dates because project delays are not always controllable, and because litigating disputed damage claims can be costly. Nevertheless, strengthening the process used in negotiating contract change orders, which increase project costs after the bidding process is complete, and routinely following established procedures for evaluating contractor performance could further control construction costs.

## **County Maintenance of State Highways Provides Benefits to Both Counties and the State**

Inflation-adjusted expenditures for traffic and maintenance operations have declined 9.3 percent since FY 1987-88, but the maintenance program is satisfactory by several measures. Counties are concerned that current funding levels are inadequate to cover the cost of all work required by state maintenance manuals. Wisconsin is the only state to rely exclusively on counties to provide snowplowing, pavement patching, grass mowing, and other routine maintenance on state highways.

Contracting with the counties has allowed the Department to negotiate work priorities throughout the year as weather and road conditions warrant. Other jurisdictions' experiences contracting with private firms for maintenance work indicate the flexibility of Wisconsin's current arrangement would be difficult to maintain. Private contracting efforts in Massachusetts, Michigan, and the Province of British Columbia have not yet shown significant savings.

## **Management Improvements Could Result in Some Savings**

The Department has taken steps to improve efficiency, such as establishing various performance measures and reducing the ratio of staff to managers from 4.7 to 1 in 1994 to 6 to 1 in 1997. Further reductions are planned. Continuing efforts to improve management can result in more cost-effective use of available funds over time. However, slowing the pace at which major improvements are completed, limiting the scope of rehabilitation projects to only essential safety improvements, or developing rehabilitation standards that place more emphasis on cost reductions will be required if the State's goal is to limit growth in highway program spending.

\*\*\*\*