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## State Rep. Joe Sanfelippo's Testimony on Road to Sustainability Package

Chair Kulp and committee members, thank you for holding a hearing today on Assembly Bills 273, 275, 277, 283, 284, and 285 regarding transportation reforms here in Wisconsin. As legislators, we have heard loud and clear from our constituents that this state's transportation infrastructure needs our attention, and I am grateful for your willingness to move forward on finding solutions to address this ongoing problem. The bills before you today are part of a broader set of legislation known as the Road to Sustainability Package (RSP), which lays out a roadmap for making meaningful long-term changes to how we fund and deliver horizontal infrastructure here in Wisconsin.

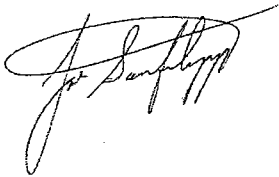
The issue plaguing our roads here in Wisconsin isn't simply a lack of resources, although the additional funds recently allocated to transportation by the Joint Finance Committee in the upcoming budget will no doubt be helpful. A broader problem is making sure that the finite funds we do have are allocated wisely and spent efficiently. To that end, we must look to how the Wisconsin Department of Transportation administers infrastructure projects in our state. The Legislative Audit Bureau recently completed a comprehensive audit and review of WisDOT and identified numerous opportunities for improvement, making several recommendations that would help the Department operate more efficiently. The RSP seeks to implement many of those recommendations to help ensure that WisDOT is the best possible steward of taxpayer money. For instance, if WisDOT receives only a single bid for a project, and that bid exceeds the Department's estimate by more than 10%, Assembly Bill 285 requires the Department reject the bid and re-advertise the contract in a manner likely to generate more bids. This encourages WisDOT to perform better diligence on contract estimates and stimulate competitive bidding. Similarly, Assembly Bill 284 incentivizes WisDOT employees to look for ways to deliver projects at lower costs by creating a discretionary merit award for WisDOT employees who identify cost savings, efficiencies, and innovations within the Department. By providing a financial incentive to employees who best know the inner workings of the agency, we will encourage Department staff to ask questions and challenge existing processes when more efficient strategies are possible. Re-aligning agency employee incentives towards efficiency will allow the Department to course correct on its own — without the Legislature imposing mandates on the agency.

Part and parcel of spending our infrastructure funds more wisely is finding ways to leverage opportunities to save money when they become available. Material costs represent a large portion of road construction project spending. Assembly Bills 273 and 277 offer ways to source materials at lower cost. Creating a Subgrade Efficiency Program will allow contractors to review WisDOT's list of approved, structurally-equivalent alternatives for subgrade construction and propose whichever construction approach is lowest cost for that contractor to bid and construct. Allowing contractors to figure out which equivalent materials to use in order to deliver the project for the lowest cost is a sensible way to make our tax dollars

go further. Similarly, by streamlining regulations for aggregate and concrete production sites to match existing rules for other, similar sites on construction projects, we will help reduce the costs and procurement challenges for road materials.

Design-build is an alternative delivery method for how construction projects are shepherded through the bidding process, offering significant cost savings and quicker turnarounds for projects where this method is used. The RSP included legislation overhauling the design-build process, and that language was added to the current budget. Assembly Bill 275 is an important supplement to that provision by requiring WisDOT to increase the number of design-build projects that it has in its pipeline in order to ensure that it has projects ready to go at every stage when resources become available for use. This will help reduce potential delays and allow the Department to seize opportunities that present themselves. Finally, Assembly Bill 283 requires any new wheel taxes proposed by municipalities be put up for a referendum before enactment, ensuring that taxpayers are satisfied with the accountability and spending priorities of their local governments.

The bills before you this morning represent a clear path forward towards improving Wisconsin's transportation infrastructure and putting it on a sustainable path for the future. By making the process more efficient and eliminating unnecessary obstacles, we can help ensure that projects are completed quicker and for less money, allowing us to stretch our transportation funding as far as possible. We need fresh ideas to address Wisconsin's transportation infrastructure needs, and these bills will help encourage better processes. I encourage you to pass Assembly Bills 273, 275, 277, 283, 284, and 285. Thank you for your attention to this important matter.

A handwritten signature in black ink, appearing to read "Joe Sanfilippo". The signature is fluid and cursive, with a large initial "J" and "S".

Hello. I wish to testify on Assembly Bill 275 relating to Highway Project Design Inventory for Design-Build Projects.

My name is Chris Goss. This bill is of interest to me since I have been a part of Transportation Design, Survey, Inspection, and Construction for the past 26 years. I started my career on the ground floor as a computer-aided drafter while working for a Civil Engineering Firm in Madison WI. As my work with the firm progressed, I was able to get involved with construction surveying and inspection of Transportation projects throughout Wisconsin. After seven years at the civil firm I made the move to Hoffman Construction Company for some other opportunities such as moving closer to the family farm in Buffalo County that I grew up on and learning the contractor side of the Transportation program. Hoffman started me out as the construction surveyor. Next, I moved into a job accounting, then company accounting and now a leadership role with Hoffman.

During the last 26 years I have seen a couple things that I have found quite interesting. The first was GPS grading control on construction equipment. Seeing bulldozers use satellites and some local control correction to position the dozer blade to an accuracy of about an inch while moving is darn cool to me.

The second thing I have found interesting is the project delivery method of Design-Build. Design-Build is interesting because it solicits not only multiple prices like you would get in conventional design-bid-build, but it also solicits multiple designs. Pairing the ability to come up with your own design with price encourages high competition and innovation at proposal time.

The Design-Build project delivery method needs upfront steps to happen in order for it to be executed. The upfront steps create the Inventory for Design-Build projects. Those steps can include:

1. DOT worked through the NEPA/Environmental process so it is complete or near completion.
2. DOT with input from locals has decided on what they want out of the project and the basic layout configuration.
3. Complete enough investigation on the project to understand the risks on the project.
4. Process has been started on any permits that may need to be obtained.
5. R/W has been acquired so it can be communicated to the proposers what footprint they are working within.
6. DOT has identified the project as a Design-Build candidate using factors that should include:
  - a. Delivery schedule (D-B speeds up the process since the whole design does not need to be complete for construction to start)
  - b. Risk assessment balance with innovative or alternate ideas.

These steps take time, 6 months or longer, and the amount of time to let the project as Design-Build can take another six months. Getting ahead of the game and having an Inventory of Design-Build projects on the shelf and identified as Design-Build helps take advantage of the delivery schedule.

In closing I'd like to say that I am in support of creating a Highway Project Design Inventory for Design-Build Projects, and I would like to thank the committee for their time hearing my thoughts.

Thanks.

Wisconsin Assembly Committee on Transportation

Hearing on Assembly Bills 273, 275, 283, 284, 277

Testimony by Glen R. Schwalbach, P.E.

June 11, 2019

My name is Glen Schwalbach. I reside at 1090 Moonriver Drive, De Pere, WI. I am a Registered Professional Engineer, a P.E. in Wisconsin.

Following is a summary of my comments on each bill.

AB 273: It's not clear why this bill is needed; it would be confusing to implement. Sub-base requirements are decided by engineers or designers and depend upon the existing soil types. The DOT Facilities Development Manual shows ten sub-base equivalents but, in some cases, only a couple may be appropriate. In many cases, no sub-base is required. The bill could say "when sub-base is required, the department should designate as many equivalent options as appropriate for each project".

AB 275: This bill includes a definition of a design-build project which includes reference to "by low bid or by best value" . Design-build projects include professional services such as architectural, surveying and engineering. Such services should be procured with a qualifications-based selection (QBS) process. For Federal projects, the Brooks Act requires QBS. Using QBS results in projects being the best quality at the least life-cycle costs. By the way, without using QBS, a design-build project will require more DOT monitoring, inspection, etc. Note that many states require warranties and maintenance agreements when using design-build.

AB 283: Referendums are just the fairest way to implement new taxes. Whether a wheel tax or a county sales tax, the taxpayers should decide. It is up to the government officials to provide the compelling arguments if they think the tax is needed. In my county, there is a lawsuit opposing a new county sales tax. If that tax had been voted for by referendum, there would be no lawsuit.

AB 284: Discretionary merit awards are a bad idea. Good managers don't use them. They cause many unintended consequences. They put the focus on just cost instead on safety, less congestion, long-life, etc. They may optimize a sub-process at the expense of sub-optimizing the whole system. They require a lot of administrative costs. They will be unfair. They don't encourage teamwork and create hard feelings among employees. My former employer, Wisconsin Public Service Corp. had such a program. We dropped it in the 1980's when we got smarter -- thanks to Dr. Deming, the guru of process improvement and business management. The process analysis techniques, implemented by former Secretary Gottlieb in 2011, are the proper methods for improving process efficiencies and reducing costs through teamwork. Those teams documented over \$1.5 billion in savings from 2011 through 2016.

AB 277: This bill just adds two more types of facilities to current law for exemptions to local ordinances. But, in all cases, the law should be clear that consideration should be given to local governments to minimize the impact on their residents and on their local roads.