

The Legislative Audit Bureau formally presented its audit of the Department of Transportation's state highway program on Tuesday to the Joint Legislative Audit Committee.

TDA is on record supporting this audit and believes the recommended reforms should be implemented as soon as possible. In fact, we believe there may be additional reforms beyond those included in the audit that should be pursued.

At the hearing, however, there were many questions raised that, from our standpoint, were either not answered or were answered unsatisfactorily.

COMMON QUESTIONS:

Q:

How could the cost estimating for some of these Major Highway Projects be so far off? And why didn't we (legislators) know about it along the way?

As the audit pointed out, the majority of these projects took 18 years or more from enumeration to completion. A lot can happen in almost two decades, more than just inflation, but WisDOT must strive to better anticipate future costs.

Historically, the documents used to present projects to the Transportation Projects Commission, Governor and Legislature for approval (enumeration) have noted that project cost estimates are at current market prices. Twice a year, WisDOT prepares an update on the status of Major Highway Projects and Megaprojects for the TPC, which includes the Governor and members of the Legislature. The latest report is available online. [Link: http://bit.ly/2lOQCIS](http://bit.ly/2lOQCIS) Beginning with the February 2017 report, future expenditures are adjusted using the Global Insight's Chained Price Index for State and Local Gross Investment in Highways and Streets.

Q:

What is the difference between estimating costs on the Southeast Megaprojects and the Major Highway Projects?

The cost estimates for the Megaprojects reviewed during the audit were prepared later in the design engineering phase and took into account inflation, resulting in more accurate estimates.

Q:

Shouldn't contractors have to deliver the project within the bid they submit?

Yes. And they do. People are confusing the original cost estimate for a project with the bid for a project. The contractors who bid and eventually do work on these projects have no input in the cost estimating or overall project development and design. The cost estimates changed on these projects not the bids.

WisDOT's goal is for all final highway project costs not to exceed 103.8% of contracted amounts. In the latest year reported (2015), the department kept costs below this benchmark.

Q:

Does this mean the \$1 billion shortfall we have discussed could be even bigger once inflation is better accounted for?

The Assembly Republican leadership wrote Secretary Ross on January 27 and asked this very question. The response from the department is due on March 15. [Link: http://bit.ly/2I3UATi](http://bit.ly/2I3UATi)

LOST IN THE HEADLINES:

Wisconsin road conditions are on a downward trend. According to WisDOT’s pavement index, the proportion of state highways rated in good condition decreased from 53.5% in 2010 to 41% in 2015. In comparison to our neighbors in the Midwest, the percentage of Wisconsin state highways in good condition is significantly lower.

Significant reforms have been implemented, but more needs to be done.

As Secretary Ross pointed out at the hearing, significant changes have been made at the WisDOT since 2011 to make it a more data driven, accountable entity.

A major effort in this area is the Mobility Accountability Preservation Safety and Service (MAPSS), an online performance report.

[Link: http://bit.ly/2I3Y8F2](http://bit.ly/2I3Y8F2) This allows the public with a way to see how WisDOT is measuring up on a host of very specific metrics ranging from wait time at the DMV to on-time and on-budget performance. There are over 25 different metrics that are measured and updated quarterly.

The department has also begun to aggressively pursue cost saving measures by creating what it has called, a “culture of continuous improvement.” Approximately 425 WisDOT employees are trained to use Lean Six Sigma tools to analyze current practices with the goal to improve customer service, save time and taxpayer dollars.

In December of 2016, the department released a 13-page report quantifying over \$1.5 billion of one-time or ongoing savings.

[Link: http://bit.ly/2I3Y8F2](http://bit.ly/2I3Y8F2)

While there is clearly more that needs to be done, especially in record keeping and communications with the Legislature, a positive change in the culture at WisDOT is underway.

BOTTOM LINE:

It’s easy to cherrypick the results. The audit clearly confirms that the condition of Wisconsin roads has deteriorated to the point of being the worst in the Midwest by a significant margin. The only way to improve our ranking is to fix our roads and bridges. The WisDOT reforms are warranted and should be instituted immediately. However, we cannot stop efforts to fix our roads and bridges until all WisDOT reforms are implemented. Delay is an extremely short-sighted, expensive and dangerous road to take. Just Fix It, Wisconsin.

