



STATE OF WISCONSIN | Legislative Audit Bureau

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Joe Chrisman
State Auditor

February 19, 2019

Senator Robert Cowles and
Representative Samantha Kerkman, Co-chairpersons
Joint Legislative Audit Committee
State Capitol
Madison, Wisconsin 53702

Dear Senator Cowles and Representative Kerkman:

2017 Wisconsin Act 247, which was enacted in April 2018, made several statutory modifications pertaining to the Department of Transportation's (DOT's) statutorily required biannual reports to the Transportation Projects Commission. The provisions in Act 247 were originally introduced by the Joint Legislative Audit Committee in March 2017 as companion bills: 2017 Senate Bill 85 and 2017 Assembly Bill 142. The Committee introduced these bills in response to information in our January 2017 evaluation of the *State Highway Program* (report 17-2).

In an August 24, 2018 letter to you, we indicated that DOT's August 2018 *Report to the Transportation Projects Commission on the Status of Major Highway Projects and Southeast Wisconsin Freeway Megaprojects* did not comply with four provisions in Act 247. In an October 24, 2018 letter to you, then-DOT Secretary Dave Ross detailed the actions DOT planned to take to ensure that future reports comply with these four provisions.

At your request, we reviewed the DOT's February 2019 *Report to the Transportation Projects Commission on the Status of Major Highway Projects and Southeast Wisconsin Freeway Megaprojects*, in order to determine whether it complied with Act 247. We found that this report, which we include for your reference, complied with most provisions in Act 247, including one of the four provisions with which the August 2018 report had not complied, but it continued to not comply with three other provisions.

Act 247 created s. 13.489 (5) (am), Wis. Stats., which requires DOT's biannual reports to separately present information on each project as it is enumerated in statutes. DOT's August 2018 report had not complied with this provision, but its February 2019 report presents information on each project as it is statutorily enumerated.

DOT's February 2019 report continued to not comply with three provisions. First, Act 247 created s. 13.489 (5) (a) 2. b., Wis. Stats., which requires DOT's biannual reports to include the full cost estimate of a project as of its date of approval or, if the project is enumerated, its date of enumeration. In his October 24, 2018 letter, Secretary Ross indicated that there was no known full cost estimate of the U.S. Highway 10 (Marshfield to Appleton) project when it was approved. We found that DOT's February 2019 report does not include a cost estimate of this project as of

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Representative Samantha Kerkman, Co-chairpersons
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its date of enumeration. However, we found at the Legislative Reference Bureau a document written by the Legislative Fiscal Bureau indicating that, at the time of enumeration in 1989, that the project was estimated to cost \$125.0 million. To comply with Act 247, DOT should include a cost estimate for this project in its future biannual reports.

Second, Act 247 created s. 13.489 (5) (a) 2. d., Wis. Stats., which requires DOT's biannual reports to include each project's full estimated costs, which are statutorily defined to include all costs incurred before enumeration. In his October 24, 2018 letter, Secretary Ross indicated that pre-enumeration costs cannot be accurately reported for projects enumerated before 2011, and that such information does not exist for some projects. DOT's February 2019 report continues to exclude pre-enumeration costs for certain projects. To comply with Act 247, DOT should include in its future biannual reports pre-enumeration costs for all projects, even if these estimates represent the best available cost estimates. We note that some projects enumerated before 2011 were not recommended by either DOT or the Transportation Projects Commission and, as a result, may have no pre-enumeration costs.

Third, Act 247 created s. 13.489 (5) (a) 2. g., Wis. Stats., which requires DOT's biannual reports to include the opinion of DOT as to whether a given project will be completed as originally scheduled without the allocation of additional funds. In his October 24, 2018 letter, Secretary Ross indicated that the biannual report includes the initial and the current cost estimate and the initial and the current expected year of completion for each project. Secretary Ross indicated that, taken together, this information represents DOT's official statement regarding whether a given project will be completed as originally scheduled without the allocation of additional funds. DOT's February 2019 report continues to exclude the opinion of DOT that is required by Act 247. To comply with Act 247, DOT should include its opinion as to whether a given project will be completed as originally scheduled without the allocation of additional funds.

It should be noted that we did not attempt to verify the accuracy of information in DOT's February 2019 report, such as the reported costs of individual projects.

At your request, we will review DOT's August 2019 report to assess its compliance with the provisions of Act 247 and report our findings to you.

I hope you find this information helpful. Please contact me with any further questions.

Sincerely,



Joe Chrisman
State Auditor

Enclosure

JC/DS/ck