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STATE SENATOR • 17TH SENATE DISTRICT

Capitol Update

By Senator Howard Marklein

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Legislature Passes Transportation Reforms

The State Assembly and Senate passed the State Budget on June 25 and 26, 2019 respectively. Along with passing the budget, we also passed several bills that reform the way the Department of Transportation (DOT) conducts road construction projects in order to save money and create efficiencies.

We passed these reform bills to augment the significant investments we made in transportation funding in the state budget. As you may remember, we added \$156 million for local roads through \$90 million in one-time funding for the Local Road Improvement Program (LRIP) and investments in General Transportation Aids (GTAs). Towns, counties and municipalities will be able to use this strong infusion of funding to fix roads in the near future. We also increased State Highway Rehabilitation funding by \$320 million to reach nearly \$1 billion in investment by 2021.

Several legislators have been working hard to design a package of reforms to enable the DOT and local governments to be more efficient and effective when planning and executing road construction projects. These reforms will save taxpayer dollars and reduce the costs associated with road construction.

Material costs for road construction are a large part of overall road projects. Several of these bills offer new ways to source materials at lower costs. According to one of the bill's authors, Rep. Joe Sanfelippo (R-New Berlin), Senate Bill (SB) 272 will allow contractors to review the DOT'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.

We need to allow contractors to figure out which materials to use to deliver quality projects at the lowest cost. Likewise, SB 277 allows contractors to source aggregate materials from the right-of-way of the project if they meet requirements. This is economically smart! It reduces unnecessary costs, pollution and waste associated with bringing materials in that already exist onsite.

Another way that we can build more economical roads is by expanding and offering the Design-build method of road construction planning for some projects. A project uses design-build when design and construction services are contracted by a single entity. This method has the potential to create efficiencies and save a lot of money. When a company is responsible for keeping a project on time and on budget, they will design the project with those things in mind. Sometimes,

projects that are designed by an entity independent of the contractor, don't necessarily seek the most affordable, efficient or economical design. The priorities of an independent designer may not be the same as the person managing the budget.

School districts often use design-build for large-scale building projects. When a contractor is designing the space, they know where they can create efficiencies and save money. We need to encourage this behavior when we can.

SB 274 directs the DOT to maintain an inventory of five designs in which at least 30% of design work has been completed for highway projects are potential design-build projects. We do the same types of projects all over the state. We should maintain an inventory of these types of projects so that we can expedite them and stop paying to recreate the wheel every time we do one of them. This is a pilot program to assess the effectiveness of maintaining an inventory of designs.

We need to encourage DOT staff to seek efficiency and to save money. SB 283 creates discretionary merit awards for DOT staff as an incentive to look for ways to identify cost savings, efficiencies and innovations. We are asking DOT staff to seek efficiency rather than mandating it.

Finally, SB 284 requires the DOT to reject bids if there is only one bidder for a project or if it exceeds the Department's estimate for the project by more than 10%. Unfortunately, we have seen several projects lately that have only had one, single bidder. In fact, some of these single bidders are new LLCs made up of competing companies who band together to bid on projects. This practice is radically driving up the costs of projects.

For example, the DOT estimated that the I-90/39 project would cost approximately \$101 million. However, the project was bid by a single-bidder who was an LLC made up of a number of contractors. They bid \$126 million for the project! Unfortunately, Governor Evers' DOT awarded the bid and we'll be paying much more than we estimated for the project.

For the May 14, 2019 let announcement, out of 51 total projects we had 22 projects that only had one bidder. We had one project that didn't have any bidders, one deferred project and one withdrawn. Nearly half of the projects only had one bidder! Road construction is supposed to be a competitive bidding process.

We need to encourage the DOT to be diligent on contract estimates and to find ways to stimulate competitive bidding. We also need to send a message to the companies competing for our taxpayer dollars that we will not be writing blank checks for these projects.

Again, these bills, combined with the massive infusion of funding into road construction will make a difference in our communities. I am looking forward to putting these concepts to work when Governor Tony Evers signs the budget and these bills. These are necessary and responsible steps that we must take to be better stewards of your dollars.

For more information and to connect with me, visit my website <http://legis.wisconsin.gov/senate/17/marklein> and subscribe to my weekly E-Update by sending

an email to Sen.Marklein@legis.wisconsin.gov. Do not hesitate to call 800-978-8008 if you have any questions or need assistance with any state-related matters.