

Wisconsin Department of Transportation

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March 30, 2018

Senator Robert Cowles, Co-Chair
Joint Legislative Audit Committee
Room 118 South, State Capitol
PO Box 7882
Madison, WI 53707-7882

Representative Samantha Kerkman, Co-Chair
Joint Legislative Audit Committee
Room 315 North, State Capitol
PO Box 8952
Madison, WI 53708-8952

Subject: State Highway Program (17-2) Progress Report

Dear Senator Cowles and Representative Kerkman:

The Wisconsin Department of Transportation has long enjoyed a productive working relationship with the state's 72 county highway maintenance departments. The Performance Based Maintenance (PbM) program began in 2014 as part of this tradition to work together and create efficiency for hardworking taxpayers. Importantly, our state leaders deserve credit for the visionary thinking it took to enable this program to move forward as part of the 2013-15 Biennial Budget Act.

With PbM, the department is improving practices to increase the quality and cost-effectiveness of highway maintenance. It's a subject of continued importance as the department prioritizes the preservation of transportation assets and works to reduce the frequency and cost of more comprehensive maintenance and improvement work.

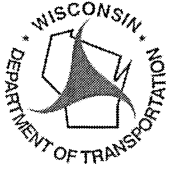
As requested, the attached progress report briefly summarizes the Bureau of Highway Maintenance's analysis of the four-year PbM pilot. As Transportation Secretary, I take very seriously the department's responsibility to protect taxpayer resources, and I appreciate the attention the Legislative Audit Bureau gave to PbM during the January 2017 review of the State Highway Program.

WisDOT remains committed to reform, improvement and accountability to benefit millions of daily users of the Wisconsin transportation system. PbM remains part of the equation, and the department will continue to build on success found so far in the program. Should you have any follow up or questions about the attached report, please do not hesitate to contact me.

Sincerely,

Dave Ross
Secretary

Attachment



State Highway Program (17-2) Progress Report

Wisconsin Department of Transportation
March 2018

We recommend the Department of Transportation report to the Joint Legislative Audit Committee by March 30, 2018, on the results of its pilot program for Performance Based Maintenance (PbM) contracts, including the estimated savings, its methodology for calculating those estimated savings, and whether it plans to continue the program.

Performance Based Maintenance (PbM) is a paradigm shift that will both validate and encourage cost-effectiveness in state highway maintenance tasks that use county resources. After a successful four-year pilot developed in partnership with all 72 counties, WisDOT plans to continue moving forward with the program.

The department considers the PbM pilot a success because it established benchmarks that will guide cost expectations and aid in the achievement of equitable pricing on a variety of maintenance activities. Through PbM, WisDOT is now collecting data in a way it has never done before, and going forward it will allow cost comparisons and will help establish best practices for quality of work. Knowledge gained on PbM projects is integrated into contract language for future work. Examples of the metrics include:

- Unit cost of maintenance activity (i.e. Cost/Lane Mile for crack filling or Cost/Square Foot for seal coats),
- Daily production rates (total material used divided by project duration),
- Identification of optimal staffing levels,
- Efficient utilization of equipment and
- Maintenance activity unit costs.

Not only does this enhance transparency and accountability, it also helps to foster informed choices. PbM is a viable alternative, but not replacement, of the Routine Maintenance Agreements (RMA) and Let programs that have been used for many years. The pilot showed PbM's data-driven nature is optimally applied to preventive maintenance scenarios where counties are taking proactive steps to extend pavement life, creating additional value in delaying more comprehensive and expensive work.

As part of PbM, the Wisconsin County Highway Association (WCHA) has created best maintenance practice (BMP) documents to aid in planning, cost expectations and optimizing results. Next steps for WisDOT include creating a PbM Review Team in partnership with WCHA to review contracts, special provisions, and practices to foster and promote best practices in the maintenance program.