



Wisconsin Department of Transportation

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All Consultants doing Business with WisDOT

RE: Contract Cost reductions

The Wisconsin Department of Transportation is continuing to move forward with implementation of contract cost reductions as a part of our response to the difficult budget conditions facing the State of Wisconsin. We are aware of the concerns expressed by the FHWA and are working closely to ensure that the actions we are taking conform to federal law. It is our belief that the approach being used does meet the requirements of federal law.

The proposed amendments that have been sent to Consultants by the Department have focused on reducing the fixed fees. However, we have also left the door open to other means of cost reduction that firms may choose to offer. While we remain firm in our position that the scope of services must not be changed, we are open to discussion of optional or adjusted scope elements that may achieve the desired savings in project costs. We would expect that firms would offer these ideas as a part of the negotiation process for the amendments.

It is still our intent to complete negotiations of these amendments by late October or early November. We are actively working to clear any concerns with the FHWA and anticipate that being completed in a short timeframe. At that time, we would expect any remaining amendments to be completed. Failure to reach agreement on a cost reduction for the identified contracts may result in the Department pursuing other actions, up to and including, termination of an existing contract and renegotiation with a different firm. We hope that this is not necessary and anticipate that we will be able to find an acceptable solution through the negotiated amendment process.

We are also interested in working with you on longer term strategies for improving the efficiency and cost effectiveness of our program delivery processes. The Department has had a good working relationship with industry over the years and we look forward to continuing that as we look for ways to give the taxpayers the best value possible.

I want to thank you again for your cooperation in working with the Department as we deal with these difficult economic times.

Sincerely,

A handwritten signature in black ink, appearing to read "Kevin Chesnik".

Kevin Chesnik,
Administrator, DTSD
Wisconsin Department of Transportation