



Memorandum

**U.S. Department of
Transportation**

Office of the Secretary
of Transportation

Office of Inspector General

Subject: INFORMATION: Audit Announcement—
New Haven Harbor Crossing Project
Project Number: 06M3009M000

Date: April 21, 2006

From:

Kurt W. Hyde
Assistant Inspector General
for Surface and Maritime Programs

Reply to JA-40
Attn of:

To: Acting Federal Highway Administrator

To evaluate recent issues with a major multi-modal transportation improvement project on Interstates 95 and 91 in Connecticut, the Office of Inspector General is initiating an audit of the New Haven Harbor Crossing Project (the Project). The objectives of this audit are to assess the: (1) causes and effects of cost increases, funding shortfalls, and schedule delays on the Project; (2) Connecticut Department of Transportation's (ConnDOT) past and planned actions to manage these issues; and (3) Federal Highway Administration's (FHWA) oversight and stewardship activities related to the Project.

Over the past 8 years, the Project experienced noticeable cost increases and significant schedule delays. When the Project was authorized in 1998, ConnDOT estimated its cost at \$974 million. However, the forecast cost estimate in the Project's September 2005 Progress Report was \$1.24 billion, although ConnDOT had identified only \$1.05 billion in available funding. Further, the Project's initial estimated completion date has been delayed by 30 months because of setbacks associated with obtaining permits, resolving construction problems, and adhering to local requirements. For example, the construction of two critical components of the Project, a new Pearl Harbor Memorial "Q" Bridge and a reconfiguration of the interchange at Interstates 91 and 95, has been subjected to numerous schedule changes that resulted in significant delays. In October 2005, FHWA Division Office officials decided not to release Federal funds for these two components until ConnDOT presents

an updated finance plan. It has been 28 months since an updated finance plan for the Project was submitted to FHWA.

Our audit will assess ConnDOT's cost estimating practices from the initial planning phase through the most current finance plan to determine whether ConnDOT adhered to FHWA's guidance and to determine whether the estimated costs and schedule were realistic and supported. We will evaluate the current cost estimate to determine whether ConnDOT's assessment is risk-based and whether it has been subjected to an independent cost validation. We will also evaluate ConnDOT's State Transportation Improvement Plan and Long-term Capital Plan to determine whether sufficient funding has been identified to complete the Project. Finally, we will assess the actions ConnDOT and FHWA have taken to keep stakeholders informed of all critical issues.

Our work will be conducted at FHWA Headquarters in Washington, D.C., FHWA's Connecticut Division Office, ConnDOT, and Connecticut Auditors of Public Accounts. We will contact FHWA's audit liaison to schedule a formal entrance conference to discuss this audit. If you have any questions or need additional information, please contact me at (202) 366-5630 or Brenda R. James, Program Director, at (202) 366-0202.

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cc: OST Audit Liaison, M-1
FHWA Audit Liaison, HAIM-13
AIG for Financial and Information Technology Audits, JA-20