No Light At the End Of This Tunnel:

Boston’s Central Artery/Third Harbor Tunnel Project

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Foreword

The Project on Government Oversight (POGO) is a non-partisan non-profit organization that works to expose and eliminate abuses of power by the Federal government and its contractors. We aim to stop these abuses by forcing those in authority to be responsive to the public and the environment. POGO's goal is to improve the way the government works by revealing examples of systemic problems, offering possible solutions and initiating change.

Our methods include networking with government investigators and auditors whose findings have received little attention, working with whistleblowers inside the system who risk retaliation for exposing waste and fraud themselves, and performing independent investigations into areas we suspect are problematic.

POGO's intent is to provide a productive service, not only to taxpayers and whistleblowers, but also to those in government who are in a position to make changes, by alerting them to these scandals. Once we have attained the attention of policy makers, the Project then forwards recommendations for systemic changes to government officials who can make the proper changes.

Currently, the Federal government has been duped into financing 80% to 90% of Boston's Central Artery/Third Harbor Tunnel, Massachusetts' solution to the city's traffic congestion problems. Massachusetts and the primary contractors, Bechtel/Parsons Brinckerhoff Quade & Douglas, have had a virtual open money bag to spend Federal tax dollars on the Central Artery/Tunnel Project due to the Departments of Transportation's lack of oversight.

Utilizing Federal funds, Massachusetts is in the process of constructing the most expensive highway project in the history of the United States. The 7.5 mile Central Artery/Third Harbor Tunnel, is designed to reduce traffic congestion in the downtown Boston area. [See Map, Appendix A] Boston's outdated road system has become ineffective in handling surface transportation in the city and in surrounding areas. Boston's artery was constructed in the 1950's and designed to handle 75,000 vehicles a day, but current estimates have 190,000 vehicles per day on inadequate roads.¹

The Central Artery/Third Harbor Tunnel, commonly referred to as the Big Dig, has been shadowed with conflicts of interest, mismanagement, and lack of oversight that has allowed the cost of the Central Artery/Tunnel Project to escalate to an enormous $9.6 billion, assuming a 5% inflation rate. The cost of the Central Artery/Tunnel Project has quadrupled since Congress was sold on the original $2.3 billion cost to complete estimate and the completion date has been extended six years, to the year 2004. This massive construction project involves not only the building of the Harbor Tunnel, but also the burying of existing raised expressways and the construction of new highways. The Department of Transportation must recognize its oversight responsibilities, control the expanding cost of the Central Artery/Tunnel Project and take over the management of the Central Artery/Third Harbor Tunnel Project from these renegade contractors.

The Federal government has taken a back seat to Massachusetts and Bechtel/Parsons by allowing them to take full control over the Central Artery/Tunnel Project. Because federal oversight of the Central Artery/Tunnel Project is lacking, troubles have evolved including: flaws in designs, the rejection of cost saving alternatives, and problematic management practices. The Department of Transportation, through the Federal Highway Administration, must take control of the funds that are allocated to Boston's highway system and provide the necessary oversight over Massachusetts and Bechtel/Parsons.

Currently, Congress is responding to the belief that government contractors are hampered by Federal bureaucratic red tape. The assumption is that if business' hands are not tied, projects are more likely to be completed on time and within budget. The Central Artery/Tunnel Project, under the management of Bechtel/Parsons Brinckerhoff Quade & Douglas, clearly defies that notion. There has been no federal oversight of this project. Some level of federal oversight is needed to prevent government contractors from abusing the American taxpayer.

Executive Summary
The Project on Government Oversight's report findings include:

- In the mid-1980's the Central Artery/Tunnel Project was originally sold to Congress as a $2.3 billion highway operation. Currently, the Project has ballooned to $9.6 billion. However, the current $9.6 billion price tag has been estimated by state officials as being low, and some state legislators believe the price tag will reach $12 billion.

- This is the most expensive highway project in the history of the United States. In comparison, the Chunnel, the thirty-two mile tunnel connecting France and England, cost $16 billion.

- The Federal government is responsible for 80% to 90% of the final cost, but is playing almost no oversight role in how the money is being spent.

- The original completion date was 1998. Currently the estimated completion date is 2004.

- The Federal government has written a blank check to Massachusetts, who in turn has given free reign to the primary contractor, Bechtel/Parsons Brinckerhoff Quade & Douglas.

- An example of Bechtel/Parsons' control was discovered when POGO received information for a Freedom of Information Request from the State of Massachusetts. POGO had to write a check payable to Bechtel/Parsons for this public information.

- A Massachusetts Highway Administrator complained: "One must rely almost solely on B/PB because the DPW (Massachusetts Department of Public Works) is not managing the contract as we have urged."

- Twenty-nine state employees working on the Central Artery/Tunnel Project are actually paid by either Bechtel or Parsons. Personnel "seconded" to the contractors include: the Media Relations Director, the Director of Communications, an Accountant, and the Supervising Accountant. Any impartial oversight these twenty-nine workers may have had over the Project has been eliminated by allowing Bechtel/Parsons to pay them.

- The Federal government has subsidized the purchase of buildings, under the excuse of these buildings being in the right-of-way of the construction project.

- The Wang Building, bought by the government for $29 million had only cost $11 million for the land and the building a few years earlier. Massachusetts admits now that the purchase was unnecessary, but that because of the federal handout, "... the building becomes a long-term Commonwealth asset at (Central Artery/Tunnel) Project expense."

- The Anelex Building was procured in 1984 for $25 million, tens of millions less than the $94.3 million paid by the government. This cost included a settlement of $15 million with the New Boston Garden Corporation, who leased space in the
building for storage of the Celtics' parquet floor and the Bruins' Zamboni machine. The Federal government is responsible for $84.8 million of the total cost.

- The number of lanes approaching the tunnel from downtown will narrow from eight lanes to merge into the two-lane tunnel. In addition to the bottleneck, a traffic light will be installed before the tunnel's entrance. An internal FHA document asserted, "...the Third Harbor Tunnel will be obsolete the day it is opened to traffic and the depressed Central Artery will, be at best, an inferior facility."

- The Commonwealth of Massachusetts Auditor released four reports detailing additional unnecessary costs that the project has incurred:
  - Up to **$64 million** because data provided during the pre-bidders' conference was ambiguous and was not representative of the actual soil conditions. Thus, the project must reinforce unstable excavation support walls.
  - **$23 million** worth of ramps will have to be torn apart because the designs were later changed, thus eliminating the need for the newly constructed structures.
  - **$11 million** was added to the cost of the project as a result of not effectively coordinating construction work by not: executing a timely agreement with the airport, relocating a helipad, identifying underground utility lines, and properly organizing construction schedules. In addition to the over $11 million paid to date, these delays could cost the project an additional **$10-20 million**.
  - **$7 million** because of the failure to plan for the timely disposal of excavated materials. The excavated materials had to be stored, which changed the temporary placement of the harbor tunnel tubes at an additional cost to the project.

**Billions Over Budget And Years Behind Schedule**

In the mid-1980's the Central Artery/Tunnel Project was originally sold to Congress as a $2.3 billion highway operation. In 1989, the cost of the Central Artery/Tunnel Project was expanded to $4.4 billion, with a completion date of 1998. Currently, the Central Artery/Tunnel Project has ballooned to $9.6 billion with an estimated completion date of 2004, assuming a 5% inflation rate. However, the current $9.6 billion price tag has been estimated by state officials as being low. The Commonwealth of Massachusetts House Of Representatives House Post Audit And Oversight Bureau (House Oversight Bureau) reported, "If the current trends continue, the potential cost of the project could approach $11 Billion dollars." The Boston Globe reported that many others in the state feel the same way:

"Some state legislators - less intimate with the project but more blunt in their assessments - believe the price tag will reach $12 billion... Project officials defend themselves, saying that soaring costs are the result of a process beyond their control - driven as much by politics as it is by engineering - that has

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increased the scope and therefore the cost.\textsuperscript{4}

**Bechtel/Parsons Has Had Free Reign**

Two engineering firms manage the entire Central Artery/Tunnel Project: The Bechtel Group Inc.; and Parsons Brinckerhoff Quade & Douglas. The two firms, Bechtel/Parsons, have overall responsibility for the project design, preliminary engineering, the selection of section design consultants and control over management and coordination of all construction contracts.\textsuperscript{5} The Department of Transportation (DOT) has allowed Bechtel/Parsons the liberty to take control over the entire Central Artery/Tunnel Project.

**Conflict Of Interest**

Conflicts of interest have been observed throughout the Central Artery/Tunnel Project. Currently, twenty-nine state employees working on the Central Artery/Tunnel Project are actually paid by either Bechtel or Parsons.\textsuperscript{6} [See Appendix B] Personnel "seconded" to the contractors include, the Media Relations Director, the Director of Communications, an Accountant and the Supervising Accountant. These employees are in charge of disseminating information to the media, sending information to independent agencies that are investigating the Central Artery/Tunnel Project, and keeping track of the financial accounts for the State.

An internal Massachusetts document asserted, "These are persons under the control and supervision of Massachusetts personnel but whose compensation is provided by the Central Artery/Tunnel Project's management consultant or subcontractors."\textsuperscript{7} The oversight responsibilities these twenty-nine workers may have had over the Central Artery/Tunnel Project has been tainted by allowing them to be paid by Bechtel/Parsons. Massachusetts and Bechtel/Parsons have had the best of both worlds: Massachusetts does not have to pay its own employees; and Bechtel/Parsons has been able to control state personnel who should be overseeing the Central Artery/Tunnel Project.

**Misappropriation Of Right-Of-Ways**

Title 23 of the Code of Federal Regulations, Subchapter A, Part 1, Section 1.23, "Right-of-Way," states, "The State shall acquire right-of-way of such nature and extent as are adequate for the construction, operation, and maintenance of a subject." Massachusetts has purchased buildings that were not in the right-of-way (ROW). ROW acquisitions concerning the Central Artery/Tunnel Project have been scrutinized because many appear to have been acquired without proper justification, at the expense of the taxpayers.

\begin{itemize}
\item \textsuperscript{6} Thirty-three Massachusetts' employees are "seconded" to another employer. Four of the thirty-three employees are compensated by a temporary placement "Agency". The four employees, 29-33 on Appendix F, have been excluded from the total because they are not compensated by Bechtel or Parsons.
\item \textsuperscript{7} Massachusetts Highway Department, "Adoption of Personnel Regulation". July 20, 1994, p. 1.
\end{itemize}
Massachusetts has acknowledged they have handled ROW acquisitions inadequately and changes were needed to correct their practices. An internal Massachusetts memo to the Federal Highway Administration (FHA) states:

"This Department [Massachusetts] is committed to improving the process by which it acquires property . . . Your administration is rightly concerned with our problems of the past in delivering those services." [See Appendix C, p. 1]

The Wang Building ($29 million) and the Anelex Building ($71.2 million) were two of the buildings that were examined by the Massachusetts Inspector General and found to be unnecessarily costly and acquired even though they were not in the right-of-way (ROW). The DOT stated that the Federal Highway Administration Massachusetts Division " . . . did not actively, objectively, or thoroughly evaluate ROW decisions made by the State." [See Appendix D, p. 4] This resulted in the unnecessary expenditure of $24.8 million, of which the Federal government was accountable for $22.3 million. [See Appendix D, p. ii] While the State pushed acquisitions that were not needed, FHA approved them within days and without pursuing alternatives.

William Coughlin, a free-lance writer who has been investigating the Central Artery/Tunnel Project since the 1980's, has found that the Wang Building, bought by Massachusetts for $29 million, became a huge windfall for Wang Laboratories. Wang bought the property and built the building for $11 million only a few years earlier.8 The DOT Inspector General stated, "In our opinion, the Division did little, if any, objective evaluation of this acquisition; the Division merely "rubber stamped" the State's decision." [See Appendix D, p. 7]

The building was bought for the initial purpose of providing office space for the Central Artery/Tunnel Project and to avoid costly litigation and a potential jury award to the previous owner. The Federal government was left holding the bill for the building, while the company and the State were rewarded with the inflated price tag and the subsidized office space respectively. An internal Massachusetts memo stated:

". . . the building would remain standing at the end of the Project, and since we are able to obtain Federal participation in the acquisition of the building for administration purposes associated with the Project, the building becomes a long-term Commonwealth asset at Project expense." [See Appendix E, p. 4]

In a similar pattern, William Coughlin also found that the Anelex Building was procured in 1984 for $25 million,9 tens of millions less than the $94.3 million paid by the government. [See Appendix F, p. 1] This cost included a settlement of $15 million with the New Boston Garden Corporation,10 who leased space in the building for storage of the Celtics' parquet floor and the Bruins' Zamboni machine.11 The Federal government is responsible for $84.8 million of the total cost. [See Appendix F, p. 1]
A third questionable proposed ROW acquisition, the Spaulding Rehabilitation Hospital, was going to be obtained by the government and be demolished. Many designs for construction did not effect the hospital, but Massachusetts chose the only design that would have required buying the hospital. Nevertheless, local attention highlighted the unnecessary and costly purchase of this building. The FHA has since decided not to participate in the purchase of the hospital. As a result, the State has recently decided to look at alternate designs that would not infringe on hospital property. The hospital believes that an agreement was reached and that they would be compensated for the cost of the building and relocation expenses. The hospital has threatened legal action. If it were not for the intense scrutiny of this purchase, the Spaulding Rehabilitation Hospital boondoggle could have cost the taxpayer close to $100 million.

**Massachusetts Has Been Robbing The Store**

The Massachusetts Inspector General has tracked the progress of the Central Artery/Tunnel Project and has detailed the many problems the State has had throughout, yet their warnings have unfortunately been ignored:

- Massachusetts Highway Department had transferred work that could have been performed in-house to an external consultant.\(^\text{12}\)

- Two $400,000 contracts delivered to private firms were "vulnerable to favoritism."\(^\text{13}\)

- "The [Lazard Freres] Report represented an $880,000 public expenditure aimed at supporting the previous Administration's agenda rather than testing its assumptions."\(^\text{14}\)

An internal FHA document describes the poorly managed Central Artery/Tunnel Project and the State's inability to handle such a contract:

"That is the environment under which work proceeds in the Commonwealth. We thought that this engineering effort might be significantly different from the regular DPW [Massachusetts Department of Public Works] operation but found that it wasn't. Development of highway projects take a lot of time and the engineering effort is not financially managed well. . . . We have urged the DPW to bring the engineering effort under better control mostly by discussion and letters but also by withholding small amounts of federal-aid." [See Appendix G, p. 2]

A similar observation has been made by the House Oversight Bureau. The House Oversight Bureau has found that the Central Artery/Tunnel Project has been riddled with conflicts that has limited Massachusetts' effectiveness:

". . . the Massachusetts Highway Department is in a poor position to properly oversee the project. . . . The result is an inherent conflict in which the principal management contractor is often placed in the position of overseeing its own

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\(^{13}\) Ibid, p. 8.

\(^{14}\) Ibid, p. 10.
work . . . The failure to correct previous mistakes or to consider more cost effective alternatives is a significant factor in the continuous cost escalation of the project."\textsuperscript{15}

Massachusetts' "poor position to properly oversee the Project" may stem from the lack of oversight the State has over Bechtel/Parsons. The Chief Engineer for Massachusetts, who is responsible for design, construction, and maintenance for all state highways and bridges within the Commonwealth, has no oversight responsibilities over the Central Artery/Tunnel Project. In testimony before the House Oversight Bureau, the Chief Engineer stated, his office performed more of a "coordination" role between the State and Bechtel/Parsons, not, an oversight role. The Chief Engineer, who has "Ultimate responsibility" for Massachusetts' surface transportation, spends ". . . ten to twenty percent . . . " of his time, per week, on the Central Artery/Tunnel Project.\textsuperscript{16} In an average work week, the Chief Engineer spends only 4-8 hours supervising the construction of the largest highway project in U.S. history.

**Signing Off On Change Orders**

One reason for the huge increases in Central Artery/Tunnel Project costs is due to change orders. Change orders are intended to be used only in unpredictable circumstances that arise during construction. Change orders allow contracts to be altered above the limits that the original contract was worth due to the unforeseen conditions. The Massachusetts Inspector General has documented this ongoing behavior:

"The review revealed a pattern of apparently excessive use of contract modifications during the design phase. According to Department [Massachusetts] records for 35 design, geotechnical, and other nonconstruction contracts, the Project has added more than $90 million in additional work on a noncompetitive basis."\textsuperscript{17}

In data supplied by FHA, only 117 out of 1513 total change orders have been rejected by their office. [See Appendix H, Enclosures] Contractors have been able to low-ball estimates because they know that change orders will have a good chance of being accepted after construction has begun.

**Lack Of Federal Oversight**

As of December 31, 1994 the Central Artery/Tunnel Project has already cost $4.01 billion, of which the Federal government has paid $3.854 billion.\textsuperscript{18} The Federal government is responsible for 80% to 90% of the final cost, but is playing almost no oversight role in how the money is being spent. Current estimates for the Central Artery/Tunnel Project have ballooned to $9.6 billion.


\textsuperscript{17} Massachusetts Inspector General. "1993 Annual Report". p. 15.

\textsuperscript{18} Interview with Daniel J. Berman. Federal Highway Administration, Central Artery Project Manager, January 30, 1995.
FHA Regional offices are in charge of overseeing states within their respective region. Due to the large sums of money and the complexity of the Central Artery/Tunnel Project, FHA has established another office in the region, a Boston office, to provide more effective day to day oversight responsibilities. In an effort to gain information about the Central Artery/Tunnel Project, POGO's Freedom of Information request was referred by the Washington FHA to their office in Boston. The Boston office supplied some of the information requested, but stated: "Please be aware that those records you requested, which are not available at the Division Office, may well be available to you at the Massachusetts or Bechtel/Parsons . . . ". POGO had to produce a check payable to Bechtel/Parsons for information supplied by Massachusetts. FHA, the agency responsible for 80% to 90% of the current $9.6 billion cost, has given too much authority to Massachusetts and Bechtel/Parsons and lost their ability to adequately control them.

A Massachusetts Highway Administrator complained: "One must rely almost solely on B/PB because the DPW (Massachusetts Department of Public Works) is not managing the contract as we have urged." [See Appendix I, p. 1]

The House Oversight Bureau has questioned the overall responsibility that has been laid at the feet of the contractors by the State.

"The issue of public scrutiny of the project is the source of contention among the oversight agencies and the media. Questions about the availability of certain records in the hands of the consultant and/or the contractors raise even more concerns about oversight and review."20

Currently, the Boston office has a staff of nine: six engineers, one manager, one secretary and one financial specialist (retained in November 1994) assigned to the Central Artery/Tunnel Project on a full time basis. Three other financial personnel (a Financial Manager, a Financial Specialist, and an Accounting Technician) have been assigned to work on the largest highway project in the United States on a very limited basis, 10%, 50%, and 25% of their time respectively. While FHA offices in Albany NY and Washington DC have minimal accounting and auditing responsibilities over the Central Artery/Tunnel Project, the Boston office is in charge of the daily management and oversight of the design and construction of all federally mandated decisions. However, the contractor has been able to establish total control over the Central Artery/Tunnel Project. The lack of attention by FHA has become one of the reasons why a solution must be found to establish a more efficient path for the Central Artery/Tunnel Project.

The Cost Of Mismanagement

The Commonwealth of Massachusetts Auditor released four reports detailing additional unnecessary costs that the project has incurred:

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22 Ibid.
- Up to **$64 million** because data provided during the pre-bidders'conference was ambiguous and was not representative of the actual soil conditions. Thus, the project must reinforce unstable excavation support walls.  

- **$23 million** worth of ramps will have to be torn apart because the designs were later changed, thus eliminating the need for the newly constructed structures.

- **$11 million** was added to the cost of the project as a result of not effectively coordinating construction work by not: executing a timely agreement with the airport, relocating a helipad, identifying underground utility lines, and properly organizing construction schedules. In addition to the over $11 million paid to date, these delays could cost the project an additional **$10-20 million**.

- **$7 million** because of the failure to plan for the timely disposal of excavated materials. The excavated materials had to be stored, which changed the temporary placement of the harbor tunnel tubes at an additional cost to the project.

### Rejecting Recommended Solutions

Despite all of the waste that has occurred in the Central Artery/Tunnel Project, there are times when safety or pragmatism justify higher costs. A project of this magnitude deserves the best blueprint to ensure effectiveness and safety. The managers of the Central Artery/Tunnel Project have overlooked many FHA recommendations throughout the process. An internal Federal Highway Administration memo outlines their disappointment with Massachusetts' design for the Third Harbor Tunnel. Regardless of the rise in cost one recommendation would have created, the suggestion would have been a more effective alternative to the existing tunnel. The Assistant Transportation Planner for the Federal Highway Administration asserted:

"I believe that our overall objective as an agency should be to improve the HOV [High Occupancy Vehicle Commuter] system that the State is proposing and to make it work rather than looking for ways to kill it and thereby save a buck.

... There is no question in my mind that by itself this 'HOV System' would prove to have little merit. ... Such a position, in my opinion, would not, however, be either in the public's best interest nor consistent with this agency's goals of investing its funds wisely. I say this because I am convinced that, **without a good HOV system, the Third Harbor Tunnel will be obsolete the day it is opened to traffic and the depressed Central Artery will, be at best, an inferior facility.** ... Although this would be costly, it would be a small price to pay to
The number of lanes approaching the tunnel from downtown will narrow from eight lanes to four lanes. The current design allows for four lanes of traffic, three open lanes and one HOV lane, to merge into the two-lane tunnel. In addition to the natural bottleneck that has been created by the reduction of lanes approaching the tunnel, a traffic light will be installed before the tunnel's entrance to allow the HOV lane access to the tunnel while the three lanes are stopped and vice versa. The bottleneck will be magnified due to the traffic light. The light and the bottleneck will nullify any chance this highway has to be truly effective. Ironically, Massachusetts has potentially caused greater traffic congestion, at taxpayers expense, in their effort to alleviate the city's traffic problems.

The FHA has spoken out against the problems with the State's design. FHA stated that the HOV system does not continue through the Third Harbor Tunnel, thus, considerable congestion will develop and the benefits of the HOV lane will not be realized. [See Appendix K, p. 2] This concern was raised before the design for this section had been completed. The document went on to assert, "Since the tunnel is still in the design stages, serious consideration should be given to accommodating an exclusive HOV through the tunnel." [See Appendix K, p. 2] The tunnel below Boston Harbor has been completed and is awaiting use in the near future. The HOV was not continued through the tunnel, as requested by the FHA, and the tunnel is practically impossible to alter or to improve at a later time.

The Value Engineering (VE) team is a group of Bechtel/Parsons engineers who have, ironically, even had their suggested recommendations rejected by Massachusetts. VE is a review process aimed at simplifying designs and reducing design and construction cost. The VE team alone suggested $2.8 billion worth of savings that had been rejected or stalled in bureaucratic limbo. [See Appendix L, p. i]

The DOT Inspector General has stated, the Federal Highway Administration Massachusetts Division and Massachusetts Department of Public Works have "...failed to properly address and analyze recommendations of Division engineers, VE study teams, and other transportation officials." The Massachusetts Inspector General agreed with the lack of consideration that has been given the VE recommendations:

"...MassHighway has not taken full advantage of value engineering, thereby forgoing opportunities to simplify designs and significantly cut costs.... The value engineering program is flawed not in concept, but in execution. Pursuing cost savings and design simplification has not been a high priority for the Project. From the beginning, the value engineering program has been plagued by lack of independence, delays, misinformation, and management errors."
[See Appendix L, p. i]

The VE team made a total of 652 recommendations, of which over 300 have been accepted by Massachusetts, saving $325 million of the total $2.8 billion potential savings. The Massachusetts Inspector General reported, however, that the total savings is overstated because not all of the recommended actions could have been implemented. [See Appendix L, p. i] However, the remaining 300 recommendations were rejected or stalled. In spite of the recommendations that the VE team suggested, the Massachusetts Inspector General found a major conflict in allowing personnel from the management companies to perform this vital role. The report stated, "Employing staff from Bechtel Corporation and Parsons Brinckerhoff to perform value engineering analyses compromised the program's independence." [See Appendix L, p. ii]
A third association has also had their recommendations foiled by Massachusetts. Known as the TIDE Committee, Tunnel Improvement Design Elements, engineers who were "affiliated" with the Central Artery/Tunnel Project as well as local engineers, recommended changes in Central Artery/Tunnel Project designs. The committee suggested several changes to the Central Artery/Tunnel Project that would have been more cost-efficient, less questionable, and much safer. The TIDE Committee proposed improvements that could have saved an estimated $530 million, yet their recommendations were disregarded.27

Can Massachusetts Afford The Central Artery/Tunnel Project?

Massachusetts could become the biggest victim as costs escalate and the completion date is prolonged. Massachusetts is responsible for up to 20% of the final cost of the Central Artery/Tunnel Project and the amount connected to this percentage has grown drastically since the cost has ballooned to $9.6 billion. The Federal government could and should eventually cut back on the amount of funding that the Central Artery/Tunnel Project is allocated or it could decide not to participate in many areas that the State has expected.

This would cause a major problem for Massachusetts. The State is not ready for the huge increases in costs in the future. Federal money that has been appropriated for the entire State has been funneled into the Central Artery/Tunnel Project. Slowly other parts of the State could see funds for other highways decrease. Internal audits by the Massachusetts Inspector General have stated that Massachusetts would have to increase state funds for the Central Artery/Tunnel Project due to negligent audit processes.28 The Commonwealth of Massachusetts could feel the backlash of the Central Artery/Tunnel Project for many decades to follow.

The Project On Government Oversight's Recommendations

Clearly, Boston needs to improve its outdated and inadequate road system. This does not, however, give the State of Massachusetts the right to abuse the American taxpayer.

POGO brought this scandal to the attention of Senator William Cohen (R-ME), Chair of the Subcommittee on Oversight of Government Management, who is currently conducting an investigation into the cost overruns that have occurred during the Central Artery/Tunnel Project. Senator Cohen stated:

"A lack of meaningful oversight and accountability for this project may be unnecessarily costing the taxpayer billions of dollars. As we have seen many times before, Congress gets sold on a low dollar project only to see it grow three or four fold before it is completed."29

There is precedent for handling this disaster. The DOT has frozen Federal funding of a subway system in Los Angeles. In an October 5, 1994 press release, the DOT announced the work performed on the subway did not meet the standards that the Department of Transportation


has established:

"Disturbed by continuing technical and management problems . . . U.S. Federal Transit Administrator Gordon J. Linton today suspended future Federal funding for the entire program and halted all tunneling . . . until numerous difficulties are resolved." [See Appendix M, p. 1]

U.S. Secretary of Transportation Federico Pena added, "These steps are meant to deliver a firm message that the Clinton Administration believes in the Red Line project, supports its continuation, but insists that it be built in a safe and fiscally responsible manner." [See Appendix M, p. 2]

In a letter sent to the Chief Executive Officer of the Los Angeles project Gordon Linton stated, "The grantor-grantee relationship, however, is between the FTA [Federal Transit Administration] and the LACMTA [Los Angeles County Metropolitan Transportation Authority], and it is LACMTA's responsibility to demonstrate that it is exercising proper stewardship of the Federal resources it has contracted to receive." [See Appendix M, Attachment, p. 2]

A similar stance should be taken by the Department of Transportation on the Central Artery/Third Harbor Tunnel project to ensure "that it be built in a safe and fiscally responsible manner". Two of the contractors who are working in Los Angeles are also working on the Boston Central Artery/Tunnel Project, Parsons and Kiewit (a subcontractor). Funding was frozen in Los Angeles due to the inability of the Los Angeles County Metropolitan Transportation Authority to handle such a project. A parallel could be easily drawn from MTA to Massachusetts. And the identical "grantor-grantee relationship" that has caused problems in LA, is also the root of Massachusetts' inability to handle the Central Artery/Tunnel Project.

The precedent has been set by DOT to freeze Federal participation in state programs and to evaluate the work performed, look at rising costs, and reconsider Federal funds which will be allocated to the Central Artery/Tunnel Project in the future.

Freezing Federal funding in the Central Artery/Tunnel Project would be the first step in a multiple-step process to properly oversee the State and Bechtel/Parsons. Independent design, construction and accounting firms would also be essential in effectively providing oversight to the Central Artery/Tunnel Project. In response to the Senate investigation, Massachusetts Governor William Weld stated that he endorsed establishing a Federal cap on spending on the Central Artery/Tunnel Project. However, these steps need to be performed in the near future. Final designs in many areas of the Central Artery/Tunnel Project are close to completion. Changes made now could ultimately affect a percentage of the construction in its beginning stages or in construction soon to commence. It is very important to shine light onto the Central Artery/Tunnel Project. Many more problems are likely to surface in projects that was designed in 1995, but is not scheduled for completion until 2004.

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