

Opening Statement
of Senator Hollings
Oversight Hearing on
The Boston Central Artery and Tunnel

May 3, 2000

Today we are here to review the Boston Central Artery and Tunnel Project. This important project has been the source of both a large amount of federal investment as well as a considerable amount of federal scrutiny. The project has been under consideration for almost fifteen years, and to date we have invested over \$5.8 billion in federal funds. The project has also been the subject of numerous audits by the Department of Transportation's Inspector General and the General Accounting Office.

I was pleased to see that Secretary Slater established a task force to conduct a complete review of the Federal Highway Administration's (FHWA) oversight process of the Central Artery and Tunnel Project. According to the findings of the Task Force, the Federal Government's role in the CA/T Project oversight was lacking. The FHWA acts as stewards of federal tax dollars spent on any

project, and in the case of the Central Artery and Tunnel Project they did not adequately review costs, expenditures and estimates. While most in the government would strive to achieve federal/state partnerships, we should not blindly accept the positions of partners.

I am encouraged by the Federal Highway Administration's decision to accept and implement all of the Department of Transportation Inspector General's (IG) recommendations to help ensure against similar lapses in oversight. I believe that this is a good first step in addressing outstanding concerns about the project. The IG has been reviewing this project for many years and I believe that there are many solid recommendations contained in recent reports. For example, the most recent IG audit pointed out that the Project's 1998 Finance Plan did not disclose significant cost information about the Project, such as construction cost increases or that contracts awards were exceeding budget. These warnings should have caused the FHWA to scrutinize the information being provided by the project more closely and place less reliance on state reported data. If the FHWA had independently reviewed the data provided by the OIG rather than relying on assertions from the State that future cost increases were unlikely, it would not have approved the finance plan presented by the Project in January 2000.

One thing is clear -- the cost to complete the Central Artery and Tunnel Project has increased tremendously from the initial estimate of \$2.56 billion in 1985. Prior to February of this year, the total project cost was estimated to be \$10.8 billion. On March 31, 2000, the Federal Task Force on the Boston Central Artery and Tunnel Project projected that a realistic cost estimate for the project is now \$13.4 to \$13.6 billion. While I am encouraged that there have been changes made at both the state and federal level to improve oversight of this project, I believe that the repeated and deliberate failure

by local project managers to disclose the full financial picture puts into question the integrity of the Federal/State partnership. This project is vitally important to the future of transportation in the metropolitan Boston area and should not be jeopardized by obstruction and non-disclosure.

I am pleased to welcome Secretary Slater and Inspector General Mead back to the Committee and I look forward to hearing testimony from all of the witnesses this morning.