

### Fiscal Estimate - 2007 Session

Original     
  Updated     
  Corrected     
  Supplemental

<b>LRB Number</b> <b>07-1737/5</b>	<b>Introduction Number</b> <b>AB-0553</b>
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**Description**  
 Limiting the use of the lowest responsible bidder process and requiring local units of government to use the qualification-based selection process for certain public works consulting contracts

**Fiscal Effect**

**State:**

<input type="checkbox"/> No State Fiscal Effect	<input type="checkbox"/> Increase Existing Revenues	<input type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget
<input type="checkbox"/> Indeterminate	<input type="checkbox"/> Decrease Existing Revenues	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Increase Existing Appropriations		<input type="checkbox"/> Decrease Costs
<input type="checkbox"/> Decrease Existing Appropriations		
<input type="checkbox"/> Create New Appropriations		

**Local:**

<input type="checkbox"/> No Local Government Costs		
<input type="checkbox"/> Indeterminate		
1. <input checked="" type="checkbox"/> Increase Costs	3. <input type="checkbox"/> Increase Revenue	5. Types of Local Government Units Affected <input checked="" type="checkbox"/> Towns <input checked="" type="checkbox"/> Village <input checked="" type="checkbox"/> Cities <input checked="" type="checkbox"/> Counties <input type="checkbox"/> Others <input checked="" type="checkbox"/> School Districts <input checked="" type="checkbox"/> WTCS Districts
<input type="checkbox"/> Permissive <input checked="" type="checkbox"/> Mandatory	<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	
2. <input type="checkbox"/> Decrease Costs	4. <input type="checkbox"/> Decrease Revenue	
<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	

<b>Fund Sources Affected</b>	<b>Affected Ch. 20 Appropriations</b>
<input type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS	

<b>Agency/Prepared By</b> DOR/ Pamela Walgren (608) 266-7817	<b>Authorized Signature</b> Paul Ziegler (608) 266-5773	<b>Date</b> 11/21/2007
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## Fiscal Estimate Narratives

DOR 11/21/2007

LRB Number	<b>07-1737/5</b>	Introduction Number	<b>AB-0553</b>	Estimate Type	<b>Original</b>
<b>Description</b> Limiting the use of the lowest responsible bidder process and requiring local units of government to use the qualification-based selection process for certain public works consulting contracts					

### Assumptions Used in Arriving at Fiscal Estimate

Under current law, certain requirements related to lowest responsible bidders and public notice must be met before local governmental units or special districts may enter into many contracts for public projects.

The bill would require a new qualification-based method for certain local government unit (LGU) contracts. The method would relate to projects with an estimated value of at least \$250,000 for which the state government provides some financial assistance and in which the services of a consultant are required for planning, study, design, construction, repair, remodeling or improvement to public works or buildings. A consultant would be defined as a person who provides architectural, engineering, land surveying, landscape architecture or professional geology services.

A LGU would be defined as a political subdivision of the state or a special purpose district in the state, including agencies or corporations of a political subdivision or special purpose district, or a combination or subunit of any of these entities, that is charged with the duty of receiving bids for and awarding projects.

For projects undertaken by a LGU, consultants would have to be selected only on the basis of qualifications, unless an exception to the requirement existed. LGUs would have to develop procedures to solicit proposals that would not include fees or costs for the proposed projects. Consultants would be ranked on specialized experience and technical competence, available resources, proposed approaches and methods of project management, quality of prior work, and proximity and familiarity with the project location.

LGUs would be required to negotiate with the highest ranked consultant to specify terms of the contracts. If the parties were unable to negotiate a contract and fee acceptable to the LGU, the LGU would then have to negotiate with other consultants in order of their ranking. If the LGU was unable to obtain a contract with these consultants, it could solicit bids under any other method authorized by law.

If the LGU were to enter a contract with one of the consultants under this method of selection, it could then solicit proposals for other projects directly from that consultant without adhering to any public bid procedure.

The procedures in the bill would not apply to emergency situations in which public health or welfare is endangered. The provisions would specifically apply to the hiring of consultants for highway bridge inspections in a LGUs jurisdiction, even if no state funding is involved or the \$250,000 threshold otherwise applicable is not met.

The bill would not have a fiscal impact on state revenues or costs. Since the bill would require LGUs to enter into negotiations with one or more consultants, ordered without regard to the costs or fees that would be charged for the project, it could increase the costs of LGUs to negotiate and award projects. However, information is not available to estimate the fiscal impact of these requirements.

### Long-Range Fiscal Implications