



State Senator Sheila Harsdorf

Date: October 29, 2013

To: Senate Committee on Government Operations, Public Works, and Telecommunications

Fr: Senator Sheila Harsdorf

Re: Senate Bill 280 – J & L Steel and Electrical Services Claim

Dear Chair Farrow and Committee Members,

Thank you for holding a public hearing on Senate Bill 280 (SB 280), which authorizes a claim payment to J & L Steel and Electrical Services. I regret that I am unable to testify in person due to prior commitments, but appreciate your consideration of this legislation.

As background, J & L Steel and Electrical Services was awarded a contract from the state in 2011 to perform electrical work on the Chippewa Falls veterans facility for the Department of Veterans Affairs (DVA). The request for bids indicated that the winning bidder would install a nurse call system that met the specifications of a particular brand and model. While the particular brand and model was listed, the bid request allowed for the use of an “approved equal system.” J & L Steel researched the call systems available on the market, found an equal system that cost significantly less than the specific model listed in the bid request, and was awarded the contract after submitting the low bid.

Following the bid award, J & L Steel began working with the Division of State Facilities (DSF) and DVA on the details of the project, including the use of the alternate nurse call system. No indications were given to J & L Steel that there were any concerns with the use of the alternate system. In fact, DVA indicated they would accept the alternate call system as an equal to the brand listed in the bid request and DSF approved the expenditure of funds to prepare for the alternate call system. Months after submitting plans to DSF outlining the use of the alternate call system, DSF reversed course and rejected the alternate call system. This decision resulted in J & L Steel having to install the name brand system cited in the bid request, resulting in an over \$200,000 loss.

The Division’s actions on this matter are concerning. While I will defer to J & L Steel’s counsel as to the legal questions involved, DSF’s unwillingness to compensate the contractor for the name brand system they insisted upon has resulted in this claim. Additionally, the insistence by DSF upon using certain products raises concerns with the impact of this dispute on taxpayers, as bidders may be deterred from finding cost savings by using alternative suppliers in the future if winning firms are left responsible for additional costs if DSF changes its position.

I respectfully request the Committee’s review of this matter and favorable consideration of J & L Steel’s claim. Thank you again for holding a hearing on this measure. Please feel free to contact me as I would welcome the opportunity to respond to any questions you might have.