



ROBERT BROOKS

STATE REPRESENTATIVE • 60TH ASSEMBLY DISTRICT

Hearing Testimony
Assembly Committee on Local Government

July 12, 2017

Chairman Brooks and members of the Assembly Committee on Local Government, thank you for affording me with the opportunity to testify on behalf of Assembly Bill 307 relating to modernizing Wisconsin's competitive bidding thresholds.

Assembly Bill 307 increases the competitive bidding threshold for local governments from \$25,000 to \$75,000. For our local partners, costs of public works projects have increased—precipitated in part by inflation—while the threshold for triggering competitive bidding has remained stagnant since 2005. As a result, local governments have been required to competitively bid for small-dollar projects that in the past would have fallen under the cap levels. For instance, in 2015, the City of Mequon was required to bid a \$39,000 project to remove ash trees, while, the City of Fond du Lac bid a \$35,000 project for park shelter renovations. Providing more flexibility while continuing to require Class 1 notices for public works projects will benefit our local communities across the state.

Additionally, Assembly Bill 307 requires that school districts employ competitive bidding on public works projects exceeding \$75,000. Currently, school districts are *exempt* from having to abide by competitive bidding regulations. This bill requires school districts to competitively bid for large expenditures, chiefly capital improvement projects akin to their local counterparts. According to the Wisconsin Department of Public Instruction, Wisconsin taxpayers, in 2016, approved, via the referendum process, \$1.34 billion in debt issuance for capital improvement projects. Moreover, in 2017 alone, Wisconsin taxpayers approved over \$700 million via the referendum process; none of which were *required* to competitively bid their projects. By ensuring that, in the future, these projects are subject to competitive bidding requirements taxpayers will save millions of dollars annually and school districts will be encouraged to award projects to the lowest responsible bidder—a practice currently employed by other local units of government.



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STATE REPRESENTATIVE • 60TH ASSEMBLY DISTRICT

In closing, Assembly Bill 307 will codify best practices employed by many school districts that currently utilize self-imposed bidding requirements.

I encourage your support of Assembly Bill 307, at this time, I would be happy to answer any questions from committee members. Thank you for your time and consideration.



JOHN J. MACCO

STATE REPRESENTATIVE • 88TH ASSEMBLY DISTRICT

To the Assembly Committee on Local Government,

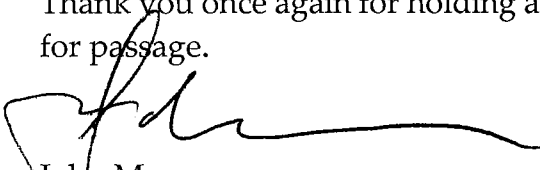
Thank you Chairman Brooks and Committee Members for hearing Assembly Bill 307. Representative Rob Brooks has done a phenomenal job in creating a piece of legislation that will unleash the shackles set on local units of government by the state. I echo all of the positive attributes detailed by Rep. Brooks, but I am here to discuss a specific portion of the bill that will not only help my district in a positive manner but will empower charity groups statewide.

The Green Bay Optimist Club is a pillar of our proud community. Their organization embodies the servant-minded mantra of "I must do something always accomplishes more than something must be done." Their organization built and maintains the Resch Miracle Field, a baseball field designed with protective padding for folks with disabilities. Their contributions to our community are numerous and necessary.

From this mindset, I was shocked to learn an arcane rule dictated from Madison would not allow the Optimists to build a facility on city land and donate that building to the city without going out for public bid. The organization wished to donate the total costs of supplies and labor to the city, but because the threshold of the construction ran up against the arbitrary threshold set by bureaucrats the project is at a standstill unless put up for public bid.

This legislation will allow any individuals looking to donate a project to a unit of government the ability to construct an improvement to the city without having to go through the bureaucratic nightmare that can be the public bidding process. I grant you, we need to protect our public bidding process to save vital tax payer dollars and protect our cities from collusion and fraud. We also should allow our charitable organizations the flexibility to do what they do best: give back to the community.

Thank you once again for holding a public hearing on this bill, and I urge the committee to vote for passage.



John Macco
Representative
88th Assembly District

TO: Representative Brooks and Members of the Assembly Committee on Local Government

FROM: Randy Guttenberg, Superintendent
Waunakee Community School District

Julie Waner, Vice-President
Waunakee Community School District -- Board of Education

RE: Testimony on Assembly Bill 307

DATE: July 12, 2017

Good morning. Thank you for providing the opportunity for us to share our perspective on Assembly Bill 307 related to the competitive bidding of construction projects by Wisconsin Public School Districts. My name is Randy Guttenberg, Superintendent for the Waunakee Community School District, and joining me today is Julie Waner, Waunakee resident and Vice-President of the Waunakee Community School District Board of Education. We are here today to share our concerns with this proposed legislation.

Waunakee is located ten miles north of Madison and is a rapidly growing community. We serve 4,200 students in our school district and are growing by about 2% annually. As a result of our student growth we have been and will continue to face the need to remodel, add-on, and build new school facilities. As we make decisions about future building projects, we value the ability to provide a high quality product in a cost effective manner, while supporting our local community and businesses.

Most recently in 2014 we passed a \$44.8M referendum that included a new 155,000 square foot energy efficient school for our 5th and 6th grade students. The award winning

projects associated with this referendum came in under budget, and through careful collaboration of our team, we were able to reallocate nearly \$1M to additional work that directly benefited our students, and provided evidence to our community that we were good stewards of their funds. This project included many facets that were competitively bid, but we also capitalized on longer term commitments, partnerships, and agreements with companies such as North American Mechanical for our HVAC needs, Westphal Electric for our electrical and data lines, Endres Manufacturing for steel, and Mobile Glass to provide many of our windows.

These partnerships are valuable to us as is evidenced by over 10-years of history and energy saving experience with NAMI, the ability to support a literal neighbor business, Endres Manufacturing, the value of high quality services attained at UW-service rates with Westphal Electric, and our ability to work with a local supplier of windows, Mobile Glass.

These companies provide high quality service, take pride and responsibility in working with the local school district, and provide competitive prices. We bid these services periodically to ensure that we are remaining competitive and responsible for the funds our community trust to us. Additionally, we have confidence built through a legacy of consistent follow through to overcome unforeseen challenges with many local vendors.

We believe that a hard, sealed bid process that requires the low bidder be granted the work, limits our ability to develop longer term partnerships. There are real costs when companies need to play "catch up" on the background of past projects, to understand our vision, our community values, and the continuity of services we expect in our projects.

This continuity is particularly important on system-wide initiatives such as when we upgrade and replace infrastructure for our camera and door entry systems. We want to work with one provider for all of our schools, but these projects are often upgraded and installed in phases over time at individual schools, often resulting in multiple bidding processes. Under the provisions of this bill, different vendors could win the work based solely on low bid for each school project. Using multiple vendors is not the most efficient or cost effective way to manage district wide systems. This pattern is also true when working with HVAC and electrical infrastructures.

As school board members, we place great value in the power of local control for managing our taxpayer funds. We work closely with our administration to seek the best value, bid projects per our policies to ensure competitive pricing, and we are a community that expects excellence in our work. We also value our local businesses, and have a policy that encourages us to provide preference to local taxpaying business partners. We believe that the bidding process as proposed in this legislation, particularly related to geographic area, could hurt local collaboration by favoring an outside entity that drops their price just to get our business. The bottom line is not always the best indicator of quality or the only indicator that we as a school board look for when working to provide the type of outcomes our community expects.

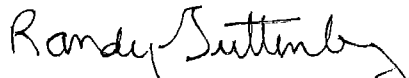
We value the confidence we have established with our partners, and our community appreciates the synergy created by supporting local entities whenever possible. We understand the desire to ensure that taxpayer funds are used responsibly. Waunakee is a very

fiscally conservative community, and as school board members, we apply our diverse backgrounds to advocate for securing the best value and competitive costs.

But, we believe that Assembly Bill 307 will undermine a process that has worked very well for Waunakee. We stand to advocate for the ability to bid when necessary per our district policies, select local businesses when we feel they bring the best value, and to build continuity that leverages planning with trusted business partners to ensure cost efficiencies.

Thank you for your service to our State and thank you for considering our perspective. We remain Committed to Children, Committed to Community and Committed to Excellence.

Submitted By:



Randy Guttenberg, Superintendent
Waunakee Community School District



Julie Waner, Vice-President
Waunakee Community School District – Board of Education



School Administrators Alliance

Representing the Interests of Wisconsin School Children

TO: Assembly Committee on Local Government
FROM: John Forester, Executive Director
DATE: July 12, 2017
RE: AB 307 – Requiring School Districts to Utilize Competitive Bidding

The School Administrators Alliance (SAA) opposes Assembly Bill 307, relating to competitive bidding thresholds and requiring school districts to utilize competitive bidding.

Assembly Bill 307 would require that a school board, before entering into a contract for the construction, repair, remodeling, or improvement of a public school building or public school facilities or for the furnishing of supplies or materials with an estimated cost greater than \$75,000, must advertise or direct the school district clerk to advertise for proposals and must let the contract to the lowest responsible bidder.

The bill would also prohibit a school board from using a bidding method that gives preference based on the geographic location of the bidder or that uses criteria other than the lowest responsible bidder in awarding a contract.

Mr. Chairman, I have spent the past few days reading a lot of information about school construction and talking about this bill with school business officials and superintendents as well as people in the construction industry. What I have found is simply school construction is a complicated issue. And I'm certainly not an expert on the ins and outs of the various project delivery methods, whether they be general contractor, construction manager as agent (CMA), construction manager at-risk (CMR) or design-build.

What I do have is an observation about the industry. It appears to me that the industry has evolved such that different companies either specialize in or favor certain project delivery methods. One is left to conclude that the industry itself believes there are multiple ways that a quality project can be delivered efficiently and on time to the project owner.

If that is the case, shouldn't the project owners (and in this case I am referring to school districts in particular) be able to choose how to best meet the unique needs of their students, taxpayers and community at large given the scope, goals and circumstances surrounding a particular project?

Mr. Chairman, I'd like to come at this question from a slightly different angle as well. Under current law, school districts enjoy the flexibility to choose a project delivery method which suits the project. In addition to the methods referenced earlier, school districts also use request for proposals (RFPs), quotes and negotiated proposals with one or more vendors. I noticed that one or more of the organizations that registered support for AB 307 also suggested that they would like to be able to utilize design-build. So the question that comes to mind is, "Would the municipalities,

counties and other entities that are supportive of AB 307 like to have the flexibility afforded to schools under current law? I'm assuming that they would answer with a resounding "yes." But, what I would really like to hear is the answer to the follow-up question, "Why?" I suspect that, like school districts, they believe they could best meet the needs of their various constituencies by having greater flexibility to choose how to bring their projects to completion.

In their co-sponsorship memo, dated April 20th of this year, the authors raise up required competitive bidding as the one sure way we can always ensure that school districts make their large expenditures in an efficient manner. First, let's remember that most school districts have a competitive bidding policy. So, this bill would not provide any additional tools that school districts don't already have at their disposal. Also, my conversations with school business officials and industry representatives suggest that the cost/efficiency issue is not so clear cut. Coming up with apples-to-apples cost comparisons between project delivery methods is not easy to accomplish.

Some industry representatives believe that this legislation, if adopted, will remove the opportunity for school districts to realize cost savings through collaborative redesign in the pre-referendum and pre-construction phases of a project. Some veteran school business officials believe that, depending on the circumstances surrounding a particular project, they can bring some projects to completion more cost-effectively using options other than competitive bidding. School facilities officials at one of the ten largest school districts in the state believe that, if AB 307 passes, they would need to add a full-time position to their staff to administer the necessary competitive bidding procedures resulting in an additional new cost. Because they currently use all the flexibility they have under current law to ensure cost-effective vendors, they believe the net result would be increased expenditures, not cost savings.

Let me be clear. School administrators believe that cost is a vitally important consideration. But, I think we need to acknowledge that it is not the only consideration. Project quality and on-time completion are also vitally important considerations for school districts. Poor performance in either of these two areas will likely impact cost to the district over the long term.

Before I leave the cost and efficiency issue, I would like to address one more assertion the authors made in their co-sponsorship memo. In that memo, the authors strongly suggested that, because they are not required to utilize competitive bidding in their capital improvement projects, school districts are not cost-effective. In general, I think that inside the State Capitol there is not a great appreciation for the level of expertise required of today's school business officials, nor is there an understanding of the level of sophistication with which school districts operate on financial issues.

There is a built-in incentive for school districts to operate as efficiently as they can, and it is succinctly captured in this widely-held principle: By operating as efficiently as possible on the non-instructional side (the business side) of the school district operation, you use the savings to maximize resources available for kids in the classroom.

School administrators have raised several other concerns about AB 307, including:

- The impact of the bill on smaller projects and projects that need to be done quickly. Some administrators have expressed concerns that the cost of bidding procedures will outstrip any potential savings on smaller projects. They are also concerned that, because bidding lengthens the process, it can make it more difficult to complete certain projects in the narrow windows we have available for most school construction.

- Some believe that this legislation could create an issue of supply and demand for certain district remodeling projects. In general, districts would likely time the bidding phase around breaks in district operations (winter and summer breaks) creating an environment of limited contractors, subcontractors, and suppliers, which would, in turn, likely reduce competition and drive up cost.
- Many administrators have expressed concerns about the provisions in the bill that would prohibit any local preference in the contracting process. Districts generally count on the relationships they have established over many years with local vendors. These vendors have a very strong incentive to provide invaluable, high-quality service to the district because they are taxpayers, they may have children in the district and their reputations in the community are on the line as well. These vendors can be counted on to respond quickly to districts needs and often provide significant donations of time and service to the district.

In summary, we oppose Assembly Bill 307. We believe that school officials utilize the flexibility afforded them under current law appropriately, cost-effectively and in the best interests of their students, taxpayers and community. We do not believe that a one-size-fits-all model dictated by state government will serve these communities better.

Thank you for your consideration of our views. If you should have any questions on our position on AB 307, please call me at 608-242-1370.



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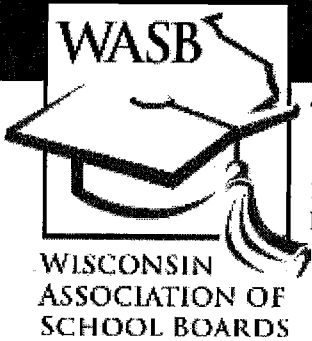
To: Assembly Committee on Local Government
From: Curt Witynski, J.D., Assistant Director, League of Wisconsin Municipalities
Date: July 12, 2017
Re: **AB 307, Increasing the Competitive Bidding Threshold for Certain Public Construction Contracts**

The League of Wisconsin Municipalities strongly supports AB 307 for the following two reasons:

1. The bill increases from \$25,000 to \$75,000 the amount at which municipal construction projects other than road projects must be competitively bid. Under the bill, the competitive bidding threshold for municipal road projects would remain at \$25,000. The last time the competitive bidding threshold was increased was 2006 when it was increased from \$15,000 to \$25,000. Currently, municipalities must follow a strict competitive bidding process for every municipal construction project over \$25,000. The bidding process is inflexible, takes time and requires administrative and advertising expenditures. While the bidding process makes sense for large public construction projects, it doesn't for smaller projects such as painting a water tower, building a park shelter, or adding an ADA compliant bathroom to an old library. AB 307 would give local governments the flexibility to enter into small construction contracts in a less expensive and more efficient manner, saving taxpayer dollars.

2. The bill also expressly exempts from the bidding process any improvements constructed by a person other than the local government and donated to the local government after the completion of construction. This provision makes it clear that roads, park shelters, playgrounds and other improvements constructed by a private party and then donated to a local government are not subject to the competitive bidding requirements. This will enable municipalities to more efficiently engage in public-private projects and accept donated improvements.

For these reasons, we urge the committee to recommend passage of AB 307. Thanks for considering our comments.



"Leadership in Public School Governance"

JOHN H. ASHLEY, EXECUTIVE DIRECTOR

122 W. WASHINGTON AVENUE, MADISON, WI 53703
PHONE: 608-257-2622 FAX: 608-257-8386

TO: Members, Assembly Committee on Local Government
FROM: Dan Rossmiller, WASB Government Relations Director
DATE: July 12, 2017
RE: **OPPOSITION to ASSEMBLY BILL 307**, relating to competitive bidding thresholds and requiring school districts to utilize competitive bidding.

Thank you, Chairman Brooks and members of the committee, for the opportunity to testify on Assembly Bill 307. My name is Dan Rossmiller and I am the Government Relations Director for the Wisconsin Association of School Boards (WASB). I'm here today speaking on behalf of all 422 locally elected public school boards in our state who are members of the WASB.

Wisconsin school boards are currently not statutorily required to advertise for bids, nor to award construction contracts on the basis of competitive bids. Nevertheless, many school boards do voluntarily use competitive bidding for school construction projects as a matter of board policy. These school boards have decided that competitive bidding is advantageous to their districts and have voluntarily chosen to utilize the traditional "design-bid-build" method and award construction projects to the lowest responsible bidder. I suspect many of these boards would take the view that using competitive bidding processes, while not statutorily required, provides taxpayers with the benefit that the competitive bidding statutes contemplate—services at the best possible price.

Nevertheless, many other school boards find that the flexibility they currently have to utilize alternative project delivery methods can also provide certain advantages to their districts while still providing value to their taxpayers. I am here today to make a case for the flexibility provided under current law and to provide examples of how having that flexibility and local control benefits school boards and school districts.

Some school boards and districts use the flexibility they have under current law to select a team of design professionals and contractors based primarily on qualifications, with consideration for price or costs, to work collaboratively from start to finish to identify ways to reduce costs, whether through the selection of building materials and construction methods or managing the schedule. Other boards and districts prefer using the flexibility they have under current law to negotiate with contractors, including local contractors with whom they know they can work and who they know will provide the quality of work they expect at an honest price, to get what they believe is the best deal for their district and their taxpayers.

Whichever method is chosen to be used, the goal is to get the best pricing from good quality contractors the district can count on.

The authors and proponents of Assembly Bill 307 will argue that public accountability and good business practice should demand that sealed competitive bids of school construction projects be solicited through advertisements and that contracts always be awarded to the lower responsible bidder. They will argue this is the only way to assure that taxpayers receive value for their tax dollars. We disagree.

That view ignores the age-old problem that if you have to take the low bid, you may not be getting the highest quality. Getting the best *price* for a job is not the same as getting the best *value* for that job.

That view also ignores the reality that school districts have operated for many years in an environment in which they have enjoyed the flexibility to choose a project delivery method that best suits their project.

For example, in an increasingly busy construction market, it is becoming harder to predict costs with the typical “design-bid-build” project delivery method most closely associated with competitive bidding. In its typical form, this method relies heavily on the architect’s degree of expertise with predicting costs and prices when setting specifications. Under current law, school districts can and often do, select a team in which the architect or engineer—the design professional—works collaboratively with a contractor—a construction manager to review costs, perform constructability reviews and help with the selection of materials and building systems. Many schools further find that having design professionals and contractors working together with the district from project inception to completion produces the best results. Indeed, some construction industry professionals would argue that having the general contractor as well as key subcontractors, such as mechanical and electrical, partnering at an early stage can help to figure out the best and most economical ways to do key aspects of a project. That option would be unavailable under AB 307.

Currently, school districts can choose to utilize a Design-Build project delivery model, depending on the complexities and schedule of the particular project. A Design-Build approach is one in which the owner (i.e., the school district) negotiates a construction contract rather than obtaining competitive bids and a single firm is responsible for both the design and construction of the project or facility. Proponents of this method argue that the time to project completion may be shortened due, in part, to a single firm’s total control of the project. School districts currently have the flexibility to use the Design-Build approach and do use it in roughly 5 percent of projects. Ironically, the ability to utilize Design-Build is something that several of the local government organizations that support this bill would also like to have as an option for their projects, making it doubly ironic that schools would permanently lose the option to use Design-Build if AB 307 passes.

Assembly Bill 307 would also take away school districts’ ability to negotiate with local contractors by requiring schools to use competitive sealed bids for projects of more than \$75,000 and by prohibiting districts from using a bidding method that gives preference based on the geographic location of the bidder or that uses any criteria other than the lowest responsible bidder. Currently, districts that have longstanding relationships with local contractors can work with those contractors to negotiate good deals that spend resources locally, keeping dollars in the community, and result in the hiring of parents whose children attend those schools. Local contractors have strong incentives to do quality work as not only are these their reputations on the line, so is their community pride. They want to do a good job, and they are not only less likely to ask for extra charges, they often donate labor or materials. In effect, they over-perform the contract. And unlike the situation with an out of town contractor who might lowball a bid to pick up a one-time job, should a problem arise, it isn’t hard to get a local contractor to come back into the building to resolve it. In short, local, hometown contractors generally provide better customer service. Further, utilizing local contractors results in positive public relations for both the district and the contractors.

School districts would arguably, and I think demonstrably, lose flexibility, speed and nimbleness if Assembly Bill 307 passes.

School construction projects have timing constraints that other local government projects do not have. Much of the work is scheduled over the summer--between early June and September 1—to minimize disruptions and to avoid exposing children to hazards inherent in construction (dust, noise, trucks and other heavy equipment, etc.).

Competitive bidding takes time and it requires that all bidders bid from a complete set of plans and specifications. As a result, under competitive bidding, it is not possible to start work on a project before all the design work—i.e., a completed set of plans and specs—is finished. However, under current law schools can hire expert consultants—construction managers—to do site work, such as preparing footings and foundations, before the design work is finalized, which speeds progress on projects where time is of the essence.

The biggest impact of AB 307, should it pass, might very well fall on relatively smaller (less expensive) projects and projects that must be completed quickly. Bidding requirements lengthen the procurement process as more detailed plans and specifications must be finalized before bids can be let and the process of advertising for bids itself takes several weeks. Experienced school facilities managers have told me that it will often cost a school district more to go to bid on a small dollar contract than to negotiate. Further, these facilities managers indicate that the amount it costs to bid out a smaller project could be greater than the savings a district would receive from selecting on the basis of competitive bids. And there are personnel costs to bidding as well.

Because school boards may already utilize competitive bidding on a voluntary basis when awarding construction contracts, Assembly Bill 307 confers no authority on school boards and school districts that they don't already have. In reality, it imposes restrictions on school boards by taking away flexibility that many boards and districts currently use to generate taxpayer value through the use of alternative project delivery methods like those I have described. School boards value the flexibility they currently enjoy to engage design professionals and other consultants to help the district determine how to provide the best value and the lowest cost as well as the flexibility to negotiate with local contractors, which creates a "win-win" scenario for their communities and their taxpayers.

For all of these reasons, the WASB opposes Assembly Bill 307 and asks that you **not** support the bill as written.

Public Comment:
2017 ASSEMBLY BILL 307

July 12, 2017

Re: School District Bidding Thresholds

Office of Representative Rob Brooks
60th Assembly District
Wisconsin State Legislature
Madison, WI

To Whom It May Concern:

Thank you for the opportunity to present a few remarks regarding the above subject. As an architect and a taxpayer living in the Port Washington-Saukville School District, (PWSSD) I have several concerns that are very important to me in these matters.

Before I begin my remarks on 2017 ASSEMBLY BILL 307, please allow me to provide some information on my personal background and experience:

- Registered Architect, **State of Wisconsin**, from 1984 to 2013.
- 21 years of **architectural experience** including an estimated (300) to (400) projects in southeastern Wisconsin, including 13 years as a **principal of an architectural firm** in Port Washington, Wisconsin
- Registered Architect, **State of Illinois**, from approximately 2000 to 2003.
- 10 years of experience in administration of **Florida Gulf Coast University** architectural and engineering projects at the main Fort Myers campus.
- Administration of FGCU projects included classroom buildings, science lab buildings, sports and recreational buildings and residence hall buildings, all of which totalled over **1.4 million square feet of FGCU buildings**.
- 12 years of experience as a **teacher** at the secondary school level, including 7 + years of experience as a **high school coach** of cross country, basketball and track.
- 1 year of experience as **Assistant Director of Public Works** for the City of Port Washington.

Summary of the Problem:

- A few years ago, the PWSSD had a \$49 million referendum pass for two (2) major construction projects, which included approximately \$45 million for the renovation and additions to Port Washington High School. I was surprised to know that the PWSSD did not solicit architectural proposals for these projects, and decided to hand-pick one firm for all of the architectural work.

- As noted above, as an architect and taxpayer living in the PWSSD, I believe that such a selection process is unethical and does not provide the taxpayer with the scrutiny that the use of public dollars deserve.
- Currently, it is my understanding that Wisconsin law does not require school districts to comply with competitive bidding thresholds for capital improvement projects funded by public dollars. Accordingly, said school districts do not have to comply with the hiring of design professionals practices that municipalities, counties or the State of Wisconsin must comply with for capital improvement projects.
- If a school district chooses not to use a competitive process, I believe that it opens the school district to problems relating to the scrutiny of how those public dollars are spent.

Suggestions for Resolution of this Issue:

- Require school districts to follow the same bidding thresholds as are required for municipalities, counties and the State.
- I agree with the proposed amendments to Section 1. 59.52 (29) (a) 1. which require the same bidding requirements for school districts, municipalities, counties and the State for construction projects over \$75,000. (Note: In my opinion, the \$75,000 threshold is too low of an amount.)
- In my opinion, school districts, when hiring a design professional or a construction management professional, should be required to solicit proposals from a minimum of three (3) pre-approved professional firms. (Note: I am unsure how this would compare to existing requirements.)
- The pre-approval process should include:
 - Publication of the project in a state approved publication for a period of approximately (30) days prior to the proposals being due.
 - A selection committee of district officials should be formed to review such all the proposals submitted.
 - The selection committee selects three (3) firms to be interviewed on the same day.
- The proposals from the various firms submitting process should include:
 - Proof that the firm is licensed to practice in the state of Wisconsin.
 - Proof that the firm has the capability of completing the project on time and on budget.
 - Proof that the firm has successfully completed at least (3) projects of similar scope and size within the past 5 years.
 - Proof that the firm has the financial ability to complete project on time and budget.

Respectfully submitted,



Barrett Paul Genson

1822 New Port Vista Drive
Grafton, WI 53024



AMERICANS FOR PROSPERITY

WISCONSIN

Memorandum

TO: Chairman Brooks, Honorable Members of Assembly Committee on Local Government

**FROM: Eric Bott, State Director
Americans for Prosperity-Wisconsin**

DATE: July 12th, 2017

RE: Support Assembly Bill 307 – Competitive Bidding

On behalf of the more than 130,000 Americans for Prosperity (AFPWI) activists in Wisconsin, I would like to thank Representative Rob Brooks and Senator Duey Stroebel for authoring Assembly Bill 307 and Chairman Ed Brooks for holding a hearing today.

AFPWI supports efforts to increase competitive bidding in public works projects. Increased competition reduces taxpayer costs and improves quality.

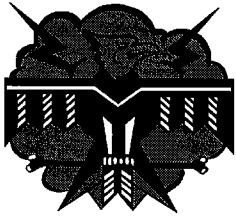
In 2016, Wisconsin taxpayers approved over \$1.34 billion in debt issuance for school district capital projects. In 2017, that number topped \$700 million. School districts are not required to competitively bid these projects despite these massive sums of taxpayer investment.

It is a virtually undisputed law of economics that increased competition reduces costs. This contention is both intuitive and supported by empirical evidence. It's also supported in the academic literature.

For example, a published study authored by Cornell University professor Paul G. Carr, *Investigation of Bid Price Competition Measured through Prebid Project Estimates, Actual Bid Prices, and Number of Bidders*, concluded after reviewing public educational facilities projects that fewer bids do indeed result in higher costs.

Provisions included in AB 307, requiring competitive bidding for school district construction projects topping \$75,000 in cost are a responsible, and reasoned step to protect taxpayers and should help ensure greater competition, lower costs, and higher quality on educational facility construction projects.

AFPWI encourages the members of the committee to support this portion of AB 307. Thank you again for your time and consideration.



SCHOOL DISTRICT OF BARABOO

423 Linn Street
Baraboo, WI 53913
(608) 355-3950 · Fax (608) 355-3919



Subject: Assembly Bill 307 Related to Competitive Bidding School Districts
Against

Date: July 12, 2017

Dear Members of Assembly Committee on Local Government,

I am a member of the Baraboo School Board. It is my hope that this committee will vote down and not advance Assembly Bill 307 related to competitive bidding for school districts.

The Baraboo School Board utilizes a open competitive bidding process. It is our goal as a board to provide the highest quality service to our constituents. In many instances that does not mean that the lowest bidder always provides the highest quality for the price.

The question for this bill then becomes what can be termed as a responsible bidder?

About 20 years ago we had construction done on a building under the management of a construction manager. Note this is not the current construction manager we currently utilize. Some of the construction was substandard in one of the buildings this firm was responsible for as project manager. This was not ever rectified to our satisfaction. Though there were other factors that came into play in the not selecting this construction manager besides this substandard construction it was a major consideration in not utilizing them for our current projects. Would AB307 change that so if the previous construction manager that we were not happy with that we would be forced to use them if they were the low bidder?

We recently had a major million dollar plus construction project to rebuild a wall in our middle school. This again was a project that occurred because the previous construction utilize substandard materials and methods of construction. We have just passed the second of two referendums and are utilizing a construction manager that we know and trust. We have qualified them after they passed a rigorous prequalification system. We rely on their professional expertise to get the overall project to choose quality vendors to build the project to our specifications, utilizing both high quality materials and superior methods of construction. We currently have a 20 million dollar project to renovate our High School. In a renovation project many things will occur that are unanticipated. We

recently found a tunnel that did not show up on any of the previous plans. On a project of this size there will be parts that go over their original estimates and others that will go below because of these unforeseen circumstances . At the end of the day the construction manager is responsible to meet the terms of the overall contract. Part of that contract requires they use qualified vendors. Hopefully, this bill will not tie the hands of the construction managers if it forces them to utilize substandard vendors who also do lower quality work and do not get the work done on time.

We are thankful for the confidence our local public gives to us in the stewardship in the resources they have given to us in managing our schools. In many instances our local contractors, in the spirit of community partnership, go the extra mile in working with the School District. We had a sports field project that was awarded to a local contractor. They were not the lowest bidder but it was very close. They included in their bid additional prep work and hauling off of waste material. Those two items were not part of the original bid package but the bidder knew that they would need to be done to complete the job. This in the end resulted in a lower overall cost to the public. How is this bill going to take this into account when we award bid packages? Could this open us up to having to accept bids when our local experience and knowledge working with the local contractor will provide our community with the best value for the dollar?

It is our belief that this bill is anti-local control because it takes out of the hands in many instances the ability of the local school board to best meet the needs of the community and not just save a nickel today. This bill will result in consequences of being penny wise but pound foolish in its long term consequences. By forcing school districts to use vendors on a cost only basis may also force us to be even more diligent in how we format our contracts with the vendors we use. This will increase our legal costs which will do nothing to advance the cause of education or give value to our taxpayers.

I am also including a copy of a resolution that was passed unanimously by our full board against referendum bills that have been introduced this legislative session. This bill follows those in that it does nothing to assist us locally to provide the best value for the dollar to our taxpayers.

It is because of these possible unintended consequences that I feel this bill is a statewide bureaucratic overreach and in its present form should not be passed.

Doug Mering
Vice President
Baraboo School Board



SCHOOL DISTRICT OF BARABOO

423 Linn Street
Baraboo, WI 53913
(608) 355-3950 · Fax (608) 355-3919



RESOLUTION Opposing Anti-Local Control School Referendum Restriction Bills

WHEREAS, State Senators and members of the Assembly have introduced multiple pieces of legislation that will place restrictions and complicate the school district referendum process including;

SB-187 , AB274 **Referendum Revenue Information**

SB-191, AB282 **Bonding Resolution Consideration**

SB-192, AB279 **Capital Improvement Trust Fund**

SB-193, AB285 **Referendum Revenue Limit Increase Penalty**

SB-194, AB269 **Referendum Scheduling**

SB-195 , AB268 **School Referenda**

WHEREAS, these bills are anti-local control and do not show trust in locally-elected officials; and

WHEREAS, because of state-imposed revenue limits on school districts referenda are the only way many districts can access additional needed resources. These proposals will significantly impact declining enrollment districts which comprise over 60 percent of Wisconsin school districts. Most seriously affected will be small, rural school districts which lack economies of scale and have few places to make cuts. Many of these districts have come to rely on periodic referenda to maintain programming and, in some cases, to continue to exist. Legislators should know that supporting these bills could have the effect of forcing districts to consider dissolving; and

WHEREAS, also because of state-imposed revenue limits on low spending school districts, such as the Baraboo School District, referenda are the only way many districts can access additional needed resources for maintenance, capital improvements and operational needs. Baraboo School District currently spends \$9277 per student which is well below the state average of \$9800; and

WHEREAS, the bill will further exacerbate the trend of creating "Haves" who can pass referenda and "Have Nots" who cannot and opportunities for students will further be determined by their zip code; and

WHEREAS, voting is not a difficult process and voters in Wisconsin are intelligent. They do not need to be protected from themselves. If they do not support a referendum, they can vote no; and

WHEREAS, referenda can provide an opportunity for a community to have a very focused and robust conversation about what it wants its public schools to be. School boards propose referenda

because they believe doing so is in the best educational interests of the students and communities they represent; and

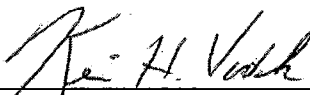
WHEREAS, investing in public education is an investment not only in our students' capacity for success beyond high school, but an investment in economic development and the future of the Baraboo School District area, Wisconsin and Nation"; and

WHEREAS, The Wisconsin Association of School Boards (WASB) has formally adopted a policy resolution (Resolution 1.25) stating that "The WASB opposes limits on scheduling referenda."; and

WHEREAS, The Wisconsin Association of School Boards (WASB) has formally adopted a policy resolution (Resolution 2.40a) stating that "The WASB opposes any additional limitations on school revenues that will force decreases in revenue to public school districts. This includes a moratorium on school district referenda."; and

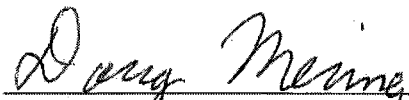
THEREFORE, BE IT RESOLVED that the School District of Baraboo Board of Education calls on Governor Walker, the Wisconsin State Senate and Wisconsin State Assembly to oppose this legislation and other bills/amendments that would further curtail the already very limited set of revenue options available to Wisconsin school boards.

Adopted, approved and recorded June 26, 2017




Kevin Vodak
Board of Education President


Gary Cummings
Board of Education Clerk




Doug Mering
Board of Education Vice-President



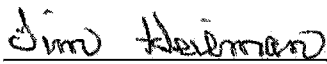
Sean McNevin
Board of Education Treasurer



Mike Kohlman
Board of Education



Mo Reilly
Board of Education



Tim Heilman
Board of Education

Assembly Committee on Local Government – July 12, 2017

MMSD TESTIMONY IN SUPPORT OF AB 307

Good morning, my name is Jeff Spence and I work as the Director of Agency Services, with responsibility for handling all procurement for the Milwaukee Metropolitan Sewerage District or MMSD. MMSD is a regional government agency that provides water reclamation and flood management services for about 1.1 million people in 28 communities in the Greater Milwaukee Area.

We support the Representative Brook's amendment that adds MMSD to AB 307 which would raise MMSD's public bidding threshold to \$75,000. Currently MMSD operates with a public bidding threshold of \$20,000 for all construction work, goods and supplies, and non-professional services. Increasing the public bidding threshold will result in cost savings and efficiency for the District, without losing competition and transparency in our procurements.

In 2016, 16 of 46 or about 1/3 of our publicly bid procurements were below \$75,000. For each of these procurements, the MMSD incurs roughly \$1,600 in staff time and fees to manage the bidding process. Therefore, we would expect a savings of at least \$25,000 annually for staff time. More importantly, however, a higher public bidding threshold will allow MMSD to move faster on relatively small repairs or safety related projects. This will lower the amount of time MMSD is operating equipment with a loss of redundancy, and avoid the further damage that can be caused when equipment is operating in a less than optimal state.

The higher bidding threshold will also improve safety and lower costs relating to MMSD's flood management program. For example, MMSD has acquired many homes along the Kinnickinnic River that must be demolished or removed as part of the KK Flood Management Project to protect more than 660 structures that are currently in the high hazard floodplain. The cost of demolition often exceeds the current public bidding threshold of \$20,000. MMSD must prepare specifications for removing the structure, must solicit bids, advertise for at least 15 days, open and review bids, and award the contract. When everything goes as planned, the public bidding process adds at least 45 days to the time necessary to remove a structure. During this time, vacant structures may be inhabited by drugs users or

criminals, and MMSD must spend money on services such as boarding the structure, dealing with vandalism, snow removal, and lawn care.

In other circumstances, MMSD has lost functionality of equipment such as electric generating capabilities, Milorganite manufacturing equipment, or communications equipment while repairs are procured.

MMSD does not believe that price competition or transparency will be compromised by a higher bidding threshold. We have a rigorous policy for procurements where public bidding is not required. Staff is required to obtain at least three quotes from potential vendors, solicit quotes from small, women, minority and veteran owned businesses where possible, and document purchasing decisions. Quotes are independently reviewed by a professional purchasing staff, and documentation must be uploaded into MMSD's accounting software before any expenditure is authorized. The District has a robust ethics policy and routinely collects and reviews disclosures regarding potential conflicts of interest.

A public bidding threshold of \$75,000 will result in a savings to MMSD's tax and rate payers, and will also allow it to move more quickly to address lower cost repairs or projects. Thank you.

Public Bidding Costs:

Procurement Specialist time: 6 hours x 32.90 == \$197.4 per procurement

Staff Attorney: 1.5 hour x 51.42 = \$77.13 per procurement

CCO Engineer 40 hours x \$31.17 = \$1,246.8 per procurement

Advertising costs: \$75 per procurement

Total = \$1,596.33

Total at 16 procurements \$25,541.28