

## **Committee Name:**

# **Senate Committee – Economic Development, Job Creation and Housing (SC–EDJCH)**

### **Appointments**

03hr\_SC–EDJCH\_Appt\_pt00

### **Committee Hearings**

03hr\_SC–EDJCH\_CH\_pt00

### **Committee Reports**

03hr\_SC–EDJCH\_CR\_pt00

### **Clearinghouse Rules**

03hr\_SC–EDJCH\_CRule\_03–

### **Executive Sessions**

03hr\_SC–EDJCH\_ES\_pt00

# **Hearing Records**

03hr\_ab0000

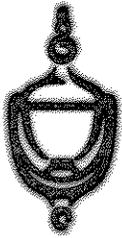
# **03hr\_sb0347a\_pt01**

### **Misc.**

03hr\_SC–EDJCH\_Misc\_pt00

### **Record of Committee Proceedings**

03hr\_SC–EDJCH\_RCP\_pt00



Greater Milwaukee Association of  
**REALTORS®**

February 19, 2004

The Honorable Cathy Stepp  
Chairwoman  
Economic Development, Job Creation & Housing  
State Capitol Room 7S  
Madison, WI 53705

Re: SB 347 Milwaukee Metropolitan Sewerage District Design-Build Pilots

Dear Chairwoman Stepp:

On behalf of the Greater Milwaukee Association of REALTORS® (GMAR), representing over 4,500 members in Milwaukee, Waukesha, Ozaukee and Washington Counties, I am encouraging you to support SB 347, Milwaukee Metropolitan Sewerage District Design-Build Pilots, introduced by Senator Darling.

The greater Milwaukee area has six watersheds under the jurisdiction of the Milwaukee Metropolitan Sewerage District (MMSD) all of which have experienced excessive flooding in recent years. This flooding is disruptive to homeowners and harmful to property values throughout the region. Giving MMSD the ability to use design-build methodology for these projects will expedite the work of alleviating these problems as soon as possible.

The GMAR believes all local taxing authorities should do everything possible to keep taxes, in this case, sewage rates, in line with homeowners' ability to pay. We have been working with MMSD for a number of years to complete their projects while holding spending down.

The GMAR believes MMSD has proven the Design-Build Contracting method works. During the Lincoln Creek project design-build saved 18 months of construction time and over \$550,000 in taxpayer dollars.

On behalf of the members of the GMAR, I strongly encourage you to vote yes in committee on SB 347. We believe allowing the MMSD to use "design build" will save tax dollars and speed relief to our flood prone homeowners.

Sincerely,

A handwritten signature in black ink, appearing to read "Mike Ruzicka".

Mike Ruzicka, President

CC: Senator Roessler  
Senator Brown  
Senator Moore  
Senator Plale



**TESTIMONY BEFORE SENATE ECONOMIC DEVELOPMENT COMMITTEE  
"SB 347 – MMSD Design / Build Bill"**

**February 18, 2004**

Good afternoon Chairwomen Stepp and members of the committee. Thank you for giving me the opportunity to testify in support of Senate Bill 347. If passed, this legislation will allow the Metropolitan Milwaukee Sewerage District to utilize up to \$60 million worth of design-build construction authority on up to five pilot projects, each of which must cost at least \$4 million.

Following me today will be representatives from MMSD, who can better describe their goals and their plans for each individual project. However, before turning over the bulk of the advocacy testimony to Executive Director Kevin Shaffer, I want the committee to be aware of two key details.

First, while it will become obvious today that some groups who do business with MMSD will be opposed to the bill, no one can accuse MMSD of not being willing to compromise and accept alternative ideas and positions. This bill is a compromise piece of legislation. It has gone through numerous re-drafts in an attempt to quell the fear and apprehension of those who otherwise would be vehemently opposed. Because of MMSD's dogged work during the drafting phase, I believe the committee will even hear testimony from some interested parties who now support the bill and are willing to embrace this proposal.

Second, I would not have agreed to author this bill for MMSD if I had not be completely assured that these five projects will be let in the most cost-effective, prudent and legitimate manner possible. By agreeing only to pilot projects, a thorough, independent review can and will be conducted. After their projects are completed, I believe straightforward facts will be disseminated to all interested parties. I expect that information will help accurately determine if design/build is ready to enter the Wisconsin construction industry's mainstream.

We have purposefully shrunk the scope of the bill to reflect the fact that many in the construction community are not willing to embrace a cart blanche approach to this methodology. This will allow the legislature to approve the design-build method of project delivery while also ensuring a through review of the approach to determine its benefits. I anticipate the benefits to the taxpayers will include both cost and timesavings.

Design-build has emerged in recent years, both in public and private sectors, as an important and viable project delivery option. Design-build is an agreement to perform both the design and the construction under one contract between the owner and the design-build team. Under s. 13.48(19), the State of Wisconsin often uses this contracting method. However, all other public contracting entities such as MMSD must utilize the lowest responsible bidder pattern. Design-build offers a single point of responsibility for design and construction services, fast-track completion and a guaranteed maximum practice.

Thank you again, Chairwoman, and members of the committee. At this time, if you have any questions I would be happy to answer them.



## ASSOCIATED BUILDERS & CONTRACTORS OF WISCONSIN, INC.

5330 Wall Street ★ Madison, WI 53718 ★ 608-244-5883 ★ Fax 608-244-2401 ★ www.abcwi.org

### Testimony on SB 347 before the Economic Development, Job Creation and Housing

Senator Cathy Stepp, Chair  
411 South

Wednesday, February 18, 2004 1:00 P. M.

- Senator Stepp, members of the committee, thank you for the opportunity to testify before you today.
- My name is John Mielke, Director of Government Relations for Associated builders and Contractors of Wisconsin.
- Membership Demographics
  1. 620 industrial / commercial contractors in the state of Wisconsin, with associate and suppliers we have more than 820 members.
  2. Average number of employees per company 35
  3. 88% are merit shop
  4. ABC members put in place more than four billion dollars of construction last year.
- ABC founding principles include *“Protection of the public by requiring free an open public bidding on all contracts for spending taxpayer money. We believe in the principle of awarding public contracts to the lowest responsible bidder”*
- I am here to testify in opposition to Senate Bill 347 on three major points

## **1. A Private Owner is Different than a Public Owner**

- A private construction owner has the prerogative to chose alternative delivery methods such as design-build because he may be willing to reduce competition in exchange for a fast schedule and single source delivery
- The public owner, using taxpayer dollars, must have its financial responsibility **and** the maintenance of a fair and competitive system as the overriding concerns.

## **2. Competition Keeps Down the Cost of Construction**

- A basic tenant of the lowest responsible bidder statute is that by providing for fair and open competition you encourage more contractors to submit bids and through competition the public gets a more cost effective construction project.

## **3. Potential For Favoritism**

- Design Build is necessarily more subjective and judgmental than the current 110 year old "lowest responsible bidder" laws and therefore is more susceptible to perceived favoritism, actual favoritism and other abuses.
- Public owners have different abilities to evaluate proposals. In an effort to address this situation, local units of government may retain outside consultants, this may even create the situation where the people evaluating the proposals have a business connection or be in competition with one of the design build teams.

## **Conclusion**

- ABC believes that open competitive bidding will continue to assure the taxpayer of projects built to quality standards at the lowest possible price, and will assure the construction contractor of fairness and integrity in the procurement process.

Thank you for your time and I would be glad to answer any questions that either you or any of the committee members may have.