



SB 559 Inland Lake Protection & Rehabilitation District Bid Requirements Modernization Act

Testimony of Senator Steve Nass
Senate Committee on Labor & Regulatory Reform
December 10, 2019 • 201 Southeast, State Capitol

Thank you chairman and committee members for holding a public hearing and allowing me to testify in support of SB 559. This bill modernizes the bidding thresholds for inland lake protection and rehabilitation districts.

SB 559 provides lake districts with more flexibility by raising the threshold required for projects and materials to be competitively bid from \$2,500 to \$10,000. Under current law, a lake protection and rehabilitation district can be created to carry out lake protection and rehabilitation programs. It is important to note that even under this bill, a lake district can still bid a project under \$10,000 if they so choose.

This change simply modernizes state statutes and will allow lake districts to operate more efficiently. The existing bid threshold requirement for lake districts of \$2,500 has not been updated since 1978, over 40 years ago. Since that time, the cost of materials and labor have increased, and the statute has not kept up with inflation. Modernizing the bid threshold reflects inflationary updates the state has made for other similar local boards and entities.

It is important to have bidding requirements to maintain transparency on public projects and ensure that tax and rate payers are getting the best deal possible at the lowest cost. However, that threshold should not be set so low that it acts as an impediment to completing desirable projects or inadvertently increases costs through overly bureaucratic micromanagement.

Thank you for the opportunity to provide testimony in support of SB 559. I am happy to answer any further questions committee members have on this legislation.

“In God We Trust”

11th Senate District

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December 10th, 2019

Chairman Nass and Senate Labor and Regulatory Reform Committee Members,

Thank you for holding a Public Hearing on SB 559 related to bid requirements for public inland lake protection and rehabilitation districts.

This bill was drafted in consultation with a constituent who brought this issue to my attention.

I am honored to have worked with Senator Nass on this legislation and I appreciate the opportunity to bring it forward for discussion.

This bill provides Lake Districts with more flexibility as it relates to bid requirements for projects.

SB 559 raises the threshold that triggers a competitive bid from \$2,500 to \$10,000.

This simple fix will allow lake districts to operate more efficiently. Project costs have increased over time and the statutes have not been updated at the same pace.

This bill also relates to the purchase of materials. As the cost of materials has increased over time the statutes have not kept up. When purchasing materials, the \$2,500 threshold is often a bureaucratic barrier that is simply not realistic with today's pricing.

This change will also help lake protection and rehabilitation districts to purchase materials and enter into contracts at a more realistic pricing threshold.

We need to ensure that state statutes support transparency in bidding procedures while simultaneously reducing bureaucratic red tape.

Thank you for your time and I am available to answer any questions you may have.



WISCONSIN LAKES

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December 10, 2019

TESTIMONY TO SENATE COMMITTEE ON GOVERNMENT ACCOUNTABILITY AND OVERSIGHT IN SUPPORT OF SB559

Thank you for the opportunity to testify today in favor of SB559. My name is Michael Engleson, and I am the Executive Director of Wisconsin Lakes. Wisconsin Lakes is a statewide non-profit conservation organization of waterfront property owners, lake users, lake associations, and lake districts who in turn represent over 80,000 citizens and property owners. We are the only statewide association of lake associations and districts.

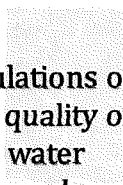
Before speaking to the benefits of this bill, I would like to take a moment to discuss public inland lakes and protection districts ("lake districts") in general, as legislation relating to these entities is uncommon and you may have questions about exactly what it is you are regulating.

Lake districts are special purpose units of government authorized over forty years ago with the passage of chapter 33 and play an overwhelmingly positive role in the management of Wisconsin's inland lakes. Roughly 240 such districts exist in 2019 and residents on several additional lakes in Wisconsin are in the process of forming districts as we speak. While districts can be found all over the state, the preponderance are in southeast and central Wisconsin, with Waushara and Waukesha counties tied for having the most at 20 each.

Districts are governed by a 5-7 member board of commissioners, elected by the residents and property owners of the district at the annual meeting. Also voted on at the annual meeting is the budget, which is developed by the commissioners but can be amended by the voters at the meeting. Districts raise funds primarily through two means - grants (mostly through the DNR surface water grants program) or a property tax (with a maximum mill rate of 2.5), though they are allowed to borrow money just like any other governmental body. According to UW-Extension Lakes Program figures, in 2018 districts raised a total of \$9 million dollars (including grants), but about 60 districts levied no taxes and only 22 had budgets in excess of \$100,000.

Once created, districts are generally popular with their residents - to my knowledge, few if any have ever dissolved. Districts leverage local dollars and, more importantly, sweat equity through volunteer service, to conduct lake management planning, remove nuisance plants, maintain

Wisconsin Lakes is a statewide non-profit conservation organization of waterfront property owners, lake users, lake associations, and lake districts who in turn represent over 80,000 citizens and property owners. For over 20 years, Wisconsin Lakes has been a powerful bipartisan advocate for the conservation, protection, and restoration of Wisconsin's lake resources.



navigational channels, protect the lake from new infestations and manage existing populations of aquatic invasive species, sometimes own or manage a dam, and work to improve water quality on their lake. Though these activities are often funded in part through Wisconsin's surface water management matching grant program, the state saves hundreds of thousands of dollars each year because local lake residents take on the burden of helping to protect public waters for all.

This bill would increase the threshold amount at which a district must request bids for service or purchase of materials from \$2,500 to \$10,000. This figure has not been changed since 1977 and has thus not kept up with increasing prices over the decades. An increase in the bid threshold is one of the top requests for changes to Chapter 33 that I hear from my lake district members across the state. Increasing the bid threshold to \$10,000 reasonably saves districts the time and effort to let most transactions out to bid while preserving the protection bid requirements provide to taxpayers for large expenditures. A \$10,000 threshold would also mirror the amount required to be itemized within the annual budget of the district under Sec. 33.30(3)(b).

Wisconsin Lakes is in full support of this bill and recommends its passage. Thank you again for the opportunity to testify today.

[The following text is mirrored and appears to be bleed-through from the reverse side of the page. It is not legible.]

1 I am the Chairperson of the Eagle Spring Lake Management District located
2 in the Town of Eagle, Waukesha County, Wisconsin.

3 The Eagle Spring Lake Management District, like all local government
4 bodies, faces many challenges in dealing with budget matters. We strive to
5 pinch every penny to get the maximum benefit for our constituents.

6 Currently Chapter 33.22(1) requires all contracts in excess of \$2,500.00 to
7 be bid out for the purchase of any work or purchase of any materials. Over
8 the years this figure has become unrealistic and detrimental to the efficient
9 and effective operation of Lake Districts.

10 Even the smallest purchases and contracts must go through a formal
11 bidding process. This increases the overall cost of the procurement by
12 developing detailed written specifications for minor purchases, paying for
13 legal notices in the newspaper, and delaying the procurement by weeks at
14 a time to allow the bid process to run its course.

15 In addition, the current limit has the unintended consequence of limiting
16 the number the possible vendors as many smaller local firms simply do not
17 want to deal with the paperwork hassle of responding to the bid process. In
18 a number of cases these smaller procurements may end up with no bidders
19 at all or become sole source purchases, which was not the intent of the law.

Statement of Peter R. Jensen, Chairperson
Eagle Spring Lake Management District
Waukesha County, Wisconsin

20 A further concern of our Lake District is the procurement of supplies and
21 services in an emergency. The Eagle Spring Lake Management District has,
22 what we feel, is the best Emergency Action Plan to deal with a flood or dam
23 emergency in the State of Wisconsin. Our Lake District in association with
24 Waukesha County went to the National Emergency Training Center in
25 Emmitsburg, Maryland to engage in a week long training and emergency
26 exercise to test this plan several years ago and we were the first small dam
27 in the United States to be tested in such a way.

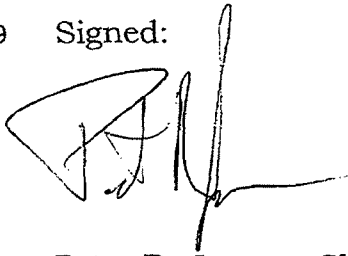
28 Should the unforeseen happen and we sustain disaster damage funding
29 would be denied to the District by FEMA (Federal Emergency Management
30 Agency) if we did not follow all current procurement and bidding
31 requirements. The purchasing of sand, sandbags, etc. in an emergency
32 would clearly exceed the current \$2,500.00 limit and put us in a difficult
33 situation.

34 The increase of this limit to \$10,000.00 is reasonable and prudent and is
35 consistent with the budgeting requirements of 33.30(3)(b) which requires
36 line item budgeting for any item over \$10,000.00.

37 I therefore request your support of Senate Bill 559 as being in the best
38 interests of Lake Districts and residents of Wisconsin.

Statement of Peter R. Jensen, Chairperson
Eagle Spring Lake Management District
Waukesha County, Wisconsin

39 Signed:

A handwritten signature in black ink, appearing to read 'P. Jensen', with a long horizontal flourish extending to the right.

40 Peter R. Jensen, Chairperson

41 Eagle Spring Lake Management District