

Wisconsin Department of Administration
Division of Executive Budget and Finance

Fiscal Estimate - 2021 Session

Original Updated Corrected Supplemental

LRB Number 21-3570/1	Introduction Number AB-0586	
Description qualified bidders on state projects		
Fiscal Effect		
State:		
<input type="checkbox"/> No State Fiscal Effect <input type="checkbox"/> Indeterminate <input type="checkbox"/> Increase Existing Appropriations <input type="checkbox"/> Increase Existing Revenues <input checked="" type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget <input type="checkbox"/> Decrease Existing Appropriations <input type="checkbox"/> Decrease Existing Revenues <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Create New Appropriations <input type="checkbox"/> Decrease Costs		
Local:		
<input type="checkbox"/> No Local Government Costs <input type="checkbox"/> Indeterminate 1. <input type="checkbox"/> Increase Costs 3. <input type="checkbox"/> Increase Revenue 5. Types of Local Government Units Affected <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Towns <input type="checkbox"/> Village <input type="checkbox"/> Cities 2. <input type="checkbox"/> Decrease Costs 4. <input type="checkbox"/> Decrease Revenue <input type="checkbox"/> Counties <input type="checkbox"/> Others <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts		
Fund Sources Affected		
<input type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input checked="" type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS 20.505(1)(kc)		
Affected Ch. 20 Appropriations		
Agency/Prepared By	Authorized Signature	Date
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Fiscal Estimate Narratives

DOA 1/24/2022

LRB Number	21-3570/1	Introduction Number	AB-0586	Estimate Type	Original
Description					
qualified bidders on state projects					

Assumptions Used in Arriving at Fiscal Estimate

Assembly Bill 586 (AB-586) proposes to remove certain requirements for a bidder to meet in order become certified as a "qualified bidder" for state sponsored building projects.

AB-586 would remove the requirement of a qualified bidder to have completed at least one project that involved similar work and was at least 50 percent the size or value of the division being bid. Under s. 16.855(9m)(b.) (2), Wis. Stats., the proposed would require a bidder to continue to meet the following three criteria: (1) the bidder must be bondable for the term of the proposed contract, (2) the bidder must be able to obtain a 100 percent performance bond, and (3) the bidder must be able to obtain a 100 percent payment bond. Upon fulfillment of these conditions, a bidder may be certified as a "qualified bidder." Bidders are already required to satisfy the bonding requirements referenced under the proposed, therefore AB-586 results in fewer criteria to be met for bidders to become certified.

The Department of Administration's (Department) Division of Facilities Development (DFD) is responsible for the State Building Program for all State agencies and the University of Wisconsin System, which includes contract management and the review of bid submissions for State building project proposals. As such, DFD would be responsible for enacting the provisions of AB-586.

For each State building project meeting the pertaining criteria, DFD adheres to the competitive bid solicitation under s. 16.855(2)(a) Wis. Stats, which includes processes such as advertising to receive bids from qualified contractors. DFD also adheres to processes for open and public bidding under s. 16.855(13)(b) Wis. Stats., such as within 48 hours of the deadline for a bid, and within five days DFD must post to its internet site the names of the bidders and the amount of each bid, and provide public notice and submit pertaining documents of the lowest qualified responsible bidders for public inspection under s. 19.35(1), Wis. Stats. From among these lowest bidders, DFD makes a vendor selection.

Further, AB-586 does not indicate whether there would be a requirement for the recertification of currently certified contractors or an effective date of implementation, which may cause for current active solicitations to be rebid to meet the criteria under the proposed. As possible and permitted under the proposed, DFD would be required to expend one time and ongoing work efforts to revise solicitation materials in order to receive a successful pool of qualified bidders from which to make a selection.

Under the proposed, the Department anticipates an increase in the number of bids received, to an extent not currently able to be estimated, to be managed and reviewed by DFD for each project via the aforementioned solicitation process. DFD does not anticipate that the resulting workload increase could be absorbed under its existing staff and associated authorized FTE and expenditure authority under s. 20.505(1)(kc), Wis. Stats., capital planning and building construction services, numeric 13500. The number of FTE necessary would be based upon the increase in the number of bids, which is not able to currently be determined.

Long-Range Fiscal Implications