



## Fiscal Estimate Narratives

DOA 12/20/2017

LRB Number	17-4642/1	Introduction Number	SB-554	Estimate Type	Original
<b>Description</b> projects included in the Authorized State Building Program, project approvals by the Building Commission, and selection of project architects and engineers					

### Assumptions Used in Arriving at Fiscal Estimate

Currently, §13.48(10), Wis. Stats., requires the State Building Commission (SBC) approval, and completion of final plans and arrangement for supervision of construction for all capital improvement projects exceeding \$185,000. This threshold was last updated (increased from \$150,000) in the 2011-13 Biennial Budget. Senate Bill 554 (SB 554) would increase this threshold to \$300,000.

Similarly, §16.87(3), Wis. Stats., establishes thresholds for approval of contracts and change orders for engineering architectural services and limited trades work on construction projects. This statute requires the Governor to approve all contracts exceeding \$60,000, but allows delegation of this authority for contracts up to \$150,000. This section was last updated by 2015 Wisconsin Act 391. SB 554 would increase this threshold to \$300,000 and eliminate the delegation authority.

The bill also raises the threshold for projects that are subject to single prime bidding and contracting from \$185,000 to \$300,000 to remain consistent with the proposed State Building Commission simplified bidding procedures threshold. In addition, the bill creates an exception to single prime contracting to allow DOA to let any construction project that exceeds \$300,000 (simplified bidding threshold) to a contractor whose primary business is the performance of a single trade (single trade contractor for mechanical, electrical, plumbing, or fire protection work) for all work on the project if at least 85 percent of the estimated construction cost of the project could be completed by a single trade contractor. This exception still maintains all the necessary open and transparent bidding requirements for the prime contractor and awards the contract to the lowest pre-certified bidder.

Finally, §13.48(3), Wis. Stats. requires Legislative enumeration of all construction projects with budgets in excess of \$1,000,000. This threshold was also last updated in the 2011-13 biennial budget, increasing from \$500,000 to \$760,000.

SB 554 also creates §16.867, Wis. Stats., which would require the Secretary of Administration to establish a committee to select an architect or engineer for each construction project under the Department of Administration's supervision. If the estimated cost of a construction project exceeds \$7,400,000, SB 554 would require the committee to use a request-for-proposal (RFP) process to select the architect or engineer for the project. The requirement for the use of a selection committee for projects costing \$5,000,000 or more is currently included in the Department's administrative code as ADM20. SB 554 would codify this language, but increase the threshold for use of a selection committee to projects costing \$7,400,000 or more.

While it is anticipated that the Department can accommodate the changes to the thresholds with existing resources, the actual costs to be incurred or savings to be realized from this legislation will depend on the mix of projects undertaken and ongoing at any point in time. Therefore, the fiscal effect is indeterminate.

### Long-Range Fiscal Implications