

Proposed Bill Could Lead to Easier Approval of State Construction Contracts

Feb 14 2018

Posted By: Christopher T. Koehnke

Practice Area: Construction Law and Litigation

Changes to the way state building projects are bid out could be coming if proposed legislation is approved by the state legislature.

Currently, the State Building Commission (SBC) is required to approve and supervise construction for all capital improvement projects exceeding \$185,000. Assembly Bill 675 (AB 675) is currently working its way through the capital and would amend Wis. Stat. § 13.48(10) to increase this threshold to \$300,000. AB 675 would also make other changes to existing state law, such as requiring the Governor to approve any construction contract in excess of \$300,000.

The idea behind the increase to \$300,000 is to remain consistent with the proposed SBC simplified bidding procedures threshold. The bill creates an exception to current single-prime contract requirements and allows the Department of Administration to award any construction project that exceeds \$300,000 (the "simplified bidding threshold") to a contractor whose primary business is the performance of a single trade 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 would allow the DOA to skip the current step of having to select subcontractors and would allow it to instead deal directly with a single trade contractor. Under the current single-prime system, the state first bids out mechanical, plumbing, electrical and heating and cooling work to subcontractors before inviting general contractors to submit their own bids.

However, even with these changes to the state's current single-prime system, all the other open and transparent bidding requirements for prime contractors remain the same, meaning any construction contract will still be awarded to the lowest pre-certified bidder.

The bill also increases the threshold at which a project must be added to the state budget before it can go before the Building Commission for approval. AB 675 will raise this threshold from \$760,000 to \$1 million.

AB 675 would also require the Secretary of Administration to establish a committee to select an architect or engineer for any project under Department of Administration supervision. AB 675 would require that when the estimated cost of construction exceeds \$7.4 million, the selection of engineers or architects would have to be made using a request-for-proposals process.

AB 675 passed the Assembly 94-0 on January 16, 2018 and was referred to the Senate Committee on Government Operations, Technology and Consumer Protection on January 17, 2018. A public hearing was held in the Senate on January 24, 2018. Considering the unified support AB 675 received in the Assembly, it is likely that the bill will receive similar support in the Senate and will be put on the Governor's desk for his signature in a relatively short period of time.

The changes to state law contained in AB 675 will streamline the way state building projects are bid and awarded. Contractors should be hopeful that these changes to the state's threshold requirements will result in a more efficient and less expensive process of moving building projects forward. These changes could prevent basic and routine projects from having to go through the Building Commission process that often results in unnecessary delays and costs and could bring construction projects to market faster.

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