



# DAVID CRAIG

STATE SENATOR

April 18, 2017

Senate Committee on Government Operations, Technology and Consumer Protection  
Public Hearing on SB 65  
411 South

Dear Chairman Stroebel and Committee Members,

Thank you for taking testimony on Senate Bill 65 regarding leases of real property for executive agencies and a plan to relocate the Department of Children and Families (DCF) headquarters.

I introduced this legislation with Rep. Sanfelippo because the Department of Administration (DOA) restricts eligible property locations to a limited geographic area and this causes inflated property rates in and around Madison. SB 65 offers real reform for DOA to have greater bargaining power with downtown developers to negotiate better lease rates for our state agencies and state employees.

The bill requires DOA to do two things when securing or renewing a lease: present an option for locating an agency in an area where it provides the most services and identify multiple locations including at least two of which are outside Dane County. The cost-benefit analysis performed for the agency move will be submitted to the Joint Finance Committee. Finally, the legislation requires DCF to develop a feasibility study to move to Milwaukee County.

I believe this legislation will provide DOA the ability to find better rates for our state agencies and ultimately save taxpayers money. In addition, it is our goal to have government serve the people closest to where the services are needed. Therefore, I believe it is in the best interests of the state to locate DCF in Milwaukee where the need is greatest. I am happy to take any questions from committee members.

Sincerely,

Senator David Craig



# JOE SANFELIPPO

STATE REPRESENTATIVE • 15<sup>th</sup> ASSEMBLY DISTRICT

(608) 266-0620  
FAX: (608) 282-3615  
Toll-Free: (888) 534-0015  
Rep.Sanfelippo@legis.wi.gov

P.O. Box 8953  
Madison, WI 53708-8953

April 18, 2017

## Public testimony on Senate Bill 65

Chairman Stroebel and committee members,

Thank you for holding a public hearing on Senate Bill 65, relating to leases of real property for executive agencies and a plan to relocate the Department of Children and Families headquarters.

Senate Bill 65 requires the Department of Administration (DOA) to identify the most appropriate and cost efficient locations to place an agency when securing or renewing a lease. The bill achieves this goal by presenting options for:

1. Locating an agency in an area where it provides the most services; and
2. Identifying multiple locations including at least two of which are outside of Dane County.

It's important to point out that Senate bill 65 does not require DOA to choose any specific locations or move any agencies. Rather, it requires them to put a spotlight on other possibilities for leases outside of Dane County.

Under current practice, when considering leases to house state agency headquarters, the Department of Administration (DOA) restricts eligible property locations to a limited geographical area. This practice has created an artificial market for commercial real estate which is inflating the cost of lease rates resulting in taxpayers paying unnecessarily high prices.

Senate Bill 65 requires the Department of Administration, when entering into or renewing a lease of real property for an executive branch agency, to perform a cost-benefit analysis and report to that agency and the Joint Committee on Finance any savings that would accrue to the state if the agency were relocated. In performing the cost-benefit analysis, this bill requires DOA to solicit at least three lease options. Two options must be in the two counties, other than Dane and Milwaukee, in which the executive branch agency provides the greatest number of services, and the third option may be in Dane or Milwaukee County.

The bill also requires the Department of Children and Families to develop a plan to move their headquarters to Milwaukee County in time for the plan to be included in DCF's 2019-21 biennial budget request, similar to a provision in 2015 Wisconsin Act 55 that directed the Department of Natural Resources' to develop a plan to move the Division of Forestry.

Keeping a watchful eye on how government is a top priority for taxpayers. And given it's sunshine week here in Wisconsin, ensuring that decision makers have access to, and are provided with as much information as possible so they can make informed decisions in the best interest of the public is of the utmost importance.

I'm happy to answer any questions the committee may have on Senate Bill 65.

Yours truly,

A handwritten signature in black ink, appearing to read "Joe Sanfelippo". The signature is written in a cursive style with a large initial "J".

DOA currently has DCF located at 7 locations in Madison

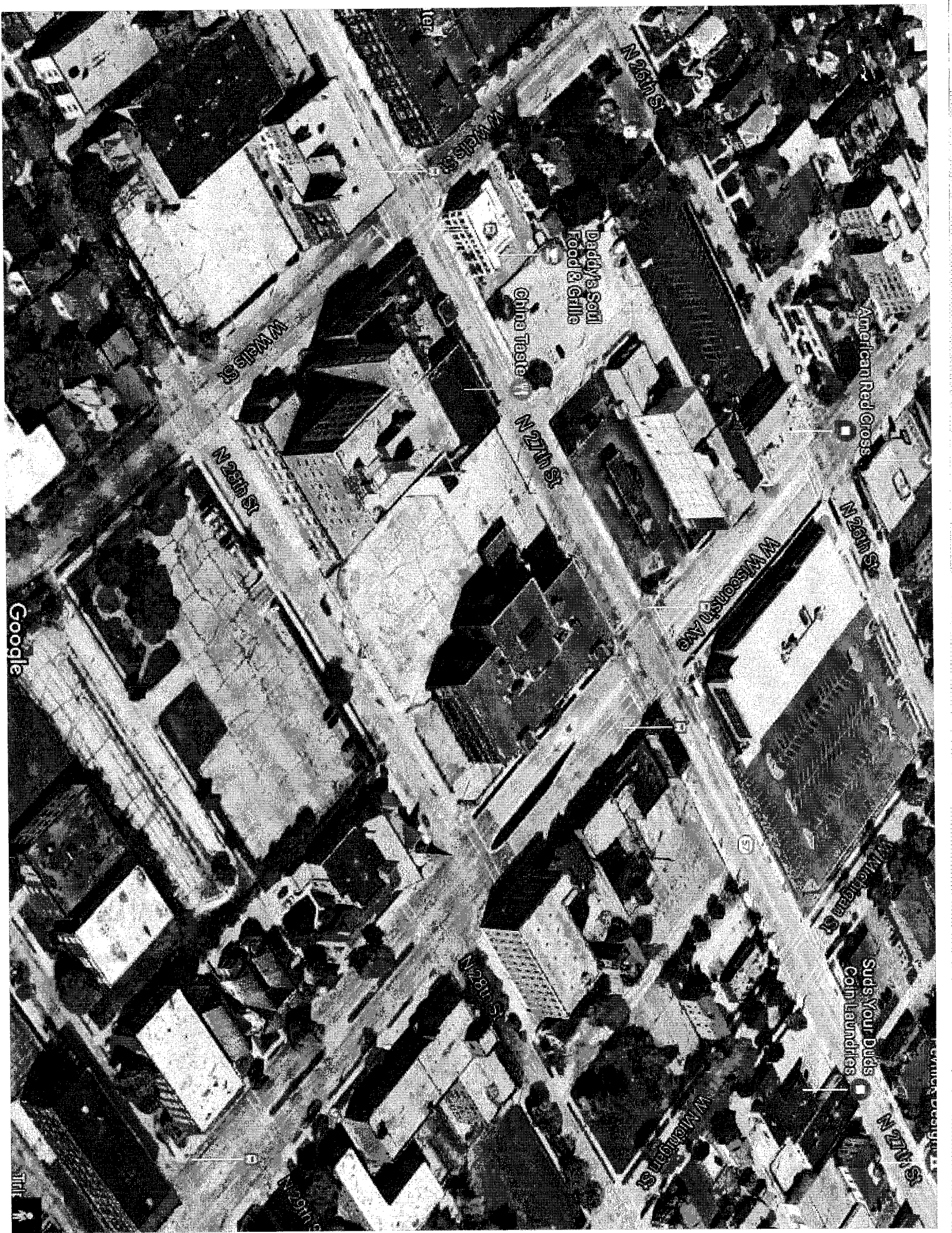
Loc. #	Agency	Address	Sq. Feet	DOA Plan	State Owned or Privately Owned
1	DCF	1 S Pinckney	6,137	Move to GEF 3	Privately Owned
2	DCF	110 E Main St #700	2,015	Move to GEF 3	Privately Owned
3	DCF	212 E Washington	18,132	Move to GEF 3	Privately Owned
4	DCF	212 E Washington	3,401	Move to GEF 3	Privately Owned
5	DCF	GEF 1	55,996	Move to GEF 3	State Owned
6	DCF	GEF 3	12,005	Move to GEF 3	State Owned
7	DCF	Revenue Building	5,977	Move to GEF 3	State Owned

DCF pays rent at 4 of the above locations in Madison

Location	Lease Number	Agency	Address	City	Start Date	End Date	Annual Cost	Square Feet
1	437-148	DCF	1 South Pinckney Street	Madison	8/1/2013	7/31/2017	\$ 150,356.52	6,137
2	437-249	DCF	110 East Main Street Suite 700	Madison	7/11/2007	9/30/2017	\$ 43,371.60	2,015
3	437-065	DCF	212 East Washington Avenue	Madison	12/15/2013	12/14/2018	\$ 376,404.72	18,132
4	437-204	DCF	212 East Washington Avenue	Madison	12/1/2013	11/30/2018	\$ 60,744.00	3,401

Below is an option I submitted to DOA to save about \$2 million/year and move DCF anywhere

Agency	Address	Sq. Feet	DOA COST	Adamczyk COST	DOA Plan	Adamczyk Plan
Leg Audit Bureau	22 E Mifflin St	18,693	\$528,514		No change	Move to GEF 1
Leg Council	1 E Main St	12,670	\$311,274		No change	Move to GEF 1
Leg Fiscal Bureau	1 E Main St	13,689	\$332,366		No change	Move to GEF 1
Leg Reference Bureau	1 E Main St	25,834	\$929,984		No change	Move to GEF 1
Dir of State CS	10 E Doty St	15,623	\$424,816	\$292,150	No change	Move to WHEDA
Dir of State CS	110 E Main St	52,052	\$1,624,722	\$973,372	No change	Move to WHEDA
Judicial Commission	110 E Main St	955	\$25,688	\$18,606	No change	Move to WHEDA
Judicial Council	110 E Main St	600	\$12,173	\$11,220	No change	Move to WHEDA
DCF	Multiple Locations	116,128		\$2,015,982	Move to GEF 3	DCF 116,128 @ \$17.36/sq.ft w/ RFP, move anywhere
DPI	GEF 3	68,429			Move to GEF 1	Stay in GEF 3, no moving
OCI	GEF 3	60,957	\$1,139,895		Move to WHEDA	Stay in GEF 3, no moving
<b>COST TO STATE</b>			<b>\$5,329,432</b>	<b>\$3,311,330</b>		



Google

N 25th St

Daddy's Soul  
Food & Grill

China Taste

N 27th St

American Red Cross

W Wells St

N 26th St

N 26th St

W Madison Ave

W Michigan St

Suds Your Duds  
Coin Laundries

N 28th St

W Michigan St

N 27th St

N 29th St



201 East Washington Avenue, Room G200  
P.O. Box 8916  
Madison, WI 53708-8916  
Telephone: 608-266-8684  
Fax: 608-261-6972

Governor Scott Walker  
Secretary Eloise Anderson

Secretary's Office

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Date: April 18, 2017  
To: Members of the Senate Committee on Government Operations, Technology and  
Consumer Protection  
From: Secretary Eloise Anderson  
Re: Senate Bill 65

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Senator Stroebel and Members of the Senate Committee on Government Operations, Technology and Consumer Protection:

The Department of Children and Families (DCF) appreciates the opportunity to submit information for your consideration regarding Senate Bill 65, which requires DCF to develop a plan to move DCF headquarters from the city of Madison to Milwaukee County. The Department is concerned about the potential adverse impact to our services to families, counties, and partners if DCF headquarters are relocated to Milwaukee County.

The Department develops policies, provides support, allocates funding, and monitors compliance for counties in the areas of child welfare, community-based youth justice, child care, and child support. In addition, DCF contracts for subsidized employment programs throughout the state. A Milwaukee County location for all DCF employees would make interactions with our counties more difficult. In addition, collaborations with our agency partners such as DHS, DWD, and DPI will be impeded if our agency partners are located in Madison and DCF employees are located in Milwaukee County.

Nearly 1,000 permanent state staff and contractors are employed by DCF. Over one-half of Department employees are located in Madison, approximately 300 employees are in Milwaukee County, and the balance of employees are in regional locations. The long-term Department goal is to move Milwaukee County child welfare and Milwaukee County child care functions from DCF back to Milwaukee County. If that were to occur, the number of DCF staff currently in Milwaukee County would be dramatically reduced by over 250 people, and those individuals remaining in Milwaukee County would be serving a monitoring function similar to what the Department does for the other 71 counties.

The Department is confident that DCF employees are already located in areas that allow the Department to provide the most appropriate, efficient, and effective services to families, counties, and partners. DCF employees are dedicated public servants who are committed to delivering high quality services while maximizing cost-effectiveness and accountability. The Department respectfully asks the committee to consider how the bill could adversely impact our exemplary workforce and high level of service delivery at DCF.