

(Base) Agency: Building Program
Wisbuild Initiative

27t5

Recommendations:

Paper No. 252: Part A - Alternative 1
Part B - Alternative 2 (a & b)

Comments: Wisbuild is essentially a blank check for UW and DOC. In the past, bonding for major projects has been authorized under separate bonding appropriations, rather than being lumped together at Wisbuild recommends. This eliminates legislative oversight of individual projects, and seems like a power grab by the Building Commission. It would be consistent with our review of agency operating budgets to go back to a system that uses separate bonding and debt service appropriations for each agency.

The combination of Alternative 1 in Part A and Alternative 2(a&b) in Part B approve the Building Commission recommendations, but retain a budgeting system that provides more legislative oversight.

prepared by: Barry



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June 3, 1999

Joint Committee on Finance

Paper #252

Wisbuild Initiative (Building Program)

[LFB 1999-01 Budget Summary: Page 122-1, #1(part), Page 122-5, #2(part) and Page 122-6, #3]

CURRENT LAW

Building program projects with a cost exceeding \$500,000 are required to be enumerated in the authorized state building program. One exception to the requirement that individual projects be enumerated by the Legislature is the category of projects known as "All Agency" projects. These broad types of projects are enumerated under titles that indicate a general category of work and that establish an overall budget for the biennium for that purpose. The "All Agency" enumerations are used for types of projects, such as maintenance, that recur, but where the Commission may need to address unanticipated needs during the biennium.

GOVERNOR

Create a program known as the Wisbuild initiative for the purpose of providing financial support for the maintenance, repair and renovation of state-owned buildings. Authorize the Building Commission to allocate funding for Wisbuild projects. Projects funded under the Wisbuild initiative would be financed from the Building Commission's other public purpose bonding authorization or as otherwise specified in the authorized state building program. The recommend 1999-01 state building program provides \$181,080,600 from all funding sources for Wisbuild projects.

Specify that funding may be provided under the initiative for: (a) high priority, comprehensive building renovation projects; (b) maintenance and repair of exterior components of buildings; (c) without limitation because of enumeration, maintenance and repair of mechanical, electrical, plumbing and other building systems; and (d) projects to remove barriers that reduce access to and use of state facilities by persons with disabilities.

DISCUSSION POINTS

Funding Level

1. The \$181,080,600 in recommended funding for the proposed Wisbuild initiative would be provided as follows: (a) \$137,450,000 in new, GPR-supported, general obligation bonding; (b) \$33,780,000 in new, PR-supported general obligation borrowing; (c) \$1,499,000 in new, SEG-supported general obligation borrowing; (d) \$1,726,600 in new segregated revenue obligation authority; (e) \$4,515,400 in existing general obligation authority; (f) \$1,428,800 in agency operating funds; and (g) \$680,800 in federal funding.

2. The recommended Wisbuild project funding would fund projects under the following agencies.

<u>Department</u>	<u>Wisbuild Funding</u>
Administration	\$26,843,000
Administration – Facilities Development	22,239,800
Corrections	21,944,700
Health and Family Services	8,072,300
Historical Society	2,106,000
Military Affairs	3,861,700
Natural Resources	6,693,200
Public Instruction	620,000
Transportation	1,726,600
University System	85,909,600
Veterans Affairs	<u>1,063,700</u>
TOTAL	\$181,080,600

3. The Wisbuild initiative would be another category of projects under the Building Commission's "All Agency" project authority which do not involve new construction and are not required to be specifically enumerated. Currently, these "All Agency" projects are authorized under six categories, including: facilities repair and renovation, utilities repair and renovation, and health safety and environment, energy initiative, preventive maintenance, capital equipment and land and property acquisition. Under the Building Commission's recommendations, the category of facilities repair and renovation would be deleted and the proposed Wisbuild initiative created. In addition, several of the types of projects carried out under the other "All Agency" categories would also be funded under the Wisbuild initiative.

4. The Building Commission and Governor indicate that the Wisbuild initiative is designed to put a renewed emphasis on the repair and renovation of state buildings and facilities. The state owns over 6,800 state buildings that contain over 70 million square feet of space, with an

estimated replacement value of \$7.0 billion.

5. Some of the primary categories of projects under the proposed Wisbuild initiative include: (a) major building renovations, which consist of projects costing over \$500,000 that would focus on comprehensive renovation of the over 1,700 state buildings constructed between 1960 and 1975; (b) facility repair and maintenance, which is a current "All Agency" project category that Commission indicates is a key part of the state's overall facility maintenance strategy; (c) other facility repair/expansion, which would include lower costing remodeling or expansions that are required to accommodate state program expansions; and (d) interior repair and remodeling, which would make improvements and modifications to the interior of state buildings to provide a safer and more functional work environment. Other project categories include American with Disabilities Act related projects, utility, electrical and heating and ventilation improvements and roof and building exterior improvements. If the Finance Committee would deny the creation of the Wisbuild initiative, all of the projects identified under these Wisbuild categories could be completed under the Commission's other "All Agency" project authority, or as separately enumerated projects, if funding would be provided.

6. As recommended by the Building Commission, the general obligation bonding provided for "All Agency" projects, including the Wisbuild initiative, would be increased by 90.5% over the 1997-99 biennium. The general fund supported borrowing portion of this project funding would increase by 109%, over the 1997-99 biennium. The following table indicates the level of "All Agency" funding in recent biennia.

**"All Agency" Bonding Authorizations
by Fund Type Supporting the Debt Service
(\$ in Millions)**

	<u>GPR</u>	<u>PR</u>	<u>SEG</u>	<u>Total</u>
1993-95	\$107.1	\$30.3	\$1.2	\$138.6
1995-97	99.3	53.8	0.8	153.9
1997-99	104.0	36.3	0.2	140.5
1999-01	216.9	49.2	1.5	267.6

7. Approximately 64% of the recommended increase in general fund supported borrowing for "All Agency" projects would be provided for the proposed Wisbuild category of projects. The Governor and Building Commission indicate that the funding provided for the Wisbuild initiative demonstrates a priority on maintaining the state's facility resources that currently exist.

8. While the goal of the Wisbuild initiative would be to provide an increased funding commitment to repairing and maintaining the state's facilities, bonding for new construction or facility expansion projects recommended for enumeration in the 1999-01 state building program would total \$306.1 million. Of this amount, \$163.6 million would be general fund supported, which

is less than what was provided in the 1997-99 biennium (\$262.2 million), but somewhat more than the amounts authorized in the 1993-95 or 1995-97 biennia. Together the enumerated projects and the "All Agency" projects recommended for the 1999-01 state building program would require a total of \$380.6 million in new general fund supported borrowing. In addition, AB 133 and proposed stewardship reauthorization also contain significant increases in general fund supported bonding. While providing a significant increase in repair and renovation funding may be necessary to maintain state buildings and facilities, doing so in conjunction with these other proposed increases in general fund supported bonding would result in a significant increase in general fund supported bonding authorizations over previous biennia.

9. One issue to consider when setting funding is whether program needs should control appropriation decisions or whether appropriation decisions should be based on overall budgetary goals. A smaller increase in general fund supported borrowing for the proposed Wisbuild projects would still recognize a need to focus additional funding toward maintaining state facilities, while providing an overall building program and biennial budget bill, that is more consistent with recent biennia in the amount of general fund supported bonding provided. Providing \$85 million of general fund supported bonding would establish an overall level of general fund borrowing for the state building program comparable to the average of the last six biennia, and still provide a significant increase in "All Agency" bonding. However, if the Finance Committee were to reduce the general fund supported bonding for the proposed Wisbuild program, many of the projects currently identified for funding and construction could not be done in the 1999-01 biennium.

Specific Bonding Authorizations

10. Minor repair and renovation, utility upgrades and other categories of minor construction projects are often carried out under the Building Commission's "All Agency" authority and funding is provided under the Building Commission's "other public purposes" (OPP) bonding authorization. The Legislature generally provides bonding for each agency's major projects through separate, agency-specific bonding appropriations established for that purpose.

11. The Building Commission's OPP bonding authorization was created to provide a source of bonding for the projects that do not fit neatly into one of the other distinct legislatively approved purposes. This bonding purpose has generally been used for projects such as maintenance, utility upgrades and energy conservation. The Building Commission's recommendations provide \$209.8 million in OPP funds, of which \$137.5 million is associated with the proposed Wisbuild projects.

12. Among the Wisbuild projects that would be funded from the Building Commission's OPP bonding authorization is a category of projects that the Building Commission titles "major building renovations". These projects total \$57.5 million are to be funded with general fund supported bonding and range in cost from \$500,000 to \$11.5 million. Nearly all (99.6%) of the general fund supported bonding provided for these "major building renovation" projects would be used to fund projects at either the Department of Corrections or the UW-System.

13. In past building programs, bonding for major projects has been authorized under the separate bonding appropriations established for each agency. Further, major projects in excess of \$500,000 should be enumerated in the state building program. This provides legislative oversight and control over the state's bonding program. That is, as the Legislature uses the separate appropriations to authorize bonding for each agency's major projects, the bonding is issued and accounted for on that basis. The use of separate bonding appropriations for each agency, and the corresponding agency debt service appropriation for those purposes, is similar to the way the Legislature maintains control over agency operating budgets.

14. The Legislature has given the Building Commission responsibility for developing building program recommendations and for implementing the building program once it has approved by the Legislature. Staff from the Department of Administration – Division of Facilities Development (DFD) indicate that including these projects under the OPP authorization would facilitate the Commission's control of the funds. As proposed, the Commission could reallocate unused or residual bonding to higher priority projects of any agency, rather than being limited to the specific agency's projects. Conversely, if the Committee were to authorize the Wisbuild under the separate agency authorizations that bonding authorization would remain in that agency's appropriation in the event that some of the bonding is unused. For example, if a major building renovation project at UW-System campus is completed under budget, the unused bonding would remain in the UW-System's authorization and could only be used for that agency's projects.

15. Providing the Building Commission authority to carry out these major renovation projects under the Commission's bonding appropriation, without the enumeration of the projects in the state building program, would give the Commission significant discretion in modifying the projects approved by the Legislature.

ALTERNATIVES TO BASE

A. Project Funding

1. Approve the Building Commission's recommendation to provide \$181,080,600 from all funding sources for "All Agency" renovation and maintenance projects. The funding would be provided as follows: (a) \$137,450,000 in new general fund supported general obligation bonding; (b) \$33,780,000 in new program revenue supported general obligation bonding; (c) \$1,499,000 in new, segregated revenue supported general obligation bonding; (d) \$1,726,600 in new segregated revenue obligation authority; (e) \$4,515,400 in existing general obligation bonding; (f) \$1,428,800 in agency operating funds; and (g) \$680,800 in federal funding.

<u>Alternative A1</u>	<u>BR</u>
1999-01 FUNDING (Change to Base)	\$174,455,600
[Change to Bill]	174,455,600

2. Modify the Building Commission's recommendation to provide \$128,630,600 from all funding sources for Wisbuild projects. The funding would be provided as follows: (a) \$85,000,000 in new general fund supported general obligation bonding; (b) \$33,780,000 in new program revenue supported general obligation bonding; (c) \$1,499,000 in new, segregated revenue supported general obligation bonding; (d) \$1,726,600 in new segregated revenue obligation authority; (e) \$4,515,400 in existing general obligation bonding; (f) \$1,428,800 in agency operating funds; and (g) \$680,800 in federal funding.

<u>Alternative A2</u>	<u>BR</u>
1999-01 FUNDING (Change to Base)	\$122,005,600
[Change to Bill]	\$122,005,600]

3. Maintain current law (no funding would be authorized for the identified projects).

B. Specific Bonding Authorization and Project Enumerations

1. Approve the Building Commission's recommendations to create a program known as the Wisbuild initiative for the purpose of providing financial support for the maintenance, repair and renovation of state-owned buildings.

2. Approve the Building Commission's recommendations to create a program known as the Wisbuild initiative for the purpose of providing financial support for the maintenance, repair and renovation of state-owned buildings. In addition, approve the following:

a. Authorize the general fund supported general obligation bonding provided for "major building renovation" under the current law bonding appropriations established for the agency for which the project is being completed. (This would involve \$57,527,000 of bonding identified in the 1999-01 Capital Budget Recommendations.); and

b. Enumerate the projects recommended under the Wisbuild initiative "major building renovation" category in the 1999-01 state building program under the specific agencies involved, and delete them from the Wisbuild category. (This would establish separate project enumerations for 10 major renovation projects identified in the 1999-01 Capital Budget Recommendations.)

3. Maintain current law (no "All Agency" Wisbuild project category would be established; instead, the prior "facilities repair and renovation" category would be used).

Prepared by: Al Runde

BUILDING PROGRAM

Wisbuild Initiative
[Paper #252]

Motion:

Move to

a. Modify the Building Commission's recommendation to provide \$166,080,600 from all funding sources for Wisbuild projects. The funding would be provided as follows: (1) \$122,450,000 in new general fund supported general obligation bonding; (2) \$33,780,000 in new program revenue supported general obligation bonding; (3) \$1,499,000 in new, segregated revenue supported general obligation bonding; (4) \$1,726,600 in new segregated revenue obligation authority; (5) \$4,515,400 in existing general obligation bonding; (6) \$1,428,800 in agency operating funds; and (7) \$680,800 in federal funding.

b. Approve the Building Commission's recommendations to create a program known as the Wisbuild initiative for the purpose of providing financial support for the maintenance, repair and renovation of state-owned buildings.

c. Authorize the general fund supported general obligation bonding provided for "major building renovation" under the current law bonding appropriations established for the agency for which the project is being completed. (This would involve \$57,527,000 of bonding identified in the 1999-01 Capital Budget Recommendations.)

d. Enumerate the projects recommended under the Wisbuild initiative "major building renovation" category in the 1999-01 state building program under the specific agencies involved, and delete them from the Wisbuild category. (This would establish separate project enumerations for 10 major renovation projects identified in the 1999-01 Capital Budget Recommendations.)

Note:

This motion would approve Alternative B2a and B2b from LFB Paper #252 and reduce the Building Commission's recommendations for the Wisbuild projects by \$15,000,000 in general fund supported general obligation bonding from Alternative A1.

[Change to Base: \$159,455,600 BR]
[Change to Bill: \$159,455,600 BR]

MO# _____

BURKE	<input checked="" type="radio"/> Y	N	A
DECKER	<input checked="" type="radio"/> Y	N	A
JAUCH	<input checked="" type="radio"/> Y	N	A
MOORE	<input checked="" type="radio"/> Y	N	A
SHIBILSKI	<input checked="" type="radio"/> Y	<input checked="" type="radio"/> N	A
PLACHE	<input checked="" type="radio"/> Y	N	A
² COWLES	<input checked="" type="radio"/> Y	N	A
PANZER	<input checked="" type="radio"/> Y	N	A
GARD	<input checked="" type="radio"/> Y	N	A
PORTER	<input checked="" type="radio"/> Y	N	A
KAUFERT	<input checked="" type="radio"/> Y	N	A
ALBERS	<input checked="" type="radio"/> Y	N	A
DUFF	<input checked="" type="radio"/> Y	N	A
WARD	<input checked="" type="radio"/> Y	N	A
HUBER	<input checked="" type="radio"/> Y	N	A
RILEY	<input type="radio"/> Y	<input checked="" type="radio"/> N	A

AYE 14 NO 2 ABS _____