



Legislative Fiscal Bureau

One East Main, Suite 301 • Madison, WI 53703 • (608) 266-3847 • Fax: (608) 267-6873

June 4, 2001

Joint Committee on Finance

Paper #260

Kenosha Civil War Museum (Building Program)

[LFB 2001-03 Budget Summary: Page 158-1, #1 (part), 158-5, #2 (part) and 158-8, # 6]

CURRENT LAW

Building program projects with a cost exceeding \$500,000 are required to be enumerated in the authorized state building program. To enumerate a project, the Legislature lists the project title and budget in a nonstatutory provision enacted as part of the biennial budget bill. In addition, the Legislature must authorize any new bonding or other monies needed to fund the project.

BUILDING COMMISSION

Enumerate a \$7 million Kenosha Civil War Museum project as part of the 2001-03 state building program. Authorize the Building Commission to issue \$2 million in general fund supported borrowing to aid in the construction of a Civil War museum in the City of Kenosha. Create a \$2 million bonding authorization for a Civil War museum in the City of Kenosha and create a sum sufficient appropriation under the Building Commission for debt service and to make payments determined by the Building Commission that are attributable to the proceeds of obligations incurred in the financing of the construction grant associated with project. Specify that the Building Commission would not be allowed to issue any bonding prior to July 1, 2003. Require that the state funding commitment be in the form of a construction grant to the City of Kenosha. Specify that before approving any state funding commitment for the museum and before awarding the construction grant, the Building Commission would be required to determine that the City of Kenosha has secured additional funding commitments of at least \$2 million from nonstate revenue sources. Provide that if the Commission authorizes a grant to the City of Kenosha and if the facility that is constructed with funds from the grant is not used as a Civil War museum, the state would retain an ownership interest in the facility equal to the amount the grant.

Specify that the Building Commission would not be allowed to make any grant to the City of Kenosha for the project, unless the Department of Administration has reviewed and approved the plans for the project. Exclude the project from the current law state construction and contracting requirements for state construction projects by specifying that DOA would not be allowed to supervise any services or work or let any contract for the project. Further exclude the contracts for the project from the written approval of the DOA Secretary or the Governor as required under current law for most state construction projects.

DISCUSSION POINTS

1. The report on the Building Commission recommendations for the 2001-03 capital budget indicates that the proposed Kenosha Civil War Museum would be located on a brownfield property along Kenosha's lakefront. The building program report indicates that the museum would showcase artifacts from the Carthage College and State Historical Society collections. The report also indicates that the museum would concentrate on Wisconsin's role in the Civil War and the African American contribution to the war with an overview of the war in general.

2. The proposed Kenosha Civil War museum was requested by the City of Kenosha. In its building program report, the Commission indicates to the Legislature that no detailed budget exists for the project, although the City of Kenosha requested that the \$7 million project be funded from \$5 million in general fund supported borrowing and \$2 million from gifts, grants and local funds. The Building Commission recommends the enumeration of the project at \$2 million in general fund supported borrowing and \$5 million in gifts, grants and local funds.

3. City officials indicate that the museum would be a strong tourism draw for the Kenosha area. The Mayor of the City of Kenosha indicates that the \$2 million in state bonding, \$2 million in City of Kenosha funds and \$1 million in gifts and grants would be used to fund the construction of the museum facility. In addition, \$2 million in gifts and grants would be used to purchase Civil War displays and artifacts for the museum. The City would also donate the land for the facility.

4. Under the Building Commission recommendations, no state funding would be provided for the project until the City of Kenosha has secured additional funding commitments of at least \$2 million from non-state revenue sources. The City is in the process of beginning to raise funds for the project. The Mayor also indicates that if the state funding for the project is approved, he will include funding in the City's 2002 capital budget to conduct the planning and design for the facility.

5. While the annual operating costs of the facility are not known, the Building Commission and the Mayor indicate that the City of Kenosha would be responsible for those costs. Debt service costs on the \$2 million of state bonding proposed for the project would total an estimated \$160,500 GPR annually over the 20-year life of the bonds. However, given the likely timing of the project, it is projected that no debt service costs would be incurred in the 2001-03 biennium.

6. The building program amendment specifies that if the \$2.0 million in state bonding is provided for the project and the facility that is constructed is not used to a museum facility, the state would have an ownership interest in the facility in an amount equal to the state funding in the project. This provision, which has been included in past local capital projects that included state funding, would appear to ensure the state would have some ownership interest in the event the state's funding in the event the facility constructed with state funds is not used as a Civil War museum.

7. The State Veterans Museum in Madison has a total display area that consists of 10,000 square feet, of which 2,000 is dedicated to the Civil War, which is known as one of the premier civil war displays and collections in the midwestern United States. The annual cost of operating the Veterans Museum totals approximately \$1.5 million annually, of which most is dedicated to maintaining and operating the Museum's display areas.

8. By comparison, the Mayor of Kenosha indicates that the proposed Civil War museum facility would total over 30,000 square feet, with nearly all of the facility being dedicated to display areas. Further, with only limited artifacts and display materials available on the Civil War, it is unclear given the size of the proposed facility relative to the Veteran's museum Civil War display whether sufficient materials would be available to fill such a facility.

9. The Kenosha Civil War museum project was not included in DOA Division of Facilities Development staff recommendations to the Building Commission. The project was included by the Building Commission during deliberations on the 2001-03 state building program on a 8-0 vote.

10. In accordance with statutory requirements for a long-range plan for the building program, agencies submit six-year facilities plans to DFD. These plans define the facility related needs of the agency into specific projects and establish a timeline for those projects over the next six years. The first two years of the plan would form the basis for the agency's request for projects to be included as part of the 2001-03 building program. Because the project was included by the Building Commission during its deliberations on the 2001-03 building program, the proposed Civil War museum did not go through this planning process.

11. While local projects tend not to be included in the state building program, in recent biennia the Building Commission and the Legislature have included local projects in the biennial state building program. The Building Commission's 1997-99 state building program included an \$8 million project, including \$1 million in general fund supported borrowing, for the Nash Auto Museum in Kenosha. The project was deleted by the Joint Committee on Finance, but included in by the Legislature in 1997 Act 27. Similarly, 1999 Act 9 authorized \$1 million in general fund supported borrowing each for the Swiss Cultural Center in New Glarus and the Milwaukee Police Athletic League's youth activity center. These projects were not part of the Building Commission's 1999-01 state building program recommendations, but were included in 1999 Act 9 by the Legislature.

12. Some have raised concerns related to the recent trend of including local projects in

biennial state building programs, since there are many local projects within communities throughout the state that could use state assistance. Approving a project like the Kenosha Civil War museum could further the recent trend toward state funding for local projects and give other communities cause to request state aid for their local project.

13. In an effort aimed at addressing this concern, during the Building Commission deliberations on the Kenosha Civil War museum project, the Governor requested the Commission to develop policies and criteria for including state funding for local projects in the state's capital budget. At the May, 2001, Building Commission meeting, staff from the DOA-Division of Facilities Development provided the Commission with preliminary policies and guidelines on how the Commission could respond to future requests from local units of government and private entities that request state general fund supported borrowing for their project. The Commission is expected to address the staff recommendations at its next meeting. The following were the suggested Building Commission policies and guidelines for the inclusion of local projects in the state building program.

- a. The project would be required to be in the public interest.
- b. There would be a statewide basis justifying the need for the project.
- c. Local or other financing alternatives should be considered first.
- d. The requestor should be required to provide evidence that the purpose and use of the project is such that it can be financed with tax-exempt bonds.
- e. The requestor would be required to consider deeding title to the land to the State of Wisconsin with a lease back to the requestor for at least the period of time required to retire the bonds.
- f. The Commission could modify its original approval of a local project if the proposed change is in the public interest and provided the change is approved by the state's bond counsel.
- g. The requestor agrees to provide a 50% or greater match for the project before initial review by the Commission and the Commission may require appropriate guarantees for this match.
- h. No local project would be allowed to be included in the state biennial state building program, unless the project goes through the same administrative process that is required of state agency projects relating to the timelines for submitting such project requests.

14. Under current law, the Building Commission each biennium develops a manual for preparation of capital budget requests. The manual provides the general guidelines, policies and timelines for submission of capital budget requests by state agencies. If adopted by the Commission, it is likely that the policies and guidelines relating to local projects would be included in the Building Commission's 2003-05 capital budget manual.

15. While the Building Commission is recommending the enumeration of the Kenosha Civil War museum project in the 2001-03 state building program, the \$2 million in general fund

supported borrowing would not be provided until the 2003-05 biennium. Because the project would not need the funding until next biennium, the Committee could choose not to enumerate the museum facility in the 2001-03 state building program or provide the funding at this time. The City of Kenosha could then resubmit the project for consideration in the 2003-05 biennium. The project would then be subject to any Building Commission's guidelines and policies for local projects that are adopted and the project would be required to go through the same capital budget process that state agency capital projects must go through.

16. Not providing state funding for the project at this time could affect the fund raising efforts of the City of Kenosha for the facility. Having a state commitment to the project could assist the City in soliciting donors for the project and could encourage donors to contribute to the project.

ALTERNATIVES TO BASE

1. Approve the Building Commission's recommendations to enumerate a \$7 million Kenosha Civil War museum project as part of the 2001-03 state building program. Authorize the Building Commission to issue \$2 million in general fund supported borrowing to aid in the construction of a Civil War museum in the City of Kenosha. Create a \$2 million bonding authorization for a Civil War museum in the City of Kenosha and create a sum sufficient appropriation under the Building Commission for debt service and to make payments determined by the Building Commission that are attributable to the proceeds of obligations incurred in the financing of the construction grant associated with project. Specify that the Building Commission would not be allowed to issue any bonding prior to July 1, 2003. Require that the state funding commitment be in the form of a construction grant to the City of Kenosha. Specify that before approving any state funding commitment for the museum and before awarding the construction grant, the Building Commission would be required to determine that the City of Kenosha has secured additional funding commitments of a at least \$2 million from nonstate revenue sources. Provide that if the Commission authorizes a grant to the City of Kenosha and if the facility that is constructed with funds from the grant is not used as a Civil War museum, the state would retain an ownership interest in the facility equal to the amount of the grant.

Specify that the Building Commission would not be allowed to make any grant to the City of Kenosha for the project, unless the Department of Administration has reviewed and approved the plans for the project. Exclude the project from the current law state construction and contracting requirements for state construction projects by specifying that DOA would not be allowed to supervise any services or work or let any contract for the project. Further exclude the contracts for the project from the written approval of the DOA Secretary or the Governor as required under current law for most state construction projects.

<u>Alternative 1</u>	<u>BR</u>	<u>Other Funds</u>	<u>All Funds</u>
2001-03 FUNDING (Change to Base)	\$2,000,000	\$5,000,000	\$7,000,000
<i>[Change to Bill</i>	<i>\$2,000,000</i>	<i>\$5,000,000</i>	<i>\$7,000,000]</i>

2. Take no action. The Kenosha Civil War museum project would not be enumerated in the 2001-03 state building program and no state funding would be provided for the project.

Prepared by: Al Runde

MO#			
	<u>Alt. 1</u>		
BURKE	Y	N	A
DECKER	Y	N	A
MOORE	Y	N	A
SHIBILSKI	Y	N	A
PLACHE	Y	N	A
WIRCH	Y	N	A
DARLING	Y	N	A
WELCH	Y	N	A
GARD	Y	N	A
KAUFERT	Y	N	A
ALBERS	Y	N	A
DUFF	Y	N	A
WARD	Y	N	A
HUEBSCH	Y	N	A
HUBER	Y	N	A
COGGS	Y	N	A

AYE 9 NO 6 ABS

PAPER #261 - Stewardship Funded Projects

Alternative - #1 (approve Building Commission)

Summary: Be aware that \$3 million is earmarked for Milwaukee's Lakeshore State Park here. All the recommendations seem fine, and so do the sources of funds.

NOTE: Shibilski may have a big motion here.

NOTE 2: Darling is supposed to offer a Darling/Burke motion for the Humane Society's wildlife rehab center in Milwaukee. I've been working on this a lot with Victoria Wellens.

BURKE MOTION: Earmark funds for a Conservation Wardens (aka Law Enforcement) Center at the McKenzie Wildlife area. Brian promised the retired wardens he'd offer this. Rep. Hahn is also very supportive.

By: Barry

GOP - 4

Shibilski off 1(a)



Legislative Fiscal Bureau

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June 4, 2001

Joint Committee on Finance

Paper #261

Stewardship-Funded Projects (Building Program)

[LFB 2001-03 Budget Summary: Page 158-9, Item #7 (except item B)]

CURRENT LAW

Under the Warren Knowles-Gaylord Nelson Stewardship 2000 program, \$46 million of general obligation bonding authority is available annually through 2009-10. The Department is allocated \$34.5 million annually for land acquisition, and \$11.5 million for property development and local assistance. Of the \$34.5 million allocated for land acquisition, a portion is generally set aside each year by the Natural Resources Board as part of the annual Stewardship expenditure plan for grants to non-profit conservation organizations to acquire property for conservation purposes. Of the \$11.5 million allocated for property development and local assistance, at least \$3.5 million is statutorily allocated for property development annually. Not more than \$8 million annually in local assistance grants may be awarded for: (a) grants for urban green space; (b) grants for local park aids; (c) grants for acquisition of property development rights; and (d) grants for urban rivers. Funding obligated for property development could be used for: (a) property development on DNR land; (b) property development on conservation easements adjacent to DNR land; and (c) grants to friends groups and non-profit conservation organizations for property development activities on DNR land.

BUILDING COMMISSION

Require DNR to provide stewardship 2000 program bonding for the following projects.

a. From the land acquisition subprogram, \$1 million for the Wisconsin agricultural stewardship initiative at UW-Platteville and UW-Madison to be used for conducting research and for training farmers concerning the development of sound environmental farming practices;

b. From the property development and local assistance subprogram, \$1 million to reconstruct the chalet at Rib Mountain State Park; and

c. From the property development and local assistance subprogram, \$3 million for the development of Milwaukee Lakeshore State Park.

Further, clarify that the \$50,000 in funding previously provided to rebuild "a" chalet at Rib Mountain State Park refer instead to "the" chalet at that park. Also, in referring to the stewardship funding provided Milwaukee Lakeshore State park, delete the reference to a state park that will provide access to Lake Michigan in the City of Milwaukee to refer instead to Milwaukee Lakeshore State Park.

In addition, the Building Commission recommended that \$2 million be set aside from the property development and local assistance subprogram for projects approved by the State Fair Park Board; however, this item is addressed in a separate LFB budget paper (#258).

DISCUSSION POINTS

1. A technical clarification to the language for the provision under (a) would need to be added to allow Stewardship 2000 funds to be used for this project. The language should read, "From the land acquisition subprogram, \$1 million for the Wisconsin agricultural stewardship initiative at UW-Platteville and UW-Madison to be used to construct a facility at UW-Platteville for conducting research and for training farmers concerning the development of sound environmental farming practices". Without this change, the proposal (as worded to include research and training) would be ineligible for funding with bonding allocations.

2. Under the Building Commission's recommendations, \$6 million would be earmarked from the property development and local assistance subprogram. Under the subprogram, at least \$3.5 million is allocated for property development annually and up to \$8 million annually is available for local assistance. Approving the recommendations of the Building Commission would reduce funds available for property development and for local assistance.

3. The Natural Resources Board adopted an expenditure plan for Stewardship funds over the 2001-03 biennium that would allocate \$7.25 million of the \$34.5 million available annually for general land acquisition for grants to non-profit conservation organizations. Of the \$27.25 million remaining for DNR land acquisition, the Department indicates that approximately \$8.3 million would be applied against the Great Addition purchase (\$25 million of future stewardship 2000 bonding authority was used to advance fund this project in 1999 and must be accounted for by fiscal year 2003-04). This would leave \$18.95 million for DNR land acquisition activities in each year of 2001-03 biennium. For the property development and local assistance subprogram, \$7 million would be available for local assistance grants, leaving \$4.5 million for property development on DNR-owned land in each year. The amount allocated for property development includes \$250,000 annually for friends' group development grants, which involve projects on DNR lands.

4. Demand for local assistance grants currently exceeds available funding. The Department made \$7 million available in 2000-01 for these grants; DNR indicates that it received grant requests from local governments and non-profit conservation organizations for projects totaling approximately \$30 million for 2000-01.

5. The Department utilizes property development funds for a variety of purposes, including constructing hiking and bicycle trails, developing state park properties, and building or replacing support facilities (such as sanitation systems) on DNR property. The Department has made a number of large acquisitions recently, including the 32,800 acre Great Addition and property for the development of two Centennial State Parks. Reduced funding for development of these properties may hamper public access to the properties.

6. It may be argued that, with greater available resources, bonding authority for land acquisition could be earmarked for all of these projects (rather than only the agriculture stewardship initiative). Doing so would reduce available bonding for other land acquisition from \$34.5 to \$28.5 in 2001-02 (about \$13 million after NCOs and the Great Addition accounting are considered). The effect would be to prioritize local assistance grants and the development of already purchased property over the acquisition of new parcels.

7. Alternatively, as the main purpose behind the Stewardship 2000 program is to acquire land for conservation purposes, development of properties may be interpreted as a secondary priority to conservation. As the reconstruction of the chalet at Rib Mountain State Park, and the development of Milwaukee Lakeshore State Park are for property development projects, it may be argued that the Building Commission's request is appropriate.

8. While development of state park properties is an appropriate use of stewardship development funds, some would argue Milwaukee Lakeshore and Rib Mountain State Parks should compete with all other DNR projects for available funds. It is argued that the environmental and land and water conservation benefits anticipated from the agricultural stewardship initiative justify the use of stewardship bonds. On the other hand, stewardship bonds have not typically been used for construction projects at University of Wisconsin facilities.

ALTERNATIVES TO BASE

1. Approve the Building Commission's recommendation (as technically corrected) to require DNR to provide stewardship 2000 program bonding for the following projects.

a. From the land acquisition subprogram, \$1 million for the Wisconsin agricultural stewardship initiative at UW-Platteville and UW-Madison to be used to construct a facility at UW-Platteville for conducting research and for training farmers concerning the development of sound environmental farming practices;

b. From the property development and local assistance subprogram, \$1 million to reconstruct the chalet at Rib Mountain State Park; and

c. From the property development and local assistance subprogram, \$3 million for the development of Milwaukee Lakeshore State Park.

d. Further, clarify that the \$50,000 in funding previously provided to rebuild "a" chalet at Rib Mountain State Park refer instead to "the" chalet at that park. Also, in referring to the stewardship funding provided Milwaukee Lakeshore State park, delete the reference to a state park that will provide access to Lake Michigan in the City of Milwaukee to refer instead to Milwaukee Lakeshore State Park.

2. Modify the Building Commission's recommendation to specify that the bonding authority for all projects approved be earmarked out of available bonding for land acquisition.

3. Modify the Building Commission's recommendation to allow DNR to determine the stewardship categories from which the projects would be funded.

4. Take no action (no stewardship funds would be earmarked for these projects).

MO#

Att. 3

BURKE	Y	N	A
DECKER	Y	N	A
MOORE	Y	N	A
SHIBILSKI	Y	N	A
PLACHE	Y	N	A
WIRCH	Y	N	A
DARLING	Y	N	A
WELCH	Y	N	A
GARD	Y	N	A
KAUFERT	Y	N	A
ALBERS	Y	N	A
DUFF	Y	N	A
WARD	Y	N	A
HUEBSCH	Y	N	A
HUBER	Y	N	A
COGGS	Y	N	A

nski

AYE ___ NO ___ ABS ___

BUILDING COMMISSION

U.W. Platteville

Motion:

Move to further modify language proposed under Alternative 1 to specify that the research conducted at the facility to be constructed at U.W. Platteville to include the development of cost projections of implementing best management practices related to non-point regulations.

MO#			
BURKE	Y	N	A
DECKER	Y	N	A
MOORE	Y	N	A
SHIBILSKI	Y	N	A
PLACHE	Y	N	A
WIRCH	Y	N	A
DARLING	Y	N	A
WELCH	Y	N	A
GARD	Y	N	A
KAUFERT	Y	N	A
ALBERS	Y	N	A
DUFF	Y	N	A
WARD	Y	N	A
HUEBSCH	Y	N	A
HUBER	Y	N	A
COGGS	Y	N	A

AYE 79 NO ABS

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June 4, 2001

Joint Committee on Finance

Paper #262

Wisconsin History Center (Building Program)

[LFB 2001-03 Budget Summary: Page 158-10, #8]

CURRENT LAW

The State Historical Society Museum is located in a four-story building at the corner of West Mifflin Street and North Carroll Street in Madison. Most of the museum collections and curatorial staff are located in the basement of the Society's headquarters building on the University of Wisconsin-Madison campus.

The Society's headquarters building also houses the Wisconsin Center for Film and Theater Research (WCFTR). The Center is a joint program of the Historical Society and UW-Madison to preserve historical records from the entertainment industry including film, videos, manuscripts, photographs and sound recordings.

BUILDING COMMISSION

Enumerate \$131.5 million in self-amortizing bonding for construction of the Wisconsin History Center. Specify that the Building Commission would not be allowed to issue the self-amortizing bonding until the Building Commission determines that the Historical Society has secured funding commitments of at least \$75 million from gifts, grants, or other receipts to finance the structure. Modify the Society's existing program revenue debt service appropriation to also receive revenues from the Society's gifts and grants appropriation. Specify that the Society's existing self-amortizing bonding authorization for acquisition, construction, development, enlargement and improvement of facilities at the state historic sites could not be used for construction of the Wisconsin History Center.

DISCUSSION POINTS

1. The existing Historical Society museum is approximately 32,200 square feet. The museum currently displays about 2% of the Society's total collections. Society staff estimate that an average of 90,000 to 100,000 people visit the Society museum annually, of which about 30% are students.

2. A study of the feasibility of a history center was conducted in 2000. A draft report of the study's findings, conducted by Lord Cultural Resources (an international planning and consulting firm), indicates that the existing museum's lack of facilities for exhibits and public programs precludes the delivery of programs expected for a state museum. The report also indicates that storage space at the headquarters building is inadequate and substandard.

3. Because of lack of storage space, the Society's collections acquisitions have effectively ceased. The Society has rented additional storage space over the last six years. However, Society staff indicate that all available storage space is full. The Wisconsin Center for Film and Theater Research, also with collections storage in the Society's headquarters building, shares the same storage constraints, and has also ceased collections acquisitions.

4. For the 1995-97 biennium, the Society requested \$11.9 million in general fund bonding to construct an offsite facility for storage, office and laboratory space. Instead, 1995 Act 27 enumerated a \$5,000,000 general fund supported project under the Department of Administration for a records center and office facility that was to serve the needs of the State Records Center, the UW stores program and the Historical Society. The project was designed, but never bid. Under 1995 Act 27, \$400,000 in borrowing was also authorized to permit the Society to install the systems and equipment necessary to move collections to a new storage facility, and study policies and procedures relating to storage needs. The \$400,000 has not been used because a storage facility has not been identified. The Society indicates that the funding would be needed if a new location is provided.

5. Because of existing facility concerns, the Historical Society has let its accreditation with the American Association of Museums lapse until its facilities are upgraded. Society staff indicate that they have been able to renew in the past because of proposed collections facilities. However, such proposals have not proceeded, to date.

6. The Building Commission recommendations include enumeration of \$131.5 million for a history center project that would be funded with program revenue supported borrowing. The current proposal includes the existing museum property and adjacent land. The recommended borrowing level does not include the purchase of land or relocation costs, which have not been identified. The project would accommodate both the Historical Society Museum and the WCFTR including space for exhibits, storage, offices, an auditorium and event rentals.

7. The Commission's recommendations would require that no bonding could be issued until the Historical Society has a commitment of at least \$75 million from gifts grants and other

receipts. Funds from parking fees revenue from the parking structure that would be included as part of the new facility would also support some of the costs of the center.

8. In its agency capital budget submission, the Historical Society requested \$30 million in general fund supported borrowing for a Wisconsin history center. However, the proposed project is significantly increased in scope and costs from the \$30 million facility that the Society requested. While a state history center may be a building program priority for the Society, and could be included in the 2001-03 state building program, the proposed \$131.5 million project is more than four times the size of the project requested.

9. It is unclear whether the \$75 million in gifts and grants and other receipts required under the proposal would be used directly to pay construction costs of the facility or to assist in the retirement of debt service on \$131.5 million in program revenue bonds. It is estimated that annual debt service payments on \$131.5 million in bonds would equal approximately \$10.6 million on an annualized basis assuming a flat, 20-year repayment structure. Assuming that the full \$75 million in gifts and grants is in hand at the time the bonds are issued, the principal and investment earnings on those funds would be sufficient to pay for the first nine or ten years of debt service on the bonds. The Society would need to generate an additional \$50 to \$60 million in gifts or other revenues in the next few years, or a larger amount of pledges in the future for the bonds to be paid off with gift proceeds.

10. At the time of the Building Commission deliberations on the 2001-03 capital budget, Society officials indicated that they did not know how they could generate sufficient program revenue to finance the Center. Since that time, Historical Society officials have indicated that they have identified a possible donor that may provide a large portion of the \$75 million. In addition, the current proposal for the Center includes a parking structure that would generate revenue toward the debt service costs. The Society is also considering an admission fee for the new museum facility.

11. Self-amortizing general obligation bonds are intended to be self-funded with program revenues from the activities within the facility that the bonds funded or by gift or other monies. However, in the event that program revenues are not sufficient to cover annual debt service costs on the bonds, the general fund would be required to cover any remaining annual debt service payment on the bonds.

12. While a possible opening date for the Center has not been identified, part of the space for the structure is committed until July, 2002. In addition, some have assumed a 2006 opening date that would coordinate the opening with the Overture Project in Madison. Given that the opening of the Center would not likely occur for several years, the Committee could eliminate the project until sources of funding are more secure, and the project plans have more detail and time to be reviewed. The project could then be enumerated in separate legislation or as part of the 2003-05 building program when project design and financing are more developed. However, delaying approval of the project could jeopardize the Society's ability to generate gifts, grants and other commitments for the project.

ALTERNATIVES TO BASE

1. Approve the Building Commission's recommendation to: (a) enumerate \$131.5 million in self-amortizing bonding to contract for construction of the Wisconsin History Center; (b) specify that the Building Commission would not be allowed to issue the self-amortizing bonding until the Building Commission determines that the Historical Society has secured funding commitments of at least \$75 million from gifts, grants, or other receipts to finance the structure; (c) modify the Society's existing program revenue debt services appropriation to also receive revenues from the Society's gifts and grants appropriation; and (d) specify that the Society's existing self-amortizing bonding authorization for acquisition, construction, development, enlargement and improvement of facilities at the state historic sites could not be used for construction of the Wisconsin History Center.

Alternative 1	BR
2001-03 FUNDING (Change to Base)	\$131,500,000
[Change to Bill]	\$131,500,000

2. Maintain current law.

Prepared by: Carri Jakel

MO# Alt 1

BURKE	Y	N	A
DECKER	Y	N	A
MOORE	Y	N	A
SHIBILSKI	Y	N	A
PLACHE	Y	N	A
WIRCH	Y	N	A
DARLING	Y	N	A
WELCH	Y	N	A
GARD	Y	N	A
KAUFERT	Y	N	A
ALBERS	Y	N	A
DUFF	Y	N	A
WARD	Y	N	A
HUEBSCH	Y	N	A
HUBER	Y	N	A
COGGS	Y	N	A

AYE 8 NO 8 ABS _____

PAPER #263 - Kickapoo Reserve Visitor Center

Alternative - #1 or #3

Summary: Just give them their visitor center for crying out loud. But, best not to use Stewardship earmark. Save that money for some other project/land purchase.

By: Barry



Legislative Fiscal Bureau

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June 4, 2001

Joint Committee on Finance

Paper #263

Kickapoo Reserve Management Board Visitor Center (Building Program)

[LFB 2001-03 Budget Summary: Page 158-10, #9]

CURRENT LAW

The Kickapoo Valley Reserve refers to approximately 8,600 acres of land north of La Farge in Vernon County. The property was the site of a U.S. Army Corps of Engineers dam and reservoir project on the Kickapoo River that was abandoned in approximately 1975. The Corps transferred ownership of approximately 7,400 acres to the State of Wisconsin in December, 2000. Additionally, 1,200 acres were transferred to the Bureau of Indian Affairs in trust for sites sacred to the Ho-Chunk tribe. However, in a 1997 memorandum of understanding (MOU), the state and the Ho-Chunk nation agree the entire acreage will be managed as one property.

Appropriations from the forestry account of the conservation fund support administrative functions for the Kickapoo Reserve Management Board. The Board is responsible for: (a) managing the land in the Kickapoo River valley to preserve and enhance its unique environmental, cultural and scenic features; (b) providing facilities for the use and enjoyment of visitors to the Reserve; and (c) promoting the Reserve as a destination for vacationing and recreation.

BUILDING COMMISSION

Provide \$2,370,000 SEG in 2001-02 from a new, continuing appropriation from the segregated forestry account of the conservation fund under the Department of Tourism to fund the construction of a visitor center and administration building at the Kickapoo Valley Reserve.

DISCUSSION POINTS

1. Building Commission plans call for the construction of an 8,300 square-foot visitor center and administration building, located near trailheads on the Reserve, on State Highway 131 in the Township of Stark. The building would include meeting space, exhibit and informational areas and offices. An outdoor restroom facility and storage area would also be constructed with the funds. It is anticipated the building could be completed in 2002.

2. Currently, the Board leases office space in a modified two-bedroom ranch house with attached garage in the Village of La Farge for over \$900 per month. The current facility is about a mile south of the Reserve. As well as providing space for the 2.0 permanent staff and other limited-term employees, the office is used to distribute state tourism publications, serve as a visitor information site and host educational classes. The Board is planning to expand their current summer educational program to offer courses year-round once the center is complete, which may provide the Board with additional revenue. According to Reserve officials, hunting and fishing licenses would also be sold from the visitor center. In addition, some have argued that a new center actually located on the Reserve will increase visits to both the center and the area, as well as increasing the number of people who pay required fees to use the Reserve.

3. It is anticipated that the number of visitors to the Reserve will increase, especially if the visitor center is completed. The Reserve estimates that approximately 10,000 people will visit the area annually. In addition, it has been estimated that over 1,000 hunters typically use the Reserve during the opening weekend of the gun deer hunting season.

4. The primary source of revenue deposited in the forestry account of the conservation fund is the forestry mill tax, a state tax on property of 0.2 mill (20¢ per \$1,000 of property value). Other sources of revenue to the forestry account include: (a) revenue from the sale of timber on state forest lands; (b) revenue from the sale of stock from the state's tree nurseries; (c) camping and entrance fees at state forests; and (d) severance and withdrawal payments from timber harvests on cooperatively-managed county forests and on privately-owned land entered under the forest crop land and management forest land programs.

5. Forestry account revenues are used to fund several forestry programs and related administrative activities in DNR. The main expenditure from the forestry account relates to the operations of state forest and nursery properties. Other DNR activities funded from the forestry account include: (a) forest management assistance for private landowners and county foresters; (b) aid payments under forest tax law programs; (c) county forest acreage payments and loans; and (d) forest fire control activities. The forestry account also funds programs in seven other agencies, the largest expenditures being for administrative and worker salary costs of the Wisconsin Conservation Corps and the gypsy moth suppression program in DATCP. In addition, forestry account revenues support administrative functions for the Kickapoo Reserve Management Board (\$194,100 SEG appropriated in 2000-01) and under the bill, forestry account revenue would be used for payments in lieu of property taxes for the Kickapoo Valley Reserve.

6. Some would argue that funding a building project at the Kickapoo Valley Reserve is not an appropriate use of forestry account revenues. Bonding from the stewardship fund or state building program has been used for similar projects in the past. The Department of Natural Resources (DNR) is authorized \$46 million in general obligation bonding authority annually through 2009-10 for stewardship 2000, with \$34.5 million specified for land acquisition and \$11.5 million for property development and local assistance. While using stewardship 2000 program bonding may seem an appropriate funding source to some, it would also reduce the amount of property DNR could purchase or improve. Further, the Building Commission recommendations would include earmarking \$7 million of stewardship 2000 bonding (\$1 million from land acquisition and \$6 million from property development and local assistance) for four projects (Lakeshore State Park, State Fair Park, an agricultural stewardship initiative and reconstructing a ski chalet at Rib Mountain State Park).

7. On the other hand, the majority of the Reserve is forestland and the Reserve has a forestry management plan that includes timber harvesting. In addition, forestry account revenues have been used to finance DNR ranger stations and state forest recreation buildings in the past. Under Committee action to date on SB 55, the forestry account is estimated to have a June 30, 2003 balance of \$2.24 million. If the segregated funds are appropriated for the Kickapoo Valley Reserve visitor center and administration building authorized expenditures would exceed expected revenues by approximately \$130,000. If forestry account revenues are available, it may be less expensive to provide cash rather than to pay debt service of approximately \$189,000 annually for 20 years, given a flat repayment schedule upon issuance of the bonds, or an estimated total of \$3.8 million over the 20-year period. Thus, funding a visitor center and administrative facility at the Reserve from the forestry account may be viewed as appropriate.

8. However, since the benefits of a visitor center would be realized for at least 20 years, some would find bonding an appropriate form of payment for the center. In addition, when inflationary costs are considered, bonding for the center may approximate the cost in real dollars of paying for the construction in cash. As alternatives, the Committee could consider using either forestry account or general fund supported bonding in lieu of cash financing. Given the estimated construction schedule, debt retirement costs of \$94,500 in 2002-03 would be expected.

ALTERNATIVES TO BASE

1. Approve the Building Commission's recommendation to provide \$2,370,000 SEG in 2001-02 from a new continuing appropriation from the segregated forestry account of the conservation fund under the Department of Tourism to fund the construction of a visitor center and administration building at the Kickapoo Valley Reserve.

<u>Alternative 1</u>	<u>SEG</u>
2001-03 FUNDING (Change to Base)	\$2,370,000
[Change to Bill]	\$2,370,000]

2. Require DNR to earmark \$2,370,000 from stewardship 2000 program bonding for the construction of a visitor center and administration building at the Kickapoo Valley Reserve. Allow DNR to determine from which stewardship categories funding would be allocated.

3. Provide forestry account supported bonding of \$2,370,000 and create a sum sufficient debt retirement appropriation under the Department of Tourism for the construction of a visitor center and administration building at the Kickapoo Valley Reserve. Estimate debt service of \$94,500 SEG in 2002-03.

<u>Alternative 3</u>	<u>SEG</u>	<u>BR</u>
2001-03 FUNDING (Change to Base)	\$94,500	\$2,370,000
[Change to Bill]	\$94,500	\$2,370,000

4. Provide general fund supported bonding of \$2,370,000 and create a sum sufficient debt retirement appropriation under the Department of Tourism for the construction of a visitor center and administration building at the Kickapoo Valley Reserve. Estimate debt service of \$94,500 GPR in 2002-03.

<u>Alternative 4</u>	<u>GPR</u>	<u>BR</u>
2001-03 FUNDING (Change to Base)	\$94,500	\$2,370,000
[Change to Bill]	\$94,500	\$2,370,000

5. Maintain current law.

MO# Art. 1

Prepared

BURKE	Y	N	A
DECKER	Y	N	A
MOORE	Y	N	A
SHIBILSKI	Y	N	A
PLACHE	Y	N	A
WIRCH	Y	N	A
DARLING	Y	N	A
WELCH	Y	N	A
GARD	Y	N	A
KAUFERT	Y	N	A
ALBERS	Y	N	A
DUFF	Y	N	A
WARD	Y	N	A
HUEBSCH	Y	N	A
HUBER	Y	N	A
COGGS	Y	N	A

AYE 8 NO 2 ABS

BUILDING COMMISSION

Kickapoo Reserve Management Board and Lower Wisconsin State Riverway Board Report

Move to require the Kickapoo Reserve Management Board and the Lower Wisconsin State Riverway Board to jointly submit a report to the Building Commission and the Joint Committee on Finance, after consulting with the tribal governments with whom they have signed memorandums of understanding and the Department of Natural Resources Parks Director. Require that the report include a recommendation on how revenue may be generated through hunting, camping, parking or other fees in order to cover operational costs and resubmit plans for building facilities which given their close proximity, have their own individual emphasis.

Note:

The Kickapoo Valley Reserve obtains revenues from customers for certain trail use, camping and special events. In the past, funds were collected from self-registration with no enforcement measures. Approximately \$3,300 has been collected since July, 2000 from visitors, and the Reserve anticipates collections may reach \$10,000 in 2001-02 and \$15,000 in 2002-03 with better registration and enforcement measures. In addition, approximately 1,000 acres of the Kickapoo Valley Reserve are leased for agricultural purposes. In the past, agricultural lease revenues went to the Corps, but it is estimated that the Reserve will earn \$25,000 from these leases in 2001. Further, the Reserve estimates receiving \$16,000 from its first timber harvest in 2001. Much of the revenue has been used to purchase grounds equipment and for the upkeep of trails. The State of Wisconsin owns approximately 7,400 acres of the reserve, while 12,000 acres are held in trust by the Bureau of Indian Affairs for sites sacred to the Ho-Chunk tribe. A 1997 MOU between the state and the Ho-Chunk nation states the entire acreage will be managed as one property.

MO#	A	A	A	A	A	A	A	A	A	A	A	A	A	A	A	A	A
	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N
	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y
	BURKE	DECKER	MOORE	SHIBILSKI	PLACHE	WIRCH	DARLING	WELCH		GARD	KAUFERT	ALBERS	DUFF	WARD	HUEBSCH	HUBER	COGGS
	AYE <u>16</u> NO <u>0</u> ABS																



Legislative Fiscal Bureau

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June 4, 2001

Joint Committee on Finance

Paper #264

Lease Purchase of State Facilities (Building Program)

CURRENT LAW

Building program projects with a cost exceeding \$500,000 are required to be enumerated in the authorized state building program. To enumerate a project, the Legislature lists the project title and budget in a nonstatutory provision enacted as part of the biennial budget bill. In addition, the Legislature must authorize any new bonding or other monies needed to fund the project.

In the interest of preventing land speculation the Building Commission may acquire property within the blocks bordered by East Washington Avenue, South Webster Street, East Wilson Street and South Hancock Street in the city of Madison for possible future construction. Also, any acquisition in the city of Madison within block number 72, 73, 74, 75, 76, 77, 83, 84, 89, 90, 99, 100, 101, 102, 103 or 104 of the original plat of the city is exempt from enumeration requirement if such acquisition is to be solely used to meet the space needs of the state law library, the legislative reference bureau library and legislative and judicial branch agencies and support staffs.

BUILDING COMMISSION

No provision.

DISCUSSION POINTS

1. Each biennium, the Building Commission, with assistance from the Department of Administration-Division of Facilities Development (DFD), reviews agency capital budget requests. After that review, the Building Commission and staff make recommendations for capital

improvements and construction to be enumerated under the biennial state building program. The Legislature may modify those recommendations in approving the state building program for the biennium. Those projects enumerated within the state building program have legislative approval to be constructed as described in the enumeration.

2. The Legislature has provided a specific exemption from the enumeration requirement for the acquisition of a property to be solely used to meet the space needs of the state law library, the legislative reference bureau library and legislative and judicial branch agencies and support staffs. Therefore, the Building Commission has authority to enter a lease purchase agreement to acquire the State Justice Center, which is recommended for enumeration under the 2001-03 state building program.

3. The \$500,000 statutory enumeration requirement, which applies to all other state construction projects, provides the Legislature oversight over the expenditure of funds for new state facilities and major renovation or upgrade projects. Requiring that state building projects be enumerated also allows the Legislature to be involved in determining the need for such projects in conjunction with establishing the overall priorities for state facility expansion and improvements. Further, it allows for legislative input into the siting of state facilities and staff.

4. The Building Commission also has general authority to acquire leasehold interests for the state in land and buildings. Also, the Commission may authorize the lease, lease purchase or acquisition of facilities that are constructed in the manner authorized by the Building Commission. The Commission may also authorize the lease, lease purchase or acquisition of existing facilities in lieu of state construction of any project enumerated in the authorized state building program.

5. The Building Commission's authority to enter into leasehold arrangements was established to allow the state to lease additional space in the event that an agency needs additional office space due to expansion of existing programs or the consolidation a larger number of programs within one agency. It is unclear whether this authority was intended to allow the Building Commission and DOA to enter into a lease-purchase agreement for the construction of a new state facility that would house an entire agency.

6. In general, state construction projects are enumerated by the Legislature in the state building program and the Building Commission and DOA contract for, and oversee the construction of, those projects. Under a lease purchase arrangement, prior to legislative approval, DOA enters into a contractual obligation with a developer to site and construct a facility, with the state agreeing to a long-term lease for the facility. Also, contained in that lease is an option to purchase the facility, which cannot be exercised without legislative approval. Under the enumeration requirement, the Legislature has oversight in determining the need and siting of facilities to be constructed. Under the lease-purchase arrangement, DOA and the Building Commission make these decisions, with the Legislature making the decision to purchase the facility. Because the Legislature must enumerate a facility to purchase and provide bonding authority or other monies to fund the purchase, there is legislative oversight. However, because it is nearly always more cost-effective for the state to purchase a facility that would house an entire state agency, rather than continue to lease the facility,

the Legislature's decision is effectively already made.

7. The lease-purchase option has been used in recent years for the construction of state office space in Madison. The DOA, DATCP and DOR buildings were built under a lease-purchase agreement. The program revenue bonding for these facilities would be paid off from rent payments paid to DOA from all agencies. All building costs are pooled in establishing state rental rates. These rent payments are generally split-funded based on the percentage of GPR, PR and SEG funding sources provided the agency.

8. In the past, DOA has indicated that using the lease-purchase option, as opposed to first enumerating the facility through legislation, allows the state to take more timely advantage of real estate and construction market opportunities that occur. While timing is a key factor that is cited in any real estate transaction, the biennial building program has been amended through separate legislation in the past to accommodate the timing issues associated with specific capital projects. Relative to the DOR lease purchase agreement, the idea of a new state office facility for DOR that would consolidate staff into one central location had been discussed for several years. Further, DOA issued a request for proposal for the DOR facility in February, 1998, and the lease was approved by the Building Commission in February, 1999. Based on this timeline, it appears that sufficient time was available to request legislative approval for the facility, prior to the state entering into the lease-purchase obligation for the facility, rather than having the facility enumerated after the fact as part of the 1999-01 building program.

9. In addition, the Building Commission has recommended the enumeration of the purchase of a correctional facility at Stanley, that was built by private firm without state oversight, as part of the 2001-03 state building program. DOA has entered into a lease agreement for the facility, which contains an option to purchase the facility. As part of the lease agreement, DOA has agreed to include a request for authorization of the lease and the funds for operation of the facility in the 2001-03 biennial budget.

10. Some concerns have been raised that using the lease-purchase option for the construction of facilities are intended to be state facilities diminishes the degree of legislative oversight of state facility construction. That is, while DOA and the Building Commission are within their authority to contract for the leasing of office space, and are within their authority relative to the State Justice Center, it is argued that the lease-purchase option for projects that are to be constructed solely to house state agencies effectively circumvents the statutory enumeration requirement. If the degree of legislative oversight related to these facilities is a concern, the Committee could consider requiring that the construction of such facilities under lease-purchase agreements that involve initial occupancy by the state must be enumerated prior to the state entering into a the lease-purchase agreement.

11. During its deliberations on the 1999-01 biennial budget, the Joint Finance Committee included a provision that would have required that the state may not enter into a lease agreement, with an option to purchase a building, including correctional facilities, constructed for the purposes of initial occupancy by the state, unless the construction and purchase of the facility would be

enumerated in a state building program prior to entering into a lease purchase. The provision was approved by the Legislature but vetoed by the Governor. In his veto message the Governor indicated that he vetoed the provisions because they place unnecessary restrictions on the Building Commission's ability to sign lease-purchase agreements on behalf of the state. He also indicated that the Legislature does provide oversight of state building projects in that legislative representatives are on the Building Commission. The Building Commission consists of eight members: the Governor, six legislators and a private member appointed by the Governor.

ALTERNATIVES TO BASE

1. Require that the state may not enter into a future lease agreement, with an option to purchase a building constructed for purposes of initial occupancy by the state, including correctional facilities, unless the construction and purchase of the facility is enumerated in a state building program prior to entering into the lease-purchase agreement.
2. Maintain current law. DOA and the Building Commission could continue the practice of entering into lease purchase agreements for facilities constructed to house state agencies or program efforts.

Prepared by: Al Runde

MO# 111

BURKE	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
DECKER	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
MOORE	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
SHIBILSKI	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
PLACHE	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
WIRCH	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
DARLING	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
WELCH	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
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KAUFERT	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
ALBERS	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
DUFF	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
WARD	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
HUEBSCH	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
HUBER	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
COGGS	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
AYE	<u>9</u>	NO	<u>7</u> ABS



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June 4, 2001

Joint Committee on Finance

Paper #265

Facility Operating Cost Estimates (Building Program)

CURRENT LAW

Whenever the Building Commission considers any proposal for the construction of a new correctional facility or the expansion of an existing facility, the Department of Administration (DOA) must provide the Commission with information concerning annual operating costs, including staffing costs, that will result from such construction or expansion in connection with consideration of that proposal.

BUILDING COMMISSION

No provision.

DISCUSSION POINTS

1. While the statutes require DOA to submit projections on the annual operating cost increases associated with any proposal for the construction of a new correctional facility or the expansion of an existing correctional facility, no such statutory requirement exists for other agency building projects or any local projects included in the state building program.

2. However, the Building Commission manual on 2001-03 capital budget requests indicates that it is essential to the analysis of the capital project to include a description of the impact that the project would have on the agency's operating budget. Agencies are instructed to address how these costs would be funded, such as internal reallocation, funding requests to be included in the 2001-03 operating budget, or in a future budget, and the source of funds (general purpose revenue, program revenue, segregated revenue or additional grants). The manual indicates that a

general statement that operating costs will be addressed in a future biennium is not sufficient. Specifically, the manual instructs agencies to identify potential operating budget increases or decreases and changes including: (a) increases or decreases number of staff and the types of work to be done, such as additional faculty or academic staff, student assistants, full time equivalent employees, including maintenance staff, administrative staff, and prison guards, or other staff costs; (b) changes in energy and maintenance costs; and (c) any other related costs.

3. The annual debt service amounts associated with bonding authorized for each project will eventually be charged to each agency's debt service appropriation. Annualized estimates of these costs are not required by the Building Commission to be included in the operating cost documentation compiled for each project.

4. DOA Division of Facilities Development documentation indicates that annual operating costs estimates were provided by state agencies for many of the projects recommended by the Commission as part of the 2001-03 building program. However, the degree of detail on the annual operating costs for the enumerated projects and the projected funding source for those costs varied, and no documentation exists on the operating costs estimates for several of the projects included in the building program recommendations. In addition, information on operating costs was provided to Building Commission members for only a few projects. As a result, as Building Commission members indicated in public testimony before the Joint Committee on Finance, Building Commission members did not in general review the annual operating costs of projects that were recommended for funding and enumeration in the 2001-03 state building program.

5. Each biennium the state makes a large capital investment in new and expanded facilities. While necessary, these capital improvement decisions also have a significant impact on the future amount of state services that will be provided and costs of providing those state services. As a result, while there may be a one or two biennium delay, agency operating budgets will eventually be impacted by the staffing and operational costs as well as the repayment of the debt associated with these new or expanded facilities. Therefore, it may be desirable that when making their decisions on these capital investments, the Building Commission and the Legislature have additional information on the projected increase in annual operating costs that may occur as a result of constructing a new facility or adding space to an existing facility.

6. To obtain additional information in the future, the Committee could require that no capital project for the construction of a new facility or the addition of space to an existing facility may be recommended by the Building Commission for enumeration in the state building program unless the increase in the project's annual operating costs, including annualized debt service costs, are identified. This could increase the level of scrutiny and provide for a better analysis of the overall costs to the state of carrying out a project.

7. Further, in order to better inform the Committee in its deliberations on the biennial budget and biennial state building program, the Committee could require that the Building Commission report on the projected increase in annual operating costs, including annualized debt service costs, associated with each capital project involving the construction of a new facility or the

addition of space to an existing state facility. The report could require that the projected funding sources for the increased costs to be identified. The report could be submitted by the first Tuesday in April in each odd-numbered year, which is when the building program recommendations are due.

ALTERNATIVES TO BASE

1. Specify that no capital project for the construction of a new facility or the addition of space to an existing facility may be recommended for enumeration enumerated in state building program by the Building Commission unless the increase in the project's annual costs, including annualized debt service costs, are identified. Further, require that the Building Commission provide a report to the Joint Committee on Finance on the increase in annual operating costs, including annualized debt service costs, associated with each capital project involving the construction of a new facility or the addition of space to an existing state facility. Require that the report specify the projected funding sources for the operating costs identified. Specify that the report be submitted by the first Tuesday in April in each odd-numbered year, unless a later date is requested by the Building Commission and approved by the Joint Committee on Finance.

2. Take no action.

MO# A11

Prepared by:

BURKE	<input checked="" type="radio"/>	N	A
DECKER	<input checked="" type="radio"/>	N	A
MCORE	<input checked="" type="radio"/>	N	A
SHIBILSKI	<input checked="" type="radio"/>	N	A
PLACHE	<input checked="" type="radio"/>	N	A
WIRCH	<input checked="" type="radio"/>	N	A
DARLING	<input checked="" type="radio"/>	N	A
WELCH	<input checked="" type="radio"/>	N	A
GARD	<input checked="" type="radio"/>	N	A
KAUFERT	<input checked="" type="radio"/>	N	A
ALBERS	<input checked="" type="radio"/>	N	A
DUFF	<input checked="" type="radio"/>	N	A
WARD	<input checked="" type="radio"/>	N	A
HUEBSCH	<input checked="" type="radio"/>	N	A
HUBER	<input checked="" type="radio"/>	N	A
COGGS	<input checked="" type="radio"/>	N	A

AYE _____ NO _____ ABS _____



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June 4, 2001

Joint Committee on Finance

Paper #266

Debt Service Estimates (Building Program)

[LFB 2001-03 Budget Summary: Debt Service Reestimate Items Under Various Agencies]

GOVERNOR

Debt service is paid from sum sufficient appropriations established for principal and interest repayments for general obligation bonds authorized for specific purposes. SB 55 provides total funding of \$374.6 million in 2001-02 and \$407.4 million in 2002-03 for estimated GPR debt service payments in the 2001-03 biennium.

MODIFICATION

Reestimate the amount of GPR debt service required in the 2001-03 biennium by -\$15,247,900 in 2001-02 and -\$18,221,600 in 2002-03. In addition, increase projected GPR-lapses by \$2,630,000 in 2001-02 and \$4,400,000 in 2002-03. As a result, net GPR debt service payments would equal \$356.7 million in 2001-02 and \$384.7 million in 2002-03. Further, because the TEACH GPR debt service appropriation relating to school district educational infrastructure financial assistance counts towards state two-thirds funding and would be reestimated by -\$916,100 in 2001-02 and by -\$1,381,900 in 2002-03, increase funding for equalization aids by \$305,400 GPR in 2001-02 and \$460,600 GPR in 2002-03 in order to maintain two-thirds funding of partial school revenues. Finally, GPR debt service in 2000-01 is projected to be \$3,300,000 less than previously estimate, which would increase the opening balance of the general fund for the 2001-03 biennium.

Explanation: Since the introduction of SB 55, DOA Capital Finance has reestimated debt service payments for the 2001-03 biennium and this office has reviewed those estimates. In a May 18, 2001, report to the Legislature, DOA estimated that GPR debt service payments could be reduced by \$15.2 million in 2001-02 and \$18.2 million in 2002-03. These DOA projections appear reasonable. However, it is estimated that an additional \$2.6 million in 2001-02 and \$4.4 million in 2002-03 in debt service savings will accrue associated with: (a) interest earnings on the bond security redemption fund, which is

allocated as an offset to debt service appropriations; and (b) the reallocation of debt service associated with the Building Commission's other public purpose bonding authority to program revenue and segregated revenue debt service appropriations.

<u>Modification</u>	<u>GPR</u>	<u>GPR-Lapse</u>	<u>2000-01</u>	<u>TOTAL</u>
2001-03 FUNDING (Change to Base)	\$89,082,500	\$7,030,000	- \$3,300,000	\$78,752,500
[Change to Bill]	- \$32,703,500	\$7,030,000	- \$3,300,000	- \$43,033,500

Prepared by: Al Runde

MO# modification

BURKE	Y	N	A
DECKER	Y	N	A
MOORE	Y	N	A
SHIBILSKI	Y	N	A
PLACHE	Y	N	A
WIRCH	Y	N	A
DARLING	Y	N	A
WELCH	Y	N	A
GARD	Y	N	A
KAUFERT	Y	N	A
ALBERS	Y	N	A
DUFF	Y	N	A
WARD	Y	N	A
HUEBSCH	Y	N	A
HUBER	Y	N	A
COGGS	Y	N	A

AYE 16 NO 0 ABS



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June 4, 2001

Joint Committee on Finance

Paper #267

Transportation Facilities Bonding (Building Program)

[LFB 2001-03 Budget Summary: Page 158-1, # 1 (part) and Page 158-5, # 2 (part)]

CURRENT LAW

The Department of Transportation has a general obligations bonding authorization (s. 20.866 (2)(u)) for administrative facilities and a transportation revenue obligation bonding authorization (s. 84.59 (6)) for transportation facilities and major highway projects. The debt service on the general obligation bonds is paid from the segregated transportation fund and the debt service on the transportation revenue obligation bonds is funded from the first draw on state vehicle registration fee revenues. Any remaining annual registration fee revenues after the annual debt service on outstanding transportation revenue bonds is paid are deposited to the transportation fund.

BUILDING PROGRAM AMENDMENT DRAFT

Provide \$13,445,500 in segregated revenue supported general obligation borrowing for transportation administration projects included in the 2001-03 state building program.

MODIFICATION TO BUILDING PROGRAM AMENDMENT DRAFT

Delete \$13,445,500 of segregated general obligation bonding for transportation facility projects enumerated in the 2001-03 state building program.

Explanation: The Building Commission Secretary, in an April 25, 2001, memorandum to the Co-Chairs of the Joint Committee on Finance indicated that the \$13,445,500 in borrowing for the Department of Transportation was already included in the Governor's biennial budget recommendations as a change to the Department revenue obligation borrowing authority.

Prepared by: Al Runde

MO# modification

BURKE	Y	N	A
DECKER	Y	N	A
MOORE	Y	N	A
SHIBILSKI	Y	N	A
PLACHE	Y	N	A
WIRCH	Y	N	A
DARLING	Y	N	A
WELCH	Y	N	A
GARD	Y	N	A
KAUFERT	Y	N	A
ALBERS	Y	N	A
DUFF	Y	N	A
WARD	Y	N	A
HUEBSCH	Y	N	A
HUBER	Y	N	A
COGGS	Y	N	A

AYE 11 NO 0 ABS 0

BUILDING PROGRAM

General Obligation Bonding For Milwaukee Children's Village

Motion:

Move to provide \$550,000 in general fund supported general obligation bonding for the construction of the SOS Milwaukee Children's Village foster care facility in the City of Milwaukee. Enumerate the \$5,020,000 Milwaukee Children's Village project, to be funded with \$550,000 in general fund supported bonding and \$4,470,000 in gifts, grants and other receipts as part of the 2001-03 state building program. Create a new bonding authorization under the Building Commission and specify that the \$550,000 in bonding would be used to provide a grant to the City of Milwaukee for the construction of the SOS Milwaukee Children's Center. Create a sum sufficient GPR debt service appropriation for the payment of principal and interest costs incurred in financing the construction of the facility and to make payment that are determined by the Building Commission to be attributable to the bond proceeds incurred in financing the construction of the center.

Specify that the state funding commitment to the project be made in the form of a grant to the City of Milwaukee for the construction of a SOS Milwaukee Children's Village on City's near north side. Before approving any state funds, the Building Commission would be required to determine that the Milwaukee Children Village project has secured additional funding of at least \$1,000,000 from nonstate donations for the first phase of construction of the facility. Further, specify that if the Building Commission makes a grant to the City of Milwaukee, and if, for any reason, the facility that is constructed with funds from the grant is not used as a foster care facility, the state would retain an ownership interest equal to the amount of the state's grant.

MO# _____

2 BURKE	Y	N	A
DECKER	Y	N	A
MOORE	Y	N	A
SHIBILSKI	Y	N	A
PLACHE	Y	N	A
WIRCH	Y	N	A
DARLING	Y	N	A
WELCH	Y	N	A
GARD	Y	N	A
KAUFERT	Y	N	A
ALBERS	Y	N	A
DUFF	Y	N	A
WARD	Y	N	A
HUEBSCH	Y	N	A
HUBER	Y	N	A
COGGS	Y	N	A

Note:

[Change to Base: \$550,000 BR]

[Change to Bill: \$550,000 BR]

Motion #1277

AYE 9 NO 8 ABS _____

BUILDING PROGRAM

Holy Redeemer Institutional Church of God in Christ Youth and Family Center

Motion:

Move to provide the Building Commission the authority to authorize up to \$1,500,000 in general fund supported borrowing to aid in the construction of a youth and family center at the Holy Redeemer Church of God in Christ in the City of Milwaukee. Enumerate the \$5,000,000 youth and family center project, to be funded with \$1,500,000 in general fund supported bonding and \$3,500,000 in gifts, grants and other receipts as part of the 2001-03 state building program. Create a new bonding authorization under the Building Commission and specify that the \$1.5 million in bonding would be used to provide a grant to the Holy Redeemer Church of God in Christ in the City of Milwaukee to aid in the construction of a youth and family center in the City. Create a sum sufficient GPR debt service appropriation for the payment of principal and interest costs incurred in financing the construction of the youth and family center and to make payment determined by the Building Commission to be attributable to the bond proceeds incurred in financing the construction of the center.

Specify that the state funding commitment to the project be made in the form of a grant to the Holy Redeemer Church of God in Christ. Before approving any state funds, the Building Commission would be required to determine that the Holy Redeemer Church has secured additional funding of at least \$3,500,000 from nonstate donations for the purpose of constructing the youth and family center. Further, specify that if the Building Commission makes a grant to the Holy Redeemer Church, and if, for any reason, the facility that is constructed with funds from the grant is not used as a youth and family center, the state would retain an ownership interest equal to the amount of the state's grant.

Note:

It is not certain whether the issuance of general obligation bonding, supported by taxpayers, to provide a grant to a religious institution to construct a facility in which religious worship or education may occur would be found to be consistent with case law on the Establishment Clause of the First Amendment to the United States Constitution.

[Change to Base: \$1,500,000 BR]

[Change to Bill: \$1,500,000 BR]

MO# _____

BURKE	Y	N	A
DECKER	Y	N	A
MOORE	Y	N	A
SHIBILSKI	Y	N	A
PLACHE	Y	N	A
WIRCH	Y	N	A
DARLING	Y	N	A
WELCH	Y	N	A

GARD	Y	N	A
KAUFERT	Y	N	A
ALBERS	Y	N	A
DUFF	Y	N	A
WARD	Y	N	A
HUEBSCH	Y	N	A
HUBER	Y	N	A
COGGS	Y	N	A

AYE 7 NO 9 ABS _____

BUILDING PROGRAM

Other Biostar Initiative Projects

[LFB Paper 256]

Motion:

Move to enumerate other biostar initiative projects (Microbial Sciences, Biochemistry and Interdisciplinary Biology Buildings at the University of Wisconsin – Madison) at total funding level of \$127,000,000, including \$45.5 million in general fund supported general obligation bonding beyond the 2001-03 biennium, using the Building Commission's schedule of debt authorization through 2003-05.

Note:

This would enumerate and provide funding authority for the Biostar Initiative projects recommended for enumeration and funding by the Building Commission through the 2003-05 biennium. A total of \$63.5 million of bonding would be authorized for this purpose, including \$18 million in 2001-03 and \$45.5 million in 2003-05.

[Change to Base: \$45,500,000 BR, \$45,500,000 Other Funds]

[Change to Bill: \$45,500,000 BR, \$45,500,000 Other Funds]

BUILDING PROGRAM

Base Agency

LFB Summary Items for Which No Issue Paper Has Been Prepared

<u>Item #</u>	<u>Title</u>
10	Educational Communications Facilities
11	Debt Service on UW-Madison Athletic Facilities Maintenance
12	State Fair Park Board Project Requirements
13	State Contractual Services and Construction Contracting
14	State Revenue Obligations
16	Space Needs of Department of Veterans Affairs
17	Project Contingency Funding Reserve
18	Project Loans
19	Statement of Building Program Continuation

LFB Summary Items Addressed at Previous Committee Executive Sessions

<u>Item #</u>	<u>Title</u>
15	Stanley Correctional Facility (Paper #327)

MO# _____

BURKE	<input checked="" type="radio"/>	N	A
DECKER	<input checked="" type="radio"/>	N	A
MOORE	<input checked="" type="radio"/>	N	A
SHIBILSKI	<input checked="" type="radio"/>	N	A
PLACHE	<input checked="" type="radio"/>	N	A
WIRCH	<input checked="" type="radio"/>	N	A
DARLING	<input checked="" type="radio"/>	N	A
WELCH	<input checked="" type="radio"/>	N	A
GARD	<input checked="" type="radio"/>	N	A
KAUFERT	<input checked="" type="radio"/>	N	A
ALBERS	<input checked="" type="radio"/>	N	A
DUFF	<input checked="" type="radio"/>	N	A
WARD	<input checked="" type="radio"/>	N	A
HUEBSCH	<input checked="" type="radio"/>	N	A
HUBER	<input checked="" type="radio"/>	N	A
COGGS	<input checked="" type="radio"/>	N	A

AYE 16 NO 0 ABS _____



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June 4, 2001

Joint Committee on Finance

Paper #850

Transfer of Staff to Unclassified Positions (State Fair Park)

[LFB 2001-03 Budget Summary: Page 620, #6]

CURRENT LAW

State Fair Park would have 46.2 positions under SB 55 and has 51.2 FTE positions currently, some of which are considered classified and some of which are unclassified positions. (The Committee transferred 6.5 State Fair Park positions related to law enforcement activities to the Department of Administration under previous action.)

GOVERNOR

Transfer 22.0 State Fair Park positions from the classified service to the unclassified service. Allow all State Fair Park employees who had reached permanent status in the classified service prior to October 29, 1999 (the effective date of 1999 Act 9) to be eligible for position transfer rights as granted to persons in the classified service while serving in the unclassified service at State Fair Park. In addition, give these employees reinstatement privileges for five years following their appointment to the unclassified service or for one year after termination of the unclassified appointment, whichever is longer. These reinstatement privileges would be forfeited if the reason for termination of the unclassified appointment would also be reason for discharge from their former position in the classified service.

Further, allow State Fair Park employees who had reached permanent status prior to October 29, 1999, in a classified career executive position to continue receiving the vacation benefits of a classified career executive (generally an extra week of vacation over that provided most state employees).

MODIFICATION

Include the Governor's recommendation, except transfer 19.85 rather than 22.0 positions to the unclassified service.

Explanation: While the 1999-01 biennial budget act unclassified all positions at State Fair Park, the Department of Employee Relations later determined that a number of the positions were more appropriately included in the classified service. Further, while unclassifying positions in fact, 1999 Act 9 did not unclassify positions in the budget system (except for the Executive Director who was previously unclassified), which this provision attempts to correct for 22.0 of the positions. Under the bill, 23.2 staff would remain classified and 23.0 staff would be unclassified. However, DOA officials indicate that 19.85 rather than 22.0 positions were intended to be transferred to the unclassified service in the budget system (leaving 25.35 in the classified service). The modification would not unclassify any position that is currently considered classified by the Department of Employee Relations

Prepared by: David Schug

MO# modification

BURKE	Y	N	A
DECKER	Y	N	A
MOORE	Y	N	A
SHIBILSKI	Y	N	A
PLACHE	Y	N	A
WIRCH	Y	N	A
DARLING	Y	N	A
WELCH	Y	N	A
GARD	Y	N	A
KAUFERT	Y	N	A
ALBERS	Y	N	A
DUFF	Y	N	A
WARD	Y	N	A
HUEBSCH	Y	N	A
HUBER	Y	N	A
COGGS	Y	N	A

AYE 16 NO 0 ABS _____

STATE FAIR PARK

Bill Agency

LFB Summary Items for Which No Issue Paper Has Been Prepared

<u>Item #</u>	<u>Title</u>
1	Standard Budget Adjustments
4	Limited-Term Employee Salaries
5	Staff Increases
7	Staff Overtime
8	State Fair Park Information Technology Support
9	Advertising Cost Increase

LFB Summary Item to be Addressed in a Subsequent Paper

<u>Item #</u>	<u>Title</u>
2	Debt Service Reestimate

LFB Summary Item Addressed at a Previous Committee Executive Session

<u>Item #</u>	<u>Title</u>
3	Transfer of the State Fair Park Police Function to DOA (see Paper #128)