



Legislative Fiscal Bureau

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May 30, 2013

Joint Committee on Finance

Paper #171

Facilities Maintenance and Repair Projects (Building Program)

[LFB 2013-15 Budget Summary: Page 532, #12]

CURRENT LAW

Building program projects with a cost exceeding \$760,000 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 moneys needed to fund the project.

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.

BUILDING COMMISSION

Authorize the DOA Secretary to disburse up to \$11,500,000 of the "All Agency" bonding amounts to fund needed projects in the 2013-15 biennium without Building Commission approval.

DISCUSSION POINTS

1. Under 2011 Act 32 (the 2011-13 budget), the Legislature provided the DOA Secretary with the similar authority to what the Building Commission is currently requesting.

Specifically, Act 32 provided the DOA Secretary the authority to disburse up to \$5,000,000 of the facility maintenance and repair "All Agency" bonding amounts to fund needed facility maintenance projects in the 2011-13 biennium without Building Commission approval.

2. In September, 2012, the DOA Secretary released the \$5,000,000 in the form of a grant to the Bradley Center in the City of Milwaukee for maintenance and improvements at that facility. DOA staff indicated that some or all of the \$11.5 million in "All Agency" general fund supported bonding could be used to fund additional Bradley Center improvements, but did not have specific information on the allocation of this bonding.

3. The state has provided a total of \$10.0 million in general fund supported borrowing for improvements at the Bradley Center. The 2009-11 budget (2009 Act 28), also provided \$5.0 million in general fund supported bonding for improvements at the facility. However, Act 28 specifically enumerated the \$5.0 million Bradley Center project as part of the 2009-11 state building program. Therefore, under Act 28 the Legislature specifically provided the funding for that facility. Conversely, under Act 32, the use of the \$5.0 million in "All Agency" funding was left to the discretion of the DOA Secretary, and its final use was not known at the time.

4. The Bradley Center was donated to the state and the facility is managed on behalf of the State of Wisconsin by a nonprofit corporation. The Bradley Center Sports and Entertainment Corporation was created in 1995 Act 26 as a nonprofit corporation that received the Bradley Center and related auxiliary structures as a gift and owns and operates the facility on behalf of the state. Any contributions to the Corporation are federally tax deductible and the Corporation is exempt from federal and state corporate income taxes. The real and personal property of the Corporation is also specifically exempted from state or local taxation. The state and its political subdivisions are not liable for any debt or obligation of the Corporation.

5. The executive and managerial functions of the Corporation are carried out by a nine person Board of Directors: six appointed by the Governor, with the advice and consent of the Senate, and three nominated by the Bradley family foundation and appointed by the Governor. No member of the Board may hold an elective public office.

6. If the Committee is concerned about providing the DOA Secretary the discretion over the \$11.5 million in "All Agency" funding, and having the ability to disburse it without Building Commission approval, but would like to provide the funding to the Bradley Center, the Committee could enumerate an \$11.5 million Bradley Center Improvements project as part of the 2013-15 building program (Alternative 2). Under this alternative, the Committee would enumerate the project and specify that the project would be funded with \$11.5 million in general fund supported bonding for this purpose, and the "All Agency" facilities maintenance and repair enumeration would be reduced by \$11.5 million compared to the Building Commission's recommendation. Building Commission approval would be required before the funding could be released.

7. There have been ongoing discussions as to whether the Bradley Center in Milwaukee should be replaced, or, at minimum undergo significant renovations. The final decision on the facility has not been made. Therefore, while the state has 20 years of payments on the \$10

million in general fund supported bonding already provided the facility (estimated at \$700,000 per year), and could invest up to an additional \$11.5 million under the provision in the bill (estimated debt service of up to \$810,000 per year), a distinct possibility exists that the current facility may not be in use for 20 years. Due to the uncertain future of the existing Bradley Center facility, the state may want to hold off on providing additional funding at this time. After decisions are made as to the future of the Bradley Center, whether it will be replaced or significantly upgraded, may be a more prudent time for the state to provide additional funding. Or, if funding is approved, it could be approved for improvements, or replacement of the facility.

8. If the Committee is more generally concerned about the lack of oversight over this funding, the Committee could require the DOA Secretary to obtain Building Commission approval prior to releasing the funding, which is required for all other projects (Alternative 3). This would not specify that the project be specifically enumerated, but provide oversight over the use of these funds. This would avoid having one person determine the use of \$11,500,000 of public funding, and have the decision made by the long-established Building Commission that includes the Governor and six legislators, and is subject to the open meetings law.

9. If the Committee would delete the DOA Secretary's authority over this funding, the Committee could reduce the overall general fund supported bonding for the "All Agency" facility maintenance and repair project category compared to the Commission's recommendations (Alternative 4). Alternatively, the Committee could just delete the DOA Secretary's authority over the funding, and the funding would remain in the "All Agency" facilities maintenance and repair category (Alternative 5), unchanged from the Commission's recommendation.

ALTERNATIVES

1. Approve the Building Commission's recommendation to authorize the DOA Secretary to disburse up to \$11,500,000 of the "All Agency" bonding amounts to fund needed projects in the 2013-15 biennium without Building Commission approval. Provide \$11.5 million in general fund supported bonding for this purpose.

ALT 1	Change to Bill Funding
BR	\$11,500,000

2. Enumerate a Bradley Center project as part of the 2013-15 building program to be funded with \$11,500,000 in general fund supported bonding and reduce the "All Agency" facilities renovation and repair category by \$11,500,000.

- a. Specify that the project is for improvements; or
- b. Specify that the project is for improvements or replacement.

ALT 2	Change to Bill
	Funding
BR	\$11,500,000

3. Modify the Building Commission's recommendation by deleting the DOA Secretary's discretionary authority over \$11.5 million in "All Agency" funding. The \$11.5 million in general fund supported bonding would continue to be available for other state facilities and maintenance repair projects and would be under the Commission's oversight.

ALT 3	Change to Bill
	Funding
BR	\$11,500,000

4. Delete the Building Commission's recommendation.

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