



Legislative Fiscal Bureau

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April 1, 2025

TO: Members
Joint Committee on Finance

FROM: Bob Lang, Director

SUBJECT: Administration: s. 13.10 Request for Division of Facilities Development Positions --
Agenda Item I

REQUEST

On November 10, 2023, the Department of Administration (DOA) submitted a request for transfer of \$964,000 PR in 2023-24 and \$1,285,400 PR in 2024-25 from the Joint Committee on Finance's supplemental PR appropriation to the Department's capital planning and building construction services annual PR appropriation. Additionally, the Department requests the creation of 10.0 PR positions in the capital planning and building construction services appropriation.

BACKGROUND

The Department of Administration's Division of Facilities Development (DFD) is responsible for staffing the State Building Commission and developing and implementing the biennial state building program. The program includes the construction of new buildings and the remodeling and renovation of existing facilities for all state agencies and the University of Wisconsin System. The Division provides technical advice, project management, and field oversight of construction projects, as well as contracts for architecture/engineering services and construction work. The capital planning and building construction services annual PR appropriation funds services provided through DFD. The appropriation is funded with program revenue derived from a 4% fee assessed on most state building project budgets. Funding for the capital planning and building construction services appropriation is \$14,950,100 PR and 92.0 PR positions in 2024-25.

Under 2023 Act 19 (the 2023-25 budget act), \$964,000 PR in 2023-24 and \$1,285,400 PR in 2024-25 was reserved in the Joint Committee on Finance's supplemental PR appropriation [s. 20.865(4)(g)] for potential release to DOA's capital planning and building construction services appropriation [s. 20.505(1)(kc)] to support 10.0 new positions. The positions would include construction representatives-senior (5.0 positions), capital project principal managers (4.0 positions), and an enterprise contract officer. The positions would provide construction oversight and contract

administration services for state building projects. Currently, position authority for DFD includes 24.0 capital project principal managers; 20.0 construction representatives-senior; and one enterprise contract officer.

Construction representatives-senior would be responsible for overseeing the performance of consultants, contractors, and providers involved in the design, construction, renovation, and commissioning of multiple concurrent building projects authorized by the Building Commission. Duties include administering construction contracts and ensuring that work is completed in accordance with contract documents and conforms to applicable building codes. The workload includes multiple projects at various locations across the state with varying levels of complexity.

Capital project principal managers would provide management and technical oversight of construction projects, including new construction or remodeling projects. These positions work to ensure projects are delivered within project scope, on time, and within budget, and provide technical oversight of contractual architecture and engineering services and the actual design of projects.

The enterprise contract officer (ECO) would be responsible for advertisement, the bidding process, and execution of construction and architecture and engineering contracts.

As a point of reference, it should be noted that 2025 Senate Bill 45/Assembly Bill 50 would provide \$1,245,200 PR in 2025-26, \$1,620,400 PR in 2026-27, and 10.0 PR positions annually for the Division of Facilities Development to address increased workload related to capital projects and without having to utilize external contractors. The bill would provide: (a) \$665,000 in 2025-26 and \$866,700 in the 2026-27 for five capital project principal managers; (b) \$351,900 in 2025-26 and \$457,200 in 2026-27 for three construction representatives-senior; (c) \$122,100 in 2025-26 and \$158,900 in 2026-27 for one enterprise capital projects supervisor; and (d) \$106,200 in 2025-26 and \$137,600 in 2026-27 for one enterprise contract officer. The bill would also provide \$239,200 PR in 2025-26, \$310,900 PR in 2026-26, and 2.0 PR positions annually for quality assurance and quality control for the state building program as follows: (a) \$133,000 in 2025-26 and \$173,300 in 2026-27 for one capital project principal manager; and (b) \$106,200 in 2025-26 and \$137,600 in 2026-27 for one senior quality assurance program specialist. Further, funding of \$248,500 PR in 2025-26 and \$395,500 PR in 2026-27 would be provided to the Division of Facilities Development capital planning and building construction services appropriation to support increasing costs for the project management system used for the state building program. This paper addresses only the November, 2023, request for funding and positions.

ANALYSIS

Since the 2015-17 biennium, capital budgets have generally grown in size. A total of \$1.7 billion in 2019-21 and \$1.4 billion in 2021-23 was enumerated for the capital budget. Under 2023 Act 19, \$2.0 billion was enumerated for the 2023-25 capital budget. A contributing factor to the trend of growing capital budgets is that larger projects have become more complex, resulting in additional time and support requirements for proper execution. Increased project complexity can be attributed to the mechanical, electrical, plumbing, and fire protection systems that make facilities operational and safe for users. For example, agencies increasingly require facilities with complex spaces, such as spaces where highly-sensitive equipment is used, which may require unique mechanical systems.

According to DOA, DFD's staffing levels have not grown commensurately with the increase of projects and project complexity in the building program. Rather, position authority for DFD has fluctuated over time. In the 2013-15 biennium, DFD was authorized 103.75 positions. Under 2015 Act 55, 15.0 vacant positions were deleted from the capital planning and building construction services appropriation, reducing authority to 88.75 positions. Position authority was again reduced by 1.25 positions under 2017 Act 59 (to 87.5 positions), increased by 4.0 positions under 2019 Act 9 (to 91.5 positions), and increased by 0.5 position under 2021 Act 58 (to arrive at the current base number of 92.0 positions). At the same time, the number of active projects has increased. For example, in 2017-19, there were 1,898 active projects, while there have been an average of 2,400 active projects in the 2023-25 biennium (a 26% increase in projects compared to a 5% increase in position authority). The Department indicates that, as a result, DFD's workload to staff ratio is higher than it has been historically. To date, in the 2023-25 biennium, DFD capital project principal project managers had an average workload of 56 projects and construction representatives had an average workload of 39 projects. According to DOA, local government averages for construction project managers are 10 projects per project manager.

The Department indicates that several other factors have resulted in an increased workload for DFD staff. Starting in 2021, DFD implemented a new integrated electronic design review process that is intended to identify design issues earlier in the process and ultimately avoid additional project cost or time overruns. The Department indicates that, although the process has been effective, it also requires additional time and staffing resources to execute properly. Additionally, as projects become more complex, DFD has sought to improve its selection and bidding processes to ensure appropriate and qualified design and construction service expertise is hired. According to the Department, this has resulted in capital project principal managers spending more time completing comprehensive architecture and engineering service requests, technical document reviews, solicitation documents, and interview and negotiation procedures.

The Department indicates that enterprise contract officers must undergo thorough and time-intensive reviews of bid documents to ensure the documents are ready for bidding. In 2021-22, the ECO wrote and offered over 390 architecture/engineering design contracts. From contract request to contract offer, the ECO took an average of 39 days to complete a contract. By comparison, the construction contract specialist in DFD took six days to complete construction contracts. According to DOA, the difference in completion time between the two contract positions is related to workload. An additional ECO could allow architecture and engineering contracts to move through the initiation, writing, and approval stages more efficiently and quickly.

If DFD continues to sustain its current workload without increasing staff, the Department anticipates potential staff retention issues, higher project costs due to the hiring of contract support, and project deferral, which the Department believes could potentially result in safety issues.

Given the increase in number and complexity of projects in the building program over time, the Committee could approve the request to transfer \$1,285,400 PR in 2024-25 from the Joint Finance Committee's supplemental PR appropriation to DOA's annual capital planning and building construction services appropriation to fund additional positions for the Division of Facilities Development, and approve the creation of 10.0 positions for the appropriation. [Alternative 1]

However, if the requested positions are approved at this time, only three months of funding would be necessary in 2024-25 to fund the positions. [Alternative 2] The following table indicates the cost components of this alternative.

<u>Item</u>	<u>2024-25</u>
Salaries and Fringe Benefits	
Construction Representatives-Senior (5.0)	\$148,200
Capital Project Principal Managers (4.0)	118,600
Enterprise Contract Officer (1.0)	29,600
Supplies and Services	<u>25,000</u>
Total	\$321,400

If the request is denied [Alternative 3], the Department would need to function at its current staffing levels and could submit a request to the Committee at a future date or the positions could be addressed as a part of 2025-27 budget deliberations.

ALTERNATIVES

1. Approve the request and transfer \$1,285,400 PR in 2024-25 to the annual capital planning and building construction services appropriation to fund additional positions for the Division of Facilities Development. Create 10.0 PR positions in 2024-25 for the appropriation.
2. Transfer \$321,400 PR in 2024-25 to the annual capital planning and building construction services appropriation to provide additional positions for the Division of Facilities Development. Create 10.0 PR positions in 2024-25 for the appropriation.
3. Deny the request.

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