



Legislative Fiscal Bureau

One East Main, Suite 301 • Madison, WI 53703 • (608) 266-3847 • Fax: (608) 267-6873
Email: fiscal.bureau@legis.wisconsin.gov • Website: <http://legis.wisconsin.gov/lfb>

May 27, 2015

Joint Committee on Finance

Paper #112

Transfer of State Energy Office and Relocation Assistance Program to Public Service Commission (DOA -- Transfers)

[LFB 2015-17 Budget Summary: Page 35, #7 and Page 376, #5]

CURRENT LAW

The State Energy Office, which is attached administratively to the Department of Administration (DOA), is staffed with 9.0 positions (1.0 GPR position, 6.0 FED positions, 1.0 PR position, and 1.0 SEG position). The office is the state's designated energy office (a designation required under federal law) and primarily administers federal grants from the U.S. Department of Energy.

GOVERNOR

Delete \$88,000 GPR, \$2,102,200 FED and \$98,900 PR annually and delete position authority of 1.0 GPR position, 6.0 FED positions, and 1.0 PR position annually from DOA to transfer to the Public Service Commission (PSC) the State Energy Office and responsibility for administering relocation assistance to persons displaced when their property is condemned for public improvements.

State Energy Office. Provide \$2,038,600 FED annually and 6.0 FED positions to the PSC for the general duties of the State Energy Office.

Relocation Assistance. Provide \$88,900 PR and 1.0 PR position annually to the PSC for the relocation assistance program. Specify that the incumbent employee be transferred from DOA to the PSC. Transfer responsibility for performing the following functions relating to relocation assistance from DOA to the PSC: (a) determination of standards defining a comparable dwelling as decent, safe and sanitary, and within the financial means of the displaced person; (b) determination of whether certain activities cause a person to be displaced; (c)

establishment of a schedule for making optional fixed payments instead of actual relocation expenses related to dwellings, businesses, and farms; (d) promulgation of rules for computing increased interest costs incurred to finance replacement housing for owner-occupants, tenants, and certain others; (e) promulgation of rules regarding replacement payments for owner-occupied and tenant-occupied businesses or farm operations; (f) establishment of procedures for waiver of relocation assistance; (g) promulgation of rules regarding the procedure for collecting itemized items of compensation; (h) review and approval of relocation payment plans and assistance services; (i) the formulation of local standards for decent, safe, and sanitary dwelling accommodations; (j) the promulgation of rules related to the administration of the relocation assistance program; (k) cooperation with the Department of Transportation in the promulgation of administrative rules; (l) conducting investigations to determine compliance with relocation assistance requirements; (m) requesting court orders to obtain condemnor compliance; (n) requesting assistance from the Attorney General; (o) reviewing complaints from displaced persons prior to the person commencing a court action; (p) preparation of pamphlets describing the state's eminent domain laws; and (q) providing technical assistance to condemnors.

General Provisions. Specify that any related assets, liabilities, and tangible personal property are also transferred to the PSC, any matters pending with DOA relating to the State Energy Office or relocation assistance remain pending with the PSC, any contracts entered into remain in effect with the PSC, and any promulgated rules and orders remain in effect until their expiration or until they are modified, rescinded, or repealed by the PSC. Specify that the incumbent DOA employees holding 6.0 transferred positions (5.0 FED positions and 1.0 GPR position which would be converted to 1.0 PR position), as determined by the DOA Secretary, are also transferred to the PSC and that those employees maintain their rights and status. Specify that no transferred employee who has attained permanent status would be required to serve a probationary period.

DISCUSSION POINTS

1. While the state budget system reflects the transfer of 6.0 FED positions to the PSC from the DOA State Energy Office, the bill specifies that only 5.0 incumbents be transferred. The administration indicated in an errata letter that the number of positions was in error, and requested that the number of transferred State Energy Office FED positions in the budget system be reduced to 5.0 positions.

2. The State Energy Office is currently staffed with 9.0 positions (1.0 GPR position, 6.0 FED positions, 1.0 PR position, and 1.0 SEG position). Of the 3.0 positions that would not be transferred under the provision, 1.0 PR position and 1.0 FED position in the Office would be deleted and 1.0 SEG position, which is funded from the petroleum inspection fund, would stay at DOA to administer the diesel truck idling reduction grant program. The Department indicates that the 1.0 PR position administers the federal Municipal Energy Efficiency Technical Assistance Program, which promotes energy efficiency in public buildings. According to the administration, the programmatic functions of the PR position could be carried out by current PSC staff or the 5.0 FED positions that would be transferred from DOA for the remainder of the grant period for the program, which extends through November 30, 2015 (based on the grant application). In addition, DOA has

indicated that the 1.0 FED position which would be eliminated is no longer needed to carry out the functions of the office and has been vacant since September, 2014. Of the 6.0 positions that would transfer to the PSC, 5.0 FED positions (taking into account the errata noted above) perform services relating to energy issues. In addition, 1.0 GPR position that currently administers the state's relocation assistance program at DOA would be converted to a PR position at the PSC, funded from regulatory assessments of utilities.

3. The State Energy Office performs the following functions: (a) promotion and investment in clean energy projects; (b) publication of an annual comprehensive state energy statistics report; (c) providing assistance with coordinated responses to energy emergencies; (d) promotion of alternative transportation fuels; (e) administration of the Clean Energy Revolving Loan Fund (jointly administered with the Wisconsin Economic Development Corporation); (f) promotion of biomass development; (g) providing assistance to the PSC in securing federal grants and Midwestern Governors Association and National Governors Association grants to further energy efficiency efforts; (h) providing relocation assistance program services (a GPR-funded function which would be funded from regulatory utility assessments under the proposal); (i) administration of the diesel idling reduction grant program (a function which would remain at DOA under the proposed transfer); (j) administration of the Municipal Energy Efficiency Technical Assistance Program; (k) administration of several federal grants from the U.S. Department of Energy; and (l) assistance with energy-related issues and inquiries from Wisconsin residents, businesses, and elected officials.

4. Under current law, DOA reviews and approves relocation plans for public projects that result in displacements. Displacement of residences and businesses results from the use of eminent domain authority by public agencies and local governments. A condemnor that exercises eminent domain authority by acquiring property or undertaking a program or project that displaces a residence or business must file a relocation plan with DOA. A relocation plan must include the steps the agency or local government will take to: (a) help displaced owners and tenants find suitable replacement dwellings, farms or business locations; (b) inform displaced persons on available state, federal, and local assistance programs; (c) determine costs of relocation payments and services; and (d) ensure that persons are not required to vacate dwellings without a reasonable opportunity to find replacement dwellings.

5. The relocation assistance program at DOA assists governments and agencies in developing relocation plans, payments, and services, and assists in the resolution of disagreements. The program also provides informational materials on relocation and eminent domain laws as well as sample formats for plans and waivers. The Department delegates the administration of responsibilities relating to transportation projects to the Department of Transportation. An attachment to this paper lists the projects, other than transportation projects, and number of displacements of residences and businesses for each project in 2012-13 (16 projects and 38 displacements) and 2013-14 (13 projects and 69 displacements). As shown in the attachment few displacements relate to utility projects.

6. According to the administration, the State Energy Office and PSC currently coordinate activities relating to publication of energy statistics and administration of energy efficiency-related programs and could benefit from shared resources and experience with energy matters in general. In

addition, the administration indicates that the PSC, which decided in November, 2014, to begin administering a \$10 million renewable energy revolving loan fund in 2015, could benefit from the State Energy Office's experience jointly administering the Clean Energy Manufacturing Revolving Loan Fund with the Wisconsin Economic Development Corporation (funded with \$38 million from a State Energy Program federal grant under the American Recovery and Reinvestment Act of 2009). [The Clean Energy Manufacturing Loan Fund provides low-interest loans to manufacturing firms in the clean energy sector to fund expansion projects that retain or create jobs. Loans may be awarded for the following type of projects: (a) energy efficiency measures reducing the use of fossil fuels at an industrial or manufacturing facility; (b) eliminating or reducing waste product by using it as a feedstock for energy production; (c) biogas production; or (d) other cost-effective energy reduction or clean energy projects.]

7. The transfer of federally-funded programs relating to energy issues appears to be compatible with the current functions of the PSC. The Committee could, therefore, approve the Governor's recommendation regarding the transfer of the State Energy Office from DOA to the PSC. [Alternative 1]

8. Under the proposal, funding for the position that administers the relocation assistance program, which is currently provided from DOA's GPR appropriation for supervision and management general program operations, would be provided from the PSC's PR appropriation for regulation of utilities. Funding to the appropriation is derived from regulatory payments assessed by the PSC of any public utility, power district, sewerage system, municipality, or public service corporation for the cost of investigative and appraisal expenses incurred to regulate such entities. [Because the PSC charges utilities for expenses from its appropriation for regulation of utilities, an increase in such expenses would ultimately have the effect of increasing rates charged to utility customers by a small amount.]

9. The state's relocation assistance program is not related to the regulation of utilities, and the majority of projects which cause the relocation of residences or businesses, as shown in the attachment to this paper, are not related to utility companies. Therefore, it could be argued that the PSC is not the appropriate agency for administering the relocation assistance program. It could further be argued that the program is a general function of government and that revenue from regulatory utility assessments is not an appropriate fund source for the program. Therefore, the Committee could modify the provision to delete the transfer of the relocation assistance program and associated position authority and funding from DOA to the PSC. Under this alternative, the State Energy Office and 5.0 federally-funded positions would transfer to the PSC, but the relocation assistance program and 1.0 GPR position and associated funding of \$88,000 GPR annually would remain at DOA. The position would continue to be funded from DOA's GPR appropriation for supervision and management general program operations. [Alternative 2]

10. On the other hand, the administration also indicates that the office has historically been attached to DOA. Further, the office coordinates with DOA's Division of Energy Services regarding certain energy issues that affect low-income energy assistance, such as communication with residents during an energy shortage. Given this, the Committee could delete the provision. [Alternative 3]

ALTERNATIVES

1. Approve the Governor's recommendation, as modified by the errata (to correct the number of FED positions provided to the PSC), to transfer the State Energy Office and Relocation Assistance Program from DOA to the PSC. Delete \$88,000 GPR, \$2,102,200 FED, and \$98,900 PR and 1.0 GPR position, 6.0 FED positions, and 1.0 PR position annually in DOA, and provide \$2,038,600 FED and \$88,900 PR and 5.0 FED positions and 1.0 PR position annually to the PSC associated with the State Energy Office and relocation assistance program.

ALT 1	Change to Bill	
	Positions	
FED		- 1.00

2. Modify the provision (as modified by the errata) to maintain the relocation assistance program and 1.0 GPR position at DOA, funded from the agency's supervision and management general program operations appropriation.

ALT 2	Change to Bill	
	Funding	Positions
GPR	\$176,000	1.00
FED	0	- 1.00
PR	<u>- 177,800</u>	<u>- 1.00</u>
Total	- \$1,800	- 1.00

3. Delete provision.

ALT 3	Change to Bill	
	Funding	Positions
GPR	\$176,000	1.00
FED	127,200	0.00
PR	<u>20,000</u>	<u>0.00</u>
Total	\$323,200	1.00

Prepared by: Rachel Janke
Attachment

**Department of Administration Relocation Assistance Cases
2012-13 and 2013-14**

	<u>Location</u>	<u>Project Purpose</u>	<u>Displaced Residences</u>	<u>Displaced Businesses</u>	<u>Total Displacements</u>
2012-13 Project Name					
Adam's Roofing	Janesville	Blight elimination and floodplain mitigation	1	0	1
Ullmar Road Extension	Village of Howard	Extending Ullmar Road to connect S. Taylor Street to Packerland Drive	0	1	1
Harbor House	Madison	Moving disabled individuals with incomes less than 50% county median income	2	0	2
Southern Wisconsin Regional Airport	Janesville	Provide greater safety margins by creating additional clear space for landings and takeoffs	0	1	1
Rosalind Apartments Parking Lot	Fond du Lac	Expand existing parking lot at Rosalind Apartments	1	0	1
28th Avenue at County Road U	Marathon County	Reconstruction of the intersection of 28th Avenue and County Road U	1	0	1
Beach Street Flood Mitigation	City of Mauston	Remove houses from floodway	3	0	3
Southeast Intermediate School	Milwaukee Rd, Beloit	Development and construction of new intermediate school and grounds	1	0	1
Municipal Parking	Oconomowoc	Parking lot to serve the Oconomowoc Public Library/Oconomowoc Community Center	1	0	1
Upgrade Maintenance Facility	Oshkosh	Upgrade maintenance building and grounds	0	9	9
Water Utility Well Site #7	Madison	Well site expansion to make improvements to well site for distribution and increased capacity	2	0	2
West Bend Municipal Airport	Washington County	Future airport expansion	1	0	1
Expansion of Milwaukee County Fleet Administration Facility	Wauwatosa	Expand the Milwaukee County Fleet administration facility	0	2	2
Cashton School District Property Acquisition	Village of Cashton	Property purchase for potential expansion of schools and other facilities	7	0	7
Lincoln House	Merrill	To raze and/or redevelop existing property	2	1	3
Columbus School District	Columbus	Assist with safety issues for student pick up, drop off, and parking	<u>2</u>	<u>0</u>	<u>2</u>
Total	16 Projects		24	14	38
2013-14 Project Name					
Menasha High School Construction Project	Menasha	Addition and remodel for high school	1	0	1
Sawyer County Airport Land Acquisition	Hayward	Provide an aircraft guidance lighting system and relocate Airport Rd for a new taxiway	1	0	1
William Charles Redevelopment Area	Ashwaubenon	Village of Ashwaubenon redevelopment	8	0	8
KI Convention Center Plaza	Green Bay	Creation of Convention Center Plaza	0	1	1
Fox River Flood Mitigation Project	Town of Salem	Voluntarily acquire and demolish dwellings located within the boundaries of the 100-year floodplain of the Fox River	1	0	1
525 St. George Street Flood Mitigation Project – Edgewater Drive	Green Bay	Demolition to make way for recreation trail development	1	2	3
30th Street Corridor Wet Weather Relief	Grafton	To protect life, health, and property from flood damage	1	0	1
Oconto County Law Enforcement Ctr	Milwaukee	Storm water management	7	0	7
City of Appleton Stormwater Pond	Oconto County	Construction of a new County Law Enforcement Center	14	8	22
Central First Station #1	Appleton	Construction of a storm water pond	4	4	8
Hazard Mitigation Grant Buyout Program	Janesville	Expansion and new construction of Central Fire Station #1	14	0	14
Goodman Bike Path	Jefferson County	Hazard mitigation	1	0	1
	Madison	Construction and maintenance of a bike path to connect to existing bike paths	<u>1</u>	<u>0</u>	<u>1</u>
Total	13 Projects		54	15	69