



Legislative Fiscal Bureau

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Joint Committee on Finance

Paper #121

Construction Representative Positions (Administration -- Facilities)

[LFB 2019-21 Budget Summary: Page 32, #2]

CURRENT LAW

In 2018-19, the Department of Administration (DOA) is authorized 21.0 construction project field staff positions (6.0 construction coordinator supervisors and 15.0 construction representatives) for the state building program. The Division of Facilities Development and Management in DOA staffs the Building Commission and manages approximately 2,200 construction projects. Base funding for the capital planning and building construction services appropriation, from which the positions are currently funded, is \$13,020,500 PR and 87.5 PR positions annually. Revenue for the program is derived from a 4% assessment on most state building project budgets.

GOVERNOR

Provide \$455,900 PR in 2019-20, \$607,900 PR in 2020-21, and 5.0 PR positions annually to DOA's facility operations and maintenance appropriation within the Division of Facilities Development and Management (\$412,700 PR for salaries and fringe benefits and \$43,200 PR for supplies and services in 2019-20, and \$550,200 PR for salaries and fringe benefits and \$57,700 PR for supplies and services in 2020-21). The positions would provide construction oversight and contract administration services for state building projects.

DISCUSSION POINTS

1. The administration argues that the current level of construction project field staff is insufficient to provide quality services, particularly in the construction phase of building projects. The Division estimates an average workload of 90 projects per field staff and indicates that "this workload

is nearly double the industry standard in this field." The administration argues that providing additional staff would reduce "the overall project workload per position, which will allow earlier detection of problems and quicker issue resolution." The provision in the bill would increase the number of construction representatives from 15.0 to 20.0 positions. This would result in an estimated average workload of 73 projects per field staff.

2. The Division has addressed the need for additional construction oversight on a temporary basis by utilizing architect and engineer consulting services. It could be argued that employing these consultants for field inspection can raise concerns because it requires architects and engineers to inspect their own designs and hold themselves accountable. In addition, the Division indicates that this approach is inefficient because consultants are compensated between \$100 and \$150 per hour, compared to an average of \$52.90 per hour for salaries and fringe benefits for the requested construction representative positions.

3. Further, the Division reports that construction representatives address up to 500 construction project requests for information (RFIs) on a monthly basis, which require coordination with multiple contractors, architect and engineer consultants, and other agency staff. These requests occur during construction when a contractor has a question regarding the project documents or notices a potential issue. The administration argues that providing additional staff would increase efficiencies because "the faster construction representatives can respond to RFIs, the more likely the project will be completed on schedule and within budget."

4. It should be noted that the Governor's proposal inadvertently recommended providing the positions under the facility operations and maintenance appropriation, which is funded by parking fees and rent charged to agencies occupying space in state-owned facilities. However, the appropriate fund source for the positions would be the capital planning and building construction services appropriation. Therefore, the alternatives provided modify the proposal to instead provide PR positions and associated funds to the capital planning and building construction services appropriation.

5. Given the administration's argument that additional resources are required "to make certain that projects are completed in accordance with design and scope and to ensure the appropriate use of state resources," the Committee could choose to approve the recommendation and correct the source of funding to provide 5.0 PR construction representative positions annually and \$455,900 PR in 2019-20 and \$607,900 PR in 2020-21 to the capital planning and building construction services appropriation.

6. The administration indicates that if fewer than 5.0 positions were provided, "each position would be prioritized by region in the area in which the largest project workload exists." The Division would continue to employ architect and engineer consultants to provide construction oversight, despite quality and cost concerns. If the Committee believes that some increased level of staffing is necessary to address DOA's concerns, but also that a lower level of increase is appropriate, it could choose to modify the recommendation to provide: (a) \$273,600 PR in 2019-20 and \$364,700 PR in 2020-21 and 3.0 PR positions annually [Alternative 2a]; or (b) \$91,200 PR in 2019-20 and \$121,600 PR in 2020-21 and 1.0 PR position annually [Alternative 2b]. Expenditure and position authority would be provided to the capital planning and building construction services appropriation.

7. Alternatively, it could be argued that the Division has been able to provide construction oversight through existing staff and contractors. Further, it should be noted that 6.0 construction representative positions were eliminated in the 2015-17 budget because they had been vacant for more than one year. If the workload of the construction representatives demanded that additional position authority be provided, DOA could request additional PR positions and funding under a 14-day passive review process and provide further details regarding the need for the positions. Therefore, the Committee could take no action. [Alternative 4]

ALTERNATIVES

1. Modify the Governor's recommendation to provide 5.0 PR construction representative positions and \$455,900 PR in 2019-20 and \$607,900 PR in 2020-21, funded by the capital planning and building construction services appropriation.

ALT 1	Change to Base		Change to Bill	
	Funding	Positions	Funding	Positions
PR	\$1,063,800	5.00	\$0	0.00

2. Modify the recommendation to provide either:

a. \$273,600 PR in 2019-20 and \$364,700 PR in 2020-21 and 3.0 PR positions annually.

ALT 2a	Change to Base		Change to Bill	
	Funding	Positions	Funding	Positions
PR	\$638,300	3.00	- \$425,500	- 2.00

b. \$91,200 PR in 2019-20 and \$121,600 PR in 2020-21 and 1.0 PR position annually.

ALT 2b	Change to Base		Change to Bill	
	Funding	Positions	Funding	Positions
PR	\$212,800	1.00	- \$851,000	- 4.00

3. Take no action.

ALT 3	Change to Base		Change to Bill	
	Funding	Positions	Funding	Positions
PR	\$0	0.00	- \$1,063,800	- 5.00

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