

Fiscal Estimate - 2017 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 17-2149/1	Introduction Number SB-065
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Description
 leases of real property for executive agencies and a plan to relocate the Department of Children and Families headquarters

Fiscal Effect

State:

No State Fiscal Effect
 Indeterminate

<input type="checkbox"/> Increase Existing Appropriations	<input type="checkbox"/> Increase Existing Revenues	<input checked="" type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget
<input type="checkbox"/> Decrease Existing Appropriations	<input type="checkbox"/> Decrease Existing Revenues	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
<input type="checkbox"/> Create New Appropriations		<input type="checkbox"/> Decrease Costs

Local:

No Local Government Costs
 Indeterminate

1. <input type="checkbox"/> Increase Costs	3. <input type="checkbox"/> Increase Revenue	5. Types of Local Government Units Affected <input type="checkbox"/> Towns <input type="checkbox"/> Village <input type="checkbox"/> Cities <input type="checkbox"/> Counties <input type="checkbox"/> Others <u>0</u> <input type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts
<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	
2. <input type="checkbox"/> Decrease Costs	4. <input type="checkbox"/> Decrease Revenue	
<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	

Fund Sources Affected	Affected Ch. 20 Appropriations
<input type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input checked="" type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS 20.505(5)(ka)	

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Fiscal Estimate Narratives

DOA 2/24/2017

LRB Number	17-2149/1	Introduction Number	SB-065	Estimate Type	Original
Description leases of real property for executive agencies and a plan to relocate the Department of Children and Families headquarters					

Assumptions Used in Arriving at Fiscal Estimate

This proposal would require that the Department of Administration (DOA), when entering into or renewing a lease of real property for an executive branch agency ("agency"), perform a cost-benefit analysis (CBA) for that agency and submit to the Joint Committee on Finance a report that determines any savings that would accrue to the state if the agency were relocated. Under this legislation, DOA would be required to solicit at least three lease options for inclusion in the CBA. Two lease options would be required to be located in the two counties, other than Dane and Milwaukee, in which the agency provides the greatest number of services, and the lease third option could be in either Dane or Milwaukee County.

This legislation would increase the workload of DOA staff by requiring a CBA for each new or renewed lease, and solicitations for locations/properties in multiple counties. Based on the existing workload, it is estimated that developing the CBA and soliciting proposals for locations in multiple counties, as well as working with agencies to determine the appropriate locations as required under the bill, would increase the workload for each proposed new lease by 25 hours for each Enterprise Contract Officer and 69 hours for a renewal, thereby increasing DOA's salary and fringe costs. The increase staff time for new leases pertains to finding new locations, while the greater number of hours for a renewal is equivalent to the number of hours associated with a new lease, as renewals currently involve only negotiations or extensions with existing lessors, and not the solicitation of new locations, as is required in the legislation, nor the determinations regarding cost associated with build-outs and other required tenant improvements.

Based on the number of leases processed annually (an average of 75 new leases and 72 renewals over the last 5 years of data), this would increase the workload by approximately 6,875 hours annually. Based on 2,080 hours of staff time per FTE, this would increase DOA's workload by approximately 3.50 FTE Enterprise Contract Officers (average rate = \$37.08/hr. plus 38.24% fringe; total salary/fringe costs for 3.5 additional FTE = \$373,168).

Overhead, rent, computer and other charges (estimated at \$9,700/FTE) would total \$33,950. DOA would also incur additional costs for printing and developing the required solicitations and CBAs an average of 147 annually at \$250 each, or \$36,750).

The estimated total fiscal impact for DOA for this portion of the legislation would be approximately \$443,868 (including 3.5 additional FTE) annually and ongoing.

In addition, this legislation would require the Department of Children and Families (DCF) to develop a plan to move DCF headquarters from the City of Madison to Milwaukee County. Moving DCF out of state-owned property within Madison would impact DOA's strategic plan for the consolidation of state offices that is currently in process. At this time, it is anticipated that DCF would be consolidated into the GEF III facility in Madison during either FY19 or in early FY20, with an estimated move cost of \$341,000. Should the consolidation proceed and DCF then subsequently move to a location in Milwaukee County, the state would experience a similar, additional move cost (approximately \$341,000).

Alternatively, should the consolidation of DCF not proceed pending the required plan and associated move to a location in Milwaukee County, it is estimated that DCF would experience additional rental costs of \$51,200 in FY19 (and additional years depending on the timing of any move) due the need for the continuation of existing private leases that exceed the cost of consolidating into state-owned space under the strategic plan. In addition, the rental costs associated with a location in Milwaukee County could exceed the anticipated cost of consolidating into state-owned space at the GEF III facility. At this time, however, a potential cost of space within Milwaukee County cannot be estimated.

Therefore, at this time the specific costs relating to the provisions regarding DCF's plan to move to

Milwaukee are indeterminate.

Long-Range Fiscal Implications

Any costs will vary by the number of new or renewed leases each year, and any staff and associated costs will increase commensurate with increase in salary and fringe costs, as well as changes in computer, phone and other overhead and administrative costs.

The ongoing cost for space within Milwaukee County for DCF's headquarters cannot be projected at this time (indeterminate).

Fiscal Estimate Worksheet - 2017 Session

Detailed Estimate of Annual Fiscal Effect

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I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):		
<p>It is estimated that any one time costs for updates to DOA's leasing processes and instructions will be minimal and can be absorbed within the agency budget. In addition, according to the DOA's strategic plan that is currently underway, DCF will be consolidated into the GEF III facility in Madison during either FY19 or in early FY20, with an estimated move cost of \$341,000. Should the consolidation proceed and DCF then subsequently move to a location in Milwaukee County, the state would experience a similar, additional move cost (approximately \$341,000). Should the consolidation of DCF not proceed pending the plan in this legislation and the associated move to a location in Milwaukee County, it is estimated that DCF would experience additional rental costs of \$51,200 in FY19. The specific costs relating to the DCF provisions of this legislation, however, are indeterminate.</p>		
II. Annualized Costs:		
	Annualized Fiscal Impact on funds from:	
	Increased Costs Decreased Costs	
A. State Costs by Category		
State Operations - Salaries and Fringes	\$373,168	\$0
(FTE Position Changes)	(3.5 FTE)	(-0.0 FTE)
State Operations - Other Costs	70,700	0
Local Assistance	0	0
Aids to Individuals or Organizations	0	0
TOTAL State Costs by Category	\$443,868	\$0
B. State Costs by Source of Funds		
GPR	0	0
FED	0	0
PRO/PRS	443,868	0
SEG/SEG-S	0	0
III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)		
	Increased Rev	Decreased Rev
GPR Taxes	\$0	\$0
GPR Earned	0	0
FED	0	0
PRO/PRS	0	0
SEG/SEG-S	0	0
TOTAL State Revenues	\$0	\$0
NET ANNUALIZED FISCAL IMPACT		
	<u>State</u>	<u>Local</u>
NET CHANGE IN COSTS	\$443,868	\$0
NET CHANGE IN REVENUE	\$0	\$0

Agency/Prepared By	Authorized Signature	Date
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