



Legislative Fiscal Bureau

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June 17, 2008

TO: Members
Joint Committee on Finance

FROM: Bob Lang, Director

SUBJECT: Requests under s. 16.515/505(2) to Complete Construction of and Operate the Regional Emergency All Climate Training (REACT) Center at Camp Williams

On February 1, 2008, the Department of Administration (DOA) submitted s. 16.515/505(2) requests on behalf of: (a) the Department of Military Affairs (DMA) to provide \$750,000 PR in 2007-08 and \$150,000 PR in 2008-09, under the DMA agency services appropriation to complete construction of a homeland security and emergency response training facility at Camp Williams, and to provide ongoing utility and maintenance funding for the facility; and (b) DOA's Office of Justice Assistance (OJA) to provide \$1,425,500 PR in 2007-08, and \$2,649,000 PR in 2008-09, and 12.0 PR permanent positions annually under DOA's Program 4 program services appropriation to permit OJA to operate the homeland security and emergency response training facility at Camp Williams. On February 21, 2008, the Co-Chairs of the Joint Committee on Finance wrote a letter to the Secretary of DOA informing him that an objection had been raised to these requests and, therefore, the requests were not approved at that time.

On May 29, 2008, DMA filed a s. 16.515/505(2) request with DOA seeking \$1,426,900 PR in 2008-09, and 11.0 PR two-year project positions under its agency services appropriation to permit DMA, rather than OJA, to operate the REACT Center. Under the revised request to have DMA operate the Center, the assistant director position that was requested in the original OJA request has been dropped. According to DMA, "The requested 11.0 FTE project positions are based on actual staffing patterns at the Center during the past year of operations."

On June 6, 2008, DOA submitted the DMA s. 16.515/505(2) request to the Committee with a recommendation to provide \$1,517,900 PR in 2008-09, and 11.0 PR two-year project positions under DMA's program services appropriation to permit DMA to operate the REACT Center. While DMA's May 29 request projected a closing deficit of \$424,700 PR for the Center at the end of the biennium, the revised request submitted by DOA projects a closing surplus of \$31,000 at the end of the biennium.

While DMA's revenue estimate through the biennium only included revenue from confirmed sources, DOA's revenue estimate also projects additional revenue from six prospective courses and includes additional expenditures associated with these prospective courses. The Department of Administration states that, "due to uncertainty about the future of the Center, outreach has been conservative and no marketing undertaken. It is expected that once a marketing plan is in place, bookings at the Center will increase." It should be noted, however, that DOA also cautions that, "as with any new program, there is risk of expenditures outpacing revenues in the first year of operation. Actual budget numbers will need to be closely monitored to gauge performance of the Center in the next year. Without historical data to demonstrate the actual need and use of the Center, it is difficult to project with any certainty the fiscal condition as of June 30, 2009."

The June 6 request filed by DOA on behalf of DMA is intended to supersede and replace the February 1, 2008, request relating to the operation of the Center by OJA. The February 1, 2008, DMA request to complete construction of the training facility is still pending. By letter to the Committee dated June 6, 2008, the Co-Chairs indicated that members have until June 25, 2008, to review this revised request and to object if a member has concerns. Unless objected to, the request will be approved on June 27.

This memorandum provides information regarding the February 1, 2008, request relating to REACT Center construction and utilities and maintenance costs, and the June 6, 2008, request relating to the operation of the Center.

Construction of the REACT Center

Since January, 2005, the Building Commission has approved (and expanded) two DMA projects to construct the REACT Center at Camp Williams with a combined budget of \$3,861,100 FED in federal homeland security funding. These budgets, however, did not authorize DMA to expend this funding to construct the Center. In November, 2005, and March, 2007, the Joint Committee on Finance approved two requests under s. 16.515 of the statutes to provide DMA this expenditure authority totaling \$2,000,000 PR in federal homeland security funding. Under the current request before the Committee, DMA seeks an additional \$900,000 PR in expenditure authority (\$600,000 PR for construction costs in 2007-08, and \$150,000 PR annually in utility and maintenance costs) to complete construction of the REACT Center.

Building Commission Project 05A2K. In January, 2005, DMA requested and received the authority from the Building Commission to "Remodel 8,080 SF [Square Feet] of existing warehouses into a search & rescue training facility to be leased to the Office of Justice Assistance. Work will include construction of classrooms, an equipment demonstration area, offices, conference room, a computer exercise control room, a break area, and restroom facilities. It will also include upgrades to the electrical and telephone systems within the structure, provide for computer connectivity, and upgrade the heating, ventilating and air conditioning systems. Outside supporting facilities will include construction of two rubble piles consisting of broken concrete slabs, culverts and sewer pipe."

In its justification for the request, DMA indicated that, "The Governor's Office of Justice

Assistance (OJA) has been awarded a number of grants from the federal Department of Homeland Security to train Wisconsin first responder personnel, including fire-fighters, law enforcement personnel and emergency medical technicians in both pre-event homeland security response, as well as consequence management of a disaster scene resulting from a Weapons of Mass Destruction (WMD) event. Construction of this project will provide adequate facilities to conduct this training. The OJA has contracted with a private vendor (Rescue Training Associates, Inc.) to provide this training, and they have scheduled the first course to commence in June 2005."

The Department of Military Affairs identified a project cost of \$272,800 FED, and indicated the project would be completed in June of 2005. In March of 2005, DOA's Division of State Facilities approved a budget increase for the project from \$272,800 FED to \$417,800 FED to cover bid proposals.

In September of 2005, DMA requested, and the Building Commission approved, a further \$112,000 FED increase in funding for the project (bringing total funding for the project to \$529,800 FED). The project description indicated that, "The increased budget will allow for the construction of a 4,480 SF [Square Feet], 12-event Ready Reaction Course. Work will include construction of sidewalks, precast wall panels, steel doors, and two small enclosed portions of the structure."

In its justification for expansion of the project, DMA indicated that, "The Governor's Office of Justice Assistance (OJA) has been awarded an additional grant from the federal Department of Homeland Security to construct a Rapid Reaction Course at Camp Williams, Camp Douglas, Wisconsin. This obstacle/station course will be part of the search and rescue training facility used to train Wisconsin first responder personnel, including fire-fighters, law enforcement personnel, emergency medical technicians, military organizations and students to develop physical, mental and leadership skills. Construction of this project will provide adequate facilities to conduct this training."

Completion of this expanded project is the subject of the February 1, 2008, DMA request currently before the Committee. [It should be noted that REACT Center construction has been guided by a lease (and three subsequent amendments) between DMA and OJA.]

S. 16.515 DMA Request—November, 2005. On November 10, 2005, the Joint Committee on Finance received a request to provide increased expenditure authority of \$800,000 PR in 2005-06 under the DMA agency services appropriation to support the construction, maintenance, and utility costs of the REACT Center. The request identified a funding need of \$661,300 PR for construction costs, and \$134,100 PR for annual maintenance and utility costs.

The Committee approved the request, but in its approval letter the Committee noted that DMA had expended a total of \$401,700 PR of the \$800,000 PR that was the subject of the request prior to the request being approved. The Committee noted that the \$401,700 PR should not have been expended by DMA prior to receiving Committee approval.

Building Commission Project 05H2V. The 2005-07 biennial budget (2005 Act 25) enumerated the construction of a Camp Williams Search and Rescue Training Facility. The Department of Military

Affairs, in May of 2006, requested and received from the Building Commission the authority to, "remodel approximately 26,336 square feet of an existing Building 41 into classrooms, a distance learning center, break area, storage area, equipment maintenance area, confined space training area, and administrative offices. This project will also prepare 13,125 square feet of existing buildings (Bldg. 118 through 124) for student housing. This work will include general cleaning, preparation, and painting walls; replacing carpet and floor tile; and installing new suspended ceilings and air conditioning. The outdoor training area will include a collapsed building structure with a high-risk entry facility, a railroad crash facility, and security fencing around the entire site. "

In its justification for the request, DMA indicated that, "These facilities are required to house and train 75-150 students of the Office of Justice Assistance (OJA) Search and Rescue Training program. The Governor's Office of Justice Assistance (OJA) has been awarded a number of grants from the federal Department of Homeland Security to train Wisconsin first responder personnel, including fire-fighters, law enforcement personnel and emergency medical technicians. Construction of this project will provide adequate facilities to conduct this training."

The Department of Military Affairs identified a project cost of \$3,331,300 FED, and indicated the project would be completed by June of 2007. Completion of this project is also the subject of the February 1, 2008, DMA request currently before the Committee. [It should be noted that REACT Center construction has been guided by a lease (and three subsequent amendments) between DMA and OJA.]

S. 16.515 DMA Request—March, 2007. On March 1, 2007, the Joint Committee on Finance received a request for \$1,200,000 PR in expenditure authority in 2006-07 under the DMA agency services appropriation to complete the construction of the REACT Center. The request indicated that, "The agency request for \$1,200,000 will meet both past and present construction obligations including any further delays; project cost overruns; and additional operations and maintenance costs."

The request further indicated that, "The agency intends to operate the Center with existing staff and funding. The agency is unclear at this time regarding the number of participants or the level of program revenue they can expect to receive once the Center opens. A training schedule and planning study will be developed by the agency to determine the Center's future use and whether program revenue offsets its cost to operate." The Department of Administration recommended that the Committee: (a) approve the request for increased expenditure authority; and (b) direct DMA to develop an operating plan for the completed training facility.

On March 22, 2007, the Committee approved the request on condition that an operating plan for the training facility be developed and submitted to the Secretary of DOA and to the Joint Committee on Finance specifying: (a) how the training facility would be utilized (including what types of training would be offered); (b) how the training facility would be operated utilizing existing staff and funding; (c) whether training facility participants would be charged fees, and the amount of any such fees; (d) how much annual revenue could be generated from any participant fees; and (e) how participant fees, if any, would be utilized to support the training facility.

[The business plan developed by OJA partially addresses these questions. However, under the business plan and the s. 16.515/505(2) requests submitted to the Committee, neither OJA nor DMA proposed utilizing existing staff and funding to operate the Center. Instead, OJA requested the creation of 12.0 PR permanent positions and requested the utilization of fee revenue from REACT Center participants to operate the Center. Under the revised operations request filed on behalf of DMA, DMA requests the creation of 11.0 PR project positions which would again be funded with fee revenue from REACT Center participants. This issue is addressed in the following section.]

In approving the request, the Committee again noted that as of March, 2007, a total of \$631,200 PR of the \$1,200,000 PR that was the subject of the request had already been expended or encumbered by DMA prior to the request being approved by the Committee. The Committee again stated that the expenditure or encumbrance of monies prior to the Committee's approval of increased expenditure authority under s. 16.515 should not be made.

Current s. 16.515 DMA Request. On February 1, 2008, DMA requested \$750,000 PR in 2007-08 and \$150,000 PR in 2008-09, under the DMA agency services appropriation to complete construction of the REACT Center and to provide ongoing utility and maintenance funding for the Center. The request identified a need for \$600,000 in construction funding for 2007-08, and \$150,000 annually in utility and maintenance funding for both years of the biennium.

The request indicated that, "DMA is requesting additional expenditure authority in the first year to cover any construction overruns, project changes or additional utility and maintenance costs, allowing the project greater flexibility for completion." Under a lease amendment entered into between OJA and DMA on October 8, 2007, outlining the completion of construction and providing utility and maintenance funding for 2007-09, the amendment identified: (a) additional construction costs of \$525,800 during 2007-08; (b) utilities and maintenance costs of \$115,600 in 2007-08; and (c) utilities and maintenance costs of \$138,900 in 2008-09. The funding need identified in the October 8, 2007, lease amendment between OJA and DMA is \$119,700 less than the funding requested under the current s. 16.515 request.

Staff at DOA and DMA indicate that DMA is no longer seeking utilities and maintenance funding under this request. This funding need has now been incorporated into the revised request filed on behalf of DMA to provide expenditure authority and positions to operate the REACT Center. While the October 8, 2007, lease amendment between OJA and DMA identified additional construction costs of \$525,800 during 2007-08 to complete construction of the Center, DMA is requesting \$600,000 in additional expenditure authority to complete construction as a contingency for unanticipated or higher construction costs.

Operation of the REACT Center

Some training was offered at the REACT Center as early as 2005, but training officially began in March of 2007, and the REACT Center had its grand opening in May of 2007. The REACT Center has provided training primarily to Wisconsin fire service and law enforcement personnel. In 2007, the REACT Center utilized 223 limited-term employment (LTE) instructors and trained 951 students.

On February 1, 2008, OJA requested \$1,425,500 PR in 2007-08, and \$2,649,000 PR in 2008-09, and 12.0 PR permanent positions annually under DOA's Program 4 program services appropriation to permit OJA to operate the REACT Center. To date, the REACT Center has been operated by OJA utilizing federal homeland security funding and federally funded positions. With the s. 16.515/505(2) request filed on February 1, 2008, OJA sought legislative approval: (a) to operate the REACT Center; (b) to assess fees on REACT Center participants; and (c) for expenditure and position authority to continue to operate the Center. On February 21, 2008, the Co-Chairs of the Committee indicated that the OJA request was not approved, but would be scheduled for a meeting of the Committee.

On June 6, 2008, DOA filed an amended s. 16.515/505(2) request on behalf of DMA to provide \$1,517,900 PR in 2008-09, and 11.0 PR two-year project positions under DMA's program services appropriation to permit DMA to operate the REACT Center. Under state statute the Adjutant General (the head of DMA) is required to, "Prescribe and carry out statewide training programs and exercises to develop emergency management proficiency, disseminate information including warnings of enemy action, serve as the principal assistant to the governor in the direction of emergency management activities and coordinate emergency management programs between counties." The program services appropriation under DMA authorizes Wisconsin Emergency Management (a division of DMA) to: (a) make expenditures associated with training provided by Wisconsin Emergency Management; and (b) deposit moneys received for training provided by it to this appropriation.

Concerns had been raised under the original OJA request regarding the authority of OJA under state statute to operate the REACT Center and to assess and expend fees from REACT Center participants. It appears that these concerns have been addressed with the amended request to have DMA operate the Center and utilize DMA's program services appropriation to receive and expend REACT Center fees.

Conclusion

There are two items pending before the Committee. The first is the request on behalf of DMA to complete complete construction of the REACT center. That request, originally at \$900,000, can now be accomplished for \$525,800 plus \$74,200 for contingency purposes. The second request, also on behalf of DMA, is to provide program revenue funding and positions to allow DMA to operate the center. If the Committee desires to meet on these items, notification must be given to the DOA Secretary by June 27.

Prepared by: Paul Onsager