

Introduction to the State of Wisconsin Building Commission

Prepared by the Division of Facilities Development
Department of Administration

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Introduction

The State of Wisconsin Building Commission was created by Chapter 563, Laws of 1949 to oversee the planning, improvement, major maintenance and renovation of state facilities. In 1969, following a constitutional amendment that allowed the state to directly issue debt, the powers and responsibilities of the Commission were enlarged to include the supervision of all matters relating to the contracting of public debt.

Powers and Duties: A long-range public building program

The primary responsibility of the Building Commission is to develop and oversee the implementation of a long-range building program for the state that provides, maintains and improves the facilities required to support the functions and duties of all three branches of state government:

The legislature finds and determines that it is necessary to improve the adequacy of the public building facilities that are required by the various state agencies including the educational institutions, for the proper performance of their duties and functions, and that it is in the interest of economy, efficiency and the public welfare that such improvement be accomplished by means of a long-range public building program, with funds to be provided by successive legislatures. The long-range program shall include the necessary lands, new buildings, and all facilities and equipment required and also the remodeling, reconstruction, maintenance and re-equipping of existing buildings and facilities, as determined by the building commission. (Wis. Stat. 13.48 (1)).

This introduction to the State of Wisconsin Building Commission provides an overview of the powers and responsibilities of the Building Commission. This document is divided into four sections that describe the organization of the Building Commission, the facilities under its purview, the steps involved in the development of the biennial Capital Budget, the implementation of the approved Capital Budget and miscellaneous other responsibilities. Appended to this introduction is a glossary of some of the key terms and abbreviations commonly used in Building Commission materials. A more detailed description of the Building Commission's powers and procedures can be found in the *Building Commission Policy and Procedure Manual*. A copy of the manual, instructions for the preparation of the Capital Budget and past Building Commission meeting minutes are available at the following website:

<https://doa.wi.gov/Pages/DoingBusiness/StateBuildProgram.aspx>

1. Organization of the Building Commission

Membership

The State of Wisconsin Building Commission is an eight-member body consisting of:

- The governor;
- Three state senators and three state representatives appointed by legislative leadership in the same manner as the legislature's standing committees. In both state legislative chambers, legislative leaders select two members from the majority party and one member of the minority party to serve on the Building Commission, for a total of six legislative members;
- One citizen member who is appointed by and serves at the pleasure of the governor.
- Three non-voting advisory members from the Department of Administration (DOA): The DOA Secretary, the department's chief engineer and its ranking architect. As provided in Building Commission policies, with the concurrence of the DOA Secretary, the Administrator of DOA's Division of Facilities Development (DFD) fulfills the DOA Secretary's duties and serves as Building Commission Secretary.

Structure

The Building Commission is organized as follows:

- **Chair:** The governor serves as Chair of the Building Commission as provided by Wis. Stat. 13.48(2).
- **Vice Chair:** As provided in the *Building Commission Policies and Procedures Manual*, at the beginning of the biennial Building Commission term, the Commission elects a Vice Chair from its membership to serve as Chair at Building Commission meetings in the absence of the governor.
- **Subcommittees:** In accordance with Building Commission policy, the Commission is subdivided into two subcommittees: a Higher Education Subcommittee and an Administrative Affairs Subcommittee.
 - **The Higher Education Subcommittee** is responsible for reviewing building program requests of the University of Wisconsin System.
 - **The Administrative Affairs Subcommittee** is responsible for reviewing building program requests of all other state agencies.

The Governor appoints the Chair and members of the two subcommittees, each of which consists of three legislative members and the citizen member of the

Building Commission. The Commission may delegate to the subcommittees such responsibilities and authority as it deems appropriate within the limits of its statutory authority.

- **Staff:** The Division of Facilities Development in the Department of Administration provides technical and administrative staff support.

Meetings

The Building Commission holds regular meetings, generally the third Wednesday of each month, at the call of the Building Commission Chair unless the Chair determines that the meeting should be canceled, combined with another meeting or rescheduled due to insufficient business or other extenuating circumstances. The Chair may also call special meetings. A tentative schedule is issued by the Building Commission Secretary at the beginning of each calendar year.

Each subcommittee meets, based on the schedule set by the subcommittee Chair, prior to each regular meeting of the Building Commission. The subcommittees review agency requests and formulate recommendations on each request for consideration by the full Commission. Actions by the subcommittees are not considered decisions of the Building Commission unless the Commission has delegated this authority to the subcommittees by general policy or specific action.

Building Commission Actions

All formal actions of the Building Commission are determined by simple majority vote by a quorum of at least five Commission members. The Building Commission votes separately on each agenda item. Roll call votes are generally taken as determined appropriate by the Chair or a majority of the Commission. Exceptions are Building Commission actions that authorize or contract public debt; for such actions the Building Commission routinely takes a roll call vote. Subcommittee actions may be taken without a formal motion and recommendations may be presented to the full Commission by informal agreement.

Agenda

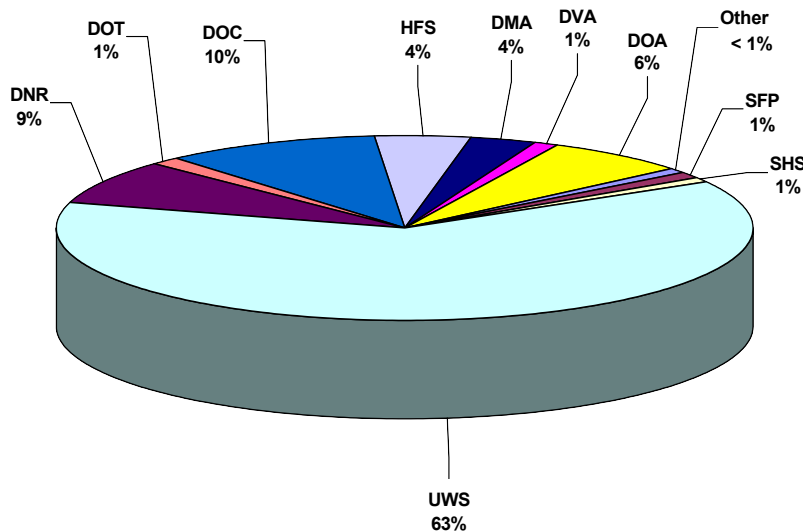
The Building Commission meeting agenda is set by the Secretary of the Commission. The agenda, agency request documents and bond resolutions are forwarded to Building

Commission members in advance of the meeting. An annotated agency request example is included as an appendix to this document.

2. Facilities under the Purview of the Building Commission

The state owns and operates public facilities necessary to state agencies for the proper performance of their duties and functions. The portfolio of state buildings includes over six thousand structures totaling 75.7 million square feet of space. This total includes UW System institutions, correctional facilities, state office buildings and residential facilities operated by the Department of Health Services and the Department of Public Instruction. The distribution of state space by agency is illustrated in the following chart. The majority of state office space is included under the Department of Administration, which manages state office buildings in which state agencies lease space.

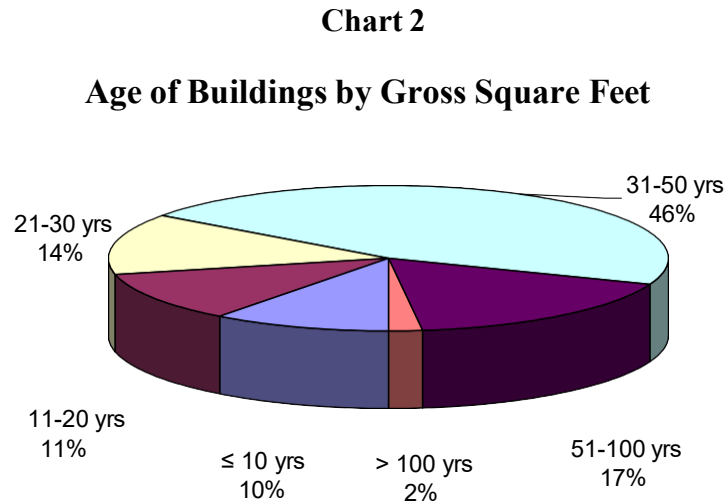
Chart 1
State Owned Space
(75.7 million sq ft, % of total by Agency)



- Over 60% of state-owned facilities are located at the 13 four-year UW institutions.
- Facilities operated by the Departments of Corrections (such as state-run prisons) and Health Services (such as state-run hospitals and clinics) are 10% and 4% of the total, respectively.
- Park facilities, ranger stations, service centers, regional headquarters, fish hatcheries and nurseries operated by the Department of Natural Resources make up 9% of the total.

- Facilities operated by DOA, which are generally state office buildings housing a variety of state agencies, comprise 6% of the total.

While the State of Wisconsin has authorized the construction of a significant amount of new space over the past decade, the majority of the state's facilities are more than 30 years old. Chart 2 summarizes the age distribution of state buildings:



- Nearly two-thirds of state-owned facilities are more than 30 years old.
- After 30 years, major mechanical and electrical systems and some structural components, such as roofs and windows must be replaced.
- Facility inventories conducted by DFD and long-range facility plans suggest an estimated backlog of maintenance needs in state facilities totaling approximately \$1.2 billion.

3. Development of the Biennial Capital Budget

Building Commission Recommendations and Approval

Every two years, as part of the biennial budget process, the Building Commission recommends to the legislature a State Building Program, which includes a list of projects and funding sources to meet the state's capital improvement and maintenance needs over the following two-year budget cycle. The approval of the Capital Budget incorporates several steps, which are detailed below:

- A. Six-Year Agency Facilities Plans:** The first step in the development of the Capital Budget is the submission of six-year facilities plans by agencies. These

- plans, which are updated every two years, describe long-term programmatic developments within the agency, link those developments to projected facilities needs and identify specific projects to meet the agency's facilities needs. Agencies' six-year facilities plans are submitted to DFD in July of even-numbered years.
- B. Agency Capital Budget Requests:** In September of even-numbered years, agencies submit their Capital Budget requests to DFD. These documents contain more detailed descriptions of the projects identified in the first two years of the agency's six-year plan, which are submitted in July of the same year (see above). Agency requests for funding are classified as either enumerated projects or "all agency" projects. By law, (Wis. Stat. 20.924), projects estimated to cost in excess of \$500,000 must be enumerated in the authorized State Building Program. These enumerated projects are specifically identified in non-statutory language included in the biennial budget bill. Agencies also request funding through the all agency program. The all agency program, as authorized by the legislature, provides funding to the Building Commission to support general categories of repair and renovation projects. Agency requests for both enumerated and all agency projects are analyzed by DFD staff.
- C. Building Commission Recommendations:** In early March of the following year, Building Commission members review agency requests and develop a set of recommended projects and funding plans that comprise the Commission's Capital Budget recommendations to the legislature. In March 2011, the Building Commission will act on requests for the 2011-13 Capital Budget.
- D. Joint Committee on Finance Review:** As required under Wis.Stat.13.48 (7), the Building Commission's recommendations are forwarded to the legislature's Joint Committee on Finance by the first Tuesday in April. The Joint Committee on Finance reviews and may modify the recommendations of the Building Commission. Once the Committee completes its review process, it incorporates the Capital Budget into the biennial state budget. The Joint Committee does this by including its proposed State Building Program in the Committee's amendment to the executive budget bill.
- E. Final Approval:** Both houses of the legislature take up the Capital Budget and State Building Program as part of their deliberations on the biennial budget. The governor's veto power extends to the provisions in the budget bill that relate to

the Capital Budget. Subject to the legislature’s veto review, the new biennial building program goes into effect after it is signed into law by the governor.

Funding Sources

A majority of state building projects are funded through the sale of bonds. Bonds sold by the state can be classified by the form of repayment and the source of funding used to make debt service payments (principal plus interest payments made over the term of the bond)

The type of state debt with the highest repayment guarantee is general obligation (GO) bonds. GO bonds carry the full faith and credit of the state. A higher level of investor risk is associated with revenue bonds issued by the state. Debt service payments of revenue bonds are secured by a specific revenue stream, such as gas tax revenues. Unlike GO bonds, for which the state pledges to use its taxing power to raise revenue to make debt service payments, if the revenue pledged as payment for revenue bonds is not sufficient to cover debt service payments, the state is not obligated to make the payments. The higher investor risk associated with revenue bonds is reflected in the higher interest rate associated with these bonds.

Although all GO bonds are backed by the full faith and credit of the state, the debt service associated with the bonds can be paid from a variety of sources, including general purpose revenues (GPR), program revenues (PR) and segregated fund revenues (SEG). The following table summarizes the source of funding for projects approved in the 2009-11 Capital Budget:

New GO bond authority	
General Fund Supported Bonding (GFSB)	\$363,761,500
GFSB (not available after June 1, 2003)	\$149,870,600
Program Revenue Supported Borrowing	\$633,764,600
Segregated Fund Supported Borrowing	\$7,978,300
Sub total New GO Bonding	\$1,155,375,000
Revenue bond authority	\$6,981,100
Existing GO authority (includes Stewardship)	\$41,839,700
Gifts and Grants	\$190,636,000
Agency funds	\$20,653,500
Federal Funds	\$89,448,400
TOTAL	\$1,504,933,700

The Building Commission is authorized to substitute agency funds or other cash sources for bonding.

Other Approval Considerations

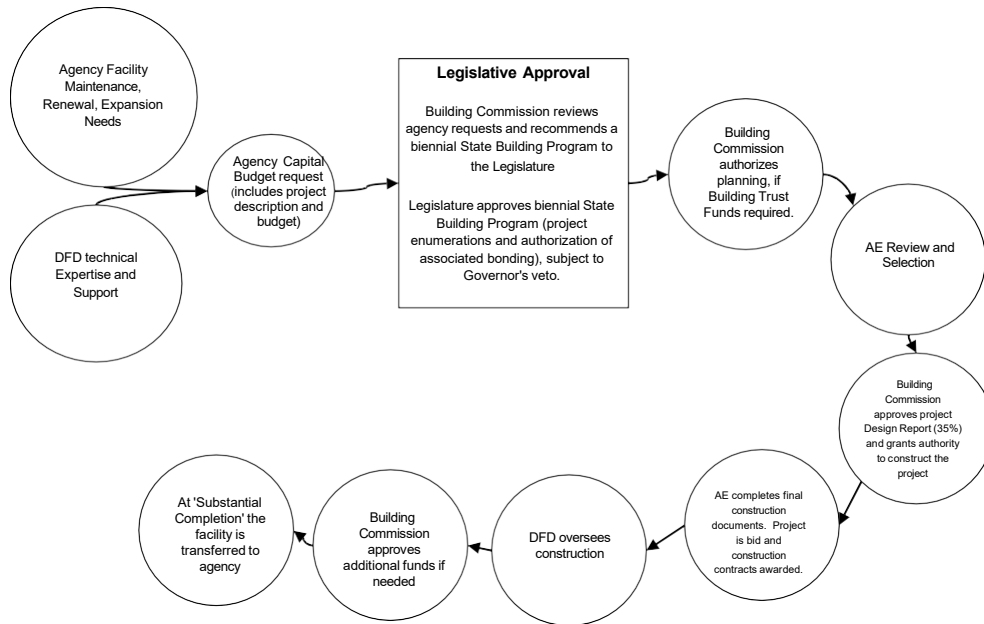
Statutory language authorizing the biennial State Building Program is found in two sections of the budget bill. Increases to bonding authority to fund enumerated and all agency projects are added to the cumulative bonding authority under Wis. Stat. 20.866 (2). These increases are for general categories of bonding purpose, such as University of Wisconsin academic facilities, the Warren Knowles-Gaylord Nelson Stewardship 2000 Program, Department of Transportation administrative facilities and all agency repair and renovations.

The enumerated projects funded from the newly authorized debt are specified in non-statutory language of the Building Commission. The non-statutory language identifies each enumerated project, its total budget and funding sources. One exception is all agency maintenance funding, which is categorically enumerated. Specific all agency projects are not identified until the Building Commission approves them. Maintenance projects are not specified prior to Building Commission approval since the priorities for maintenance projects are more subject to change than are those for enumerated projects, which involve the construction of new space or major renovations of existing buildings.

4. Implementation of the Approved State Building Program

The Building Commission is responsible for implementing the State Building Program authorized in the biennial budget. The diagram presented below illustrates the building project approval and construction process.

Illustration 1



The planning, design, construction and maintenance of state facilities involve a broad range of public and private actors:

- State agencies, with the assistance of DFD staff, translate agency needs into specific building projects.
- After projects are approved for funding in the Capital Budget they return to the Building Commission for further approvals. All projects estimated to be greater than \$300,000 must receive Building Commission approval before awarding construction contracts. Projects estimated to be below \$300,000 are approved administratively by the Division of Facilities Development.
- For most enumerated projects, agencies first request the release of Building Trust Funds (BTF). These are cash funds under the control of the Building Commission that serve as a revolving design fund. If agency funds are available for preliminary project design, planning can begin without Building Commission action.

- Once planning funds are authorized, DFD advertises for, hires and contracts with an Architectural and/or Engineering firm (AE) to prepare preliminary designs.
- Following DFD's review of preliminary design work, the division prepares a Design Report that describes the project's proposed design, budget and schedule. Before construction can proceed, the Building Commission must approve the Design Report.
- If the Design Report is approved, the AE completes final construction documents, which are thoroughly reviewed by DFD staff specialists.
- Once these reviews are completed, DFD solicits construction bids. State statute requires that contracts be awarded to the lowest qualified responsible bidder, unless the Building Commission has approved an alternative method (Wis. Stat. 16.855 (14) (a)).
- During the construction phase, DFD field representatives and project managers provide construction project oversight. If unforeseen conditions arise that require additional funding in excess of the budgeted contingency funding, the agency must submit a Building Commission request to increase project funds.
- Upon completion of the project, the new or remodeled facility is transferred to the agency for its use. The user agency is responsible for the operation and routine maintenance of the facility.

All building projects with budgets in excess of \$300,000 must be approved by the Building Commission prior to construction. For projects under this threshold, DFD is authorized under the Small Projects Program (Wis. Stat. 13.48 (10), (29)) to design and bid projects. DFD periodically reports to the Building Commission on projects funded through the Small Projects Program.

Roles of Participants in the Building Program during Implementation

- **The State of Wisconsin Building Commission** -The Building Commission provides general policy direction, releases planning and construction funds and authorizes the sale of state debt.
- **The Division of Facilities Development** - The Division of Facilities Development serves as architectural and engineering staff to the Building Commission, provides overall leadership in the implementation of the State Building Program, provides technical advice to state agencies, assists in identifying and quantifying projects, selects design professionals and reviews their designs, provides construction oversight and ensures contract compliance.

- **State Agencies** - State agencies are responsible for routine operation and maintenance of the facilities under their control. Agencies develop long-range capital development plans and, with the assistance of DFD, define the scope and estimate budgets for building projects. Agencies also provide input into the selection of Architecture and/or Engineering Firms.
- **Architect/Engineering Firms, Other Contractors** - DFD contracts with Architectural and Engineering firms to provide design services for state building projects. Construction services in most cases are secured through competitive bids with general, electrical, plumbing and HVAC contractors.

State Construction Contract Requirements

The majority of state building projects are constructed in accordance with the requirements of Wis. Stat. 16.855, which specifies that DFD must accept single and multiple prime contractor bids for projects. The state is required to “award all contracts to the lowest qualified responsible bidder or bidders that result in the lowest total construction cost for the project”, (Wis. Stat. 16.855 (14) (a)). The Building Commission is granted authority under Wis. Stat. 13.48 (19) to waive these requirements when it is in the best interest of the state to construct a project under non-traditional methods such as design/build, use of a construction manager or by contracting with a single prime contractor for a project.

- In 2010, 19% of enumerated projects approved by the Building Commission included a waiver of Wis. Stat. 16.855 to allow for a non-traditional construction method.
- Of the 12 project waivers approved by the Building Commission, six waivers were approved to allow DFD to use a single prime contractor, three waivers allowed the design/build process, two allowed use of a construction manager and one allowed direct payment to a municipality.
- The design/build projects were for simple structures such as storage facilities, which do not require extensive design services.
- Waivers for single prime contractors are most often associated with projects where coordination of materials or schedule is crucial to the success of the project.

Performance Measures

Since 2003, the Division of Facilities Development has reported to the Building Commission biannually on the division’s record of completing projects on budget. In

2008, after several years of data collection and reporting, the Division adopted the following performance goals:

- By the end of 2010, 50% of building projects will be completed on budget.
- By the end of 2013, 75% of building projects will be completed on budget.

For the most recent reporting period, 40.3% of all projects and 43.7% of enumerated and all agency projects were completed on budget.

Other Duties of the Building Commission

- **Sale of State Lands** - The Building Commission and the Joint Committee on Finance must approve the sale of state land or facilities. Biennially, state agencies identify surplus property, land or facilities that are no longer required to support agency operations. Commission approval is also required prior to the acceptance of buildings or land gifted to an agency.
- **Assessments** - The Building Commission must approve, prior to payment, any municipal assessment greater than \$50,000 charged to an agency.
- **Energy Efficiency** - The Building Commission is required to review the feasibility and cost-effectiveness of using energy saving measures such as daylighting and passive solar energy systems in new construction and major remodeling projects.
- **Construction of Privately-Owned or Operated Facilities on State Land** - Building Commission approval is required for all construction on state land.
- **Approval of Leases** - Building Commission approval of leases is required if any of the following apply:
 - The leased space exceeds 10,000 gross square feet;
 - The lease has a term that exceeds five years, excluding renewal options;
 - If the proposed lease space requires the construction of a new building.
- **State Rental Rates** - Rental rates for state office buildings are approved biennially by the Building Commission. The rates are set to recover the costs of principal and interest repayment, operation and maintenance.

Other Department of Administration Duties

The Secretary of the Building Commission (the DFD Division Administrator) is responsible for all staff services required by the Commission including: scheduling of meetings and establishing meeting agendas, recording and publishing meeting minutes and providing other documentation as necessary to certify Commission actions. The

DFD Administrator is also charged with interpreting and carrying out Commission intent, making recommendations on matters before the Commission and such other duties delegated or assigned by the Commission.

The Capital Finance Office and the Capital Accounting Section within the State Controller's Office provide additional assistance in the implementation of the State Building Program. The Capital Finance Office assists the Building Commission in all of its functions related to the issuance of state debt. The Capital Accounting Section maintains financial records for all capital projects.

Glossary

16.855 Waiver	Exemption from construction contracting requirements authorized by the Building Commission
ADA	Americans with Disabilities Act
AE	Architect / Engineer
All Agency	Capital repair funding available to all agencies. Projects paid for from this funding source must be less than \$500,000 and need not be individually enumerated in the State Building Program as part of the Capital Budget.
ASF	Assignable square feet: Space used by facility occupants for program functions, as opposed to gross square feet, which signify the total space in a building (see below).
BTF	Building Trust Funds: Cash under the control of the Building Commission
BTU	British Thermal Unit (measure of heat)
Building Efficiency	Assignable square feet/ Gross square feet expressed as a percentage
CMAR	Construction Manager At Risk; an alternative project delivery method, which uses a construction manager who guarantees the completion of a project within a specified budget.
Construction Costs	Excludes movable equipment and soft costs (see below)
Design, Bid, Build	Construction process whereby firm construction bids are received based on complete plans and specifications
Design-Build	Construction process where the state contracts with a single firm to design and construct a project
Design Report	Summary report that includes schematic drawings, proposed budget and schedule
Enumerated Project	This refers to building projects over \$500,000. These must be specifically identified as enumerated projects in the approved State Building Program and must construct new space or acquire land.
GFSB	General Fund Supported Borrowing
GSF	Gross square feet: Includes all space within a facility including circulation space and vertical penetrations such as stairwells, elevators and mechanical chases
HVAC	Heating Ventilating and Air Conditioning
Multiple Prime	Default state construction process whereby the state lets separate

	bids for major divisions of work – e.g. general construction, electrical, HVAC, plumbing and fire protection.
Project Cost	Construction costs, equipment, and soft costs
PRSB	Program Revenue Supported Borrowing
RSF	Rentable square feet: A measure of space used by commercial landlords – includes ASF circulation space and a pro rata share of common areas
Single Prime	Construction process whereby the state lets a single bid for all the project work – use of single prime requires Building Commission approval through a waiver of section 16.855.
SEGB	Segregated Fund Supported Borrowing
SEGRB	Segregated Revenue Supported Borrowing
Soft Costs	Design, supervision and contingency costs
WisBuild	Computer system that collects and manages project information
Yellow Sheet	Monthly report of available funding under the control of the Building Commission

Appendix A

AGENCY REQUEST FOR BUILDING COMMISSION ACTION September 2002 DFD Project # 98167

AGENCY:

Department of Administration

The request identifies the agency forwarding the request and the location of the project

LOCATION:

Waukesha State Office Building
141 NW Barstow Street
Waukesha, Wisconsin

The 'Request' section defines the formal action that is requested of the Building Commission. This language also appears in the agenda.

REQUEST:

Request approval to increase the Waukesha State Office Building Addition project by \$3,200,000 (Program Revenue Supported Borrowing) for a revised total cost of \$16,850,000. This systems furniture purchase for this project was enumerated in the 2001-03 building program at a cost of \$3,700,000.

PROJECT DESCRIPTION:

The additional funds will purchase the systems furniture for the State agencies in the newly constructed addition and the existing renovated space in the Waukesha State Office building. This provides the basic systems furniture for the occupants so improved space efficiency can be attained. Ancillary furniture for office functions will be funded from other sources

The project is constructing a 63,747 gross square foot addition to the Waukesha State Office Building on the North side of the present building. The building addition will allow all Department of Transportation district highway staff to consolidate in one location, would provide space for the Department of Commerce to relocate from leased space and would create a service center for the Department of Natural Resources.

The building currently houses district or area offices of the Department of Revenue, Department of Health and Family Services, Department of Workforce Development, Department of Corrections and a portion of the district office of the Department of Transportation.

'Project Description' and 'Analysis of Need' sections describe the proposed scope of work and its justification.

ANALYSIS OF NEED:

Systems furniture forms the workspaces for offices in open office areas of buildings. Systems furniture is also used in private offices to provide the desk areas and storage cabinets.

Compared to conventional furniture, systems furniture and related components require approximately 15 to 20 percent less space to be constructed in order to house employees. System panels also contain electrical wiring as well as the raceways and connections necessary to install voice and data wiring in conformance with state standards.

Appendix A

BUDGET & SCHEDULE:

Project Budget Line	Amount
Construction	\$10,950,000
Land Acquisition	500,000
A/E – 8%	867,000
DFD Fee – 4%	438,000
Project Contingency – 8%	870,000
Movable Equipment	3,200,000
Percent for Art	25,000
Total Project Cost	\$16,850,000

Project Schedule	Date
BC Approval	April 1999
A/E Selection	September 1999
Design Report Approval	February 2001
Bid Date	August 2001
Start of Construction	October 2001
Substantial Completion	March 2003
Final Completion	June 2003

The 'Budget & Schedule' section summarizes the total project budget, may separately identify any proposed increase and presents the proposed project schedule.

PREVIOUS BUILDING COMMISSION ACTION:

In January 1998, the Building Commission approved \$110,000 Building Trust Funds-Planning to begin planning for the Waukesha Addition.

In the 1999 –2001 Capitol Budget, the Building Commission recommended enumeration of the project at a total cost of \$11,900,000 Program Revenue Supported Borrowing.

In April 1999, the Building Commission approved \$490,000 Building Trust Funds-Planning to complete plans and specifications for the planned Waukesha Addition.

In February 2001, the Building Commission approved \$13,650,000 Program Revenue Supported Borrowing to construction the addition to the Waukesha State Office Building.

The request also summarizes any previous Building Commission actions, including Capital Budget recommendations related to the project.