



JOE SANFELIPPO

STATE REPRESENTATIVE • 15th ASSEMBLY DISTRICT

(608) 266-0620
FAX: (608) 282-3615
Toll-Free: (888) 534-0015
Rep.Sanfelippo@legis.wi.gov

P.O. Box 8953
Madison, WI 53708-8953

March 15, 2017

Public testimony on Assembly Bill 66

Chairman Hutton and committee members,

Thank you for holding a public hearing on Assembly Bill 66, relating to leases of real property for executive agencies and a plan to relocate the Department of Children and Families headquarters.

Assembly Bill 66 requires the Department of Administration (DOA) to identify the most appropriate and cost efficient locations to place an agency when securing or renewing a lease. The bill achieves this goal by presenting options for:

1. Locating an agency in an area where it provides the most services, and
2. Identifying multiple locations including at least two of which are outside of Dane County.

It's important to point out that Assembly Bill 66 does not require DOA to choose any specific locations or move any agencies. Rather, it requires them to put a spotlight on other possibilities for leases outside of Dane County.

Under current practice, when considering leases to house state agency headquarters, the Department of Administration (DOA) restricts eligible property locations to a limited geographical area. This practice has created an artificial market for commercial real estate which is inflating the cost of lease rates resulting in taxpayers paying unnecessarily high prices.

Assembly Bill 66 requires the Department of Administration, when entering into or renewing a lease of real property for an executive branch agency, to perform a cost-benefit analysis and report to that agency and the Joint Committee on Finance any savings that would accrue to the state if the agency were relocated. In performing the cost-benefit analysis, this bill requires DOA to solicit at least three lease options. Two options must be in the two counties, other than Dane and Milwaukee, in which the executive branch agency provides the greatest number of services, and the third option may be in Dane or Milwaukee County.

The bill also requires the Department of Children and Families to develop a plan to move their headquarters to Milwaukee County in time for the plan to be included in DCF's 2019-21 biennial budget request, similar to a provision in 2015 Wisconsin Act 55 that directed the Department of Natural Resources' to develop a plan to move the Division of Forestry.

Keeping a watchful eye on how government is a top priority for taxpayers. And given it's sunshine week here in Wisconsin, ensuring that decision makers have access to, and are provided with as much information as possible so they can make informed decisions in the best interest of the public is of the utmost importance.

I'm happy to answer any questions the committee may have on Assembly Bill 66.

Yours truly,



DAVID CRAIG

STATE SENATOR

March 15, 2017

Assembly Committee on Government Accountability and Oversight
Public Hearing on AB 66
411 South

Dear Chairman Hutton and Committee Members,

Thank you for taking testimony on Assembly Bill 66 regarding leases of real property for executive agencies and a plan to relocate the Department of Children and Families (DCF) headquarters.

I introduced this legislation with Rep. Sanfelippo because the Department of Administration (DOA) restricts eligible property locations to a limited geographic area and this causes inflated property rates in and around Madison. AB 66 offers real reform for DOA to have greater bargaining power with downtown developers to negotiate better lease rates for our state agencies and state employees.

The bill requires DOA to do two things when securing or renewing a lease: present an option for locating an agency in an area where it provides the most services and identify multiple locations including at least two of which are outside Dane County. The cost-benefit analysis performed for the agency move will be submitted to the Joint Finance Committee. Finally, the legislation requires DCF to develop a feasibility study to move to Milwaukee County.

I believe this legislation will provide DOA the ability to find better rates for our state agencies and ultimately save taxpayers money. In addition, it is our goal to have government serve the people closest to where the services are needed. Therefore, I believe it is in the best interests of the state to locate DCF in Milwaukee where the need is greatest. I am happy to take any questions from committee members.

Sincerely,

Senator David Craig



201 East Washington Avenue, Room G200
P.O. Box 8916
Madison, WI 53708-8916
Telephone: 608-266-8684
Fax: 608-261-6972

Governor Scott Walker
Secretary Eloise Anderson

Secretary's Office

Date: March 15, 2017
To: Members of the Assembly Committee on Government Accountability and Oversight
From: Secretary Eloise Anderson
Re: Assembly Bill 66

Representative Hutton and Members of the Assembly Committee on Government Accountability and Oversight,

The Department of Children and Families (DCF) appreciates the opportunity to submit information for your consideration regarding Assembly Bill 66, which requires DCF to develop a plan to move DCF headquarters from the city of Madison to Milwaukee County. The Department is concerned about the potential adverse impact to our services to families, counties, and partners if DCF headquarters are relocated to Milwaukee County.

The Department develops policies, provides support, allocates funding, and monitors compliance for counties in the areas of child welfare, community-based youth justice, child care, and child support. In addition, DCF contracts for subsidized employment programs throughout the state. A Milwaukee County location for all DCF employees would make interactions with our counties more difficult. In addition, collaborations with our agency partners such as DHS, DWD, and DPI will be impeded if our agency partners are located in Madison and DCF employees are located in Milwaukee County.

Nearly 1,000 permanent state staff and contractors are employed by DCF. Over one-half of Department employees are located in Madison, approximately 300 employees are in Milwaukee County, and the balance of employees are in regional locations. The long-term Department goal is to move Milwaukee County child welfare and Milwaukee County child care functions from DCF back to Milwaukee County. If that were to occur, the number of DCF staff currently in Milwaukee County would be dramatically reduced by over 250 people, and those individuals remaining in Milwaukee County would be serving a monitoring function similar to what the Department does for the other 71 counties.

The Department is confident that DCF employees are already located in areas that allow the Department to provide the most appropriate, efficient, and effective services to families, counties, and partners. DCF employees are dedicated public servants who are committed to delivering high quality services while maximizing cost-effectiveness and accountability. The Department respectfully asks the committee to consider how the bill could adversely impact our exemplary workforce and high level of service delivery at DCF.



John P Mazza
Vice President

777 East Wisconsin Avenue
Suite 3150
Milwaukee, WI 53202

T 414.273.0880
John.Mazza@cbre.com
www.cbre.com

March 3, 2017

Sent via e-mail only to:

RE: 2017 BILL – LRB-0002

To Whom it May Concern,

As way of introduction, I have been involved in the commercial real estate industry since 2000 and have been a Wisconsin-licensed Real Estate Salesperson since 2002 and a Wisconsin-licensed Real Estate Broker since 2004. I specialize in the office market throughout southeast Wisconsin, as well as the Fox Valley, where I represent both Landlords and Tenants in a variety of transactions (consulting, sales, and leasing).

Upon my review of LRB 0002, I would like to add my support to this proposed bill.

After reviewing and discussing this proposed piece of legislation, I feel that it provides an easy, cost effective, and responsible way for the State of Wisconsin to procure leased office space for its agencies.

While there are many ways I believe this bill will have positive results, there are three primary ways I believe this will benefit the taxpayers, the State, its Agencies, and their end-users:

- 1) **COST SAVINGS THROUGH COMPETITION:** This proposed procedure allows for more landlords to compete for the State's lease, resulting in the State, and its agencies, achieving better lease rates and/or better effective rents.
- 2) **LOCAL CUSTOMER SERVICE:** By opening up the geographical areas to include the areas where the agency provides the most services, it could create local customer service to the majority of the agency's end-users.
- 3) **LOCATION BASED ON OTHER FACTORS:** By not restricting the location of the agency based solely on the geographical area surrounding Madison, the State may be exposed to potentially better pools of employees.

Should I be able to provide any more information or opinions on this issue, I am happy to do so and I can be reached at 414-274-1627 or john.mazza@cbre.com

Sincerely,

A handwritten signature in black ink, appearing to read 'John P Mazza'.

John P Mazza

March 8, 2017

Dear Legislator,

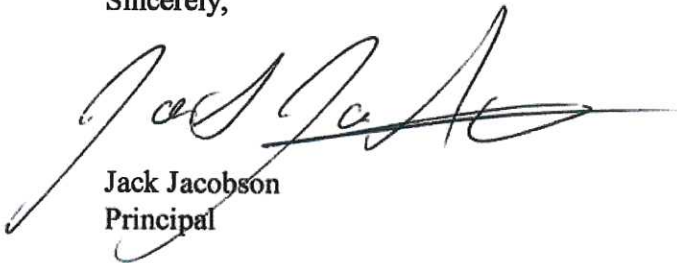
I am writing in support of LRB-0002/4. As I understand, the proposed legislations impact will be to lower the cost of real estate leases to state taxpayers, increase the likelihood that state agencies will be located closest to the users of that agency's services, and by moving state jobs to the communities that those agencies support; it will provide economic development opportunities around the state.

As a commercial real estate professional, with 30 years of office leasing experience representing both landlords and tenants, I know that artificially limiting choices and having too narrow a focus has a negative impact on a tenant's ability to achieve cost savings.

I urge you to support this proposed legislation which will have many benefits for the people of Wisconsin.

My contact information is above. I am happy to discuss this in further detail at your convenience

Sincerely,



Jack Jacobson
Principal



March 3rd, 2016

RE: SUPPORT FOR PROPOSED LEGISLATION

Dear Legislator,

As an executive leader in the greater Wisconsin real estate community, I am writing in support of recently proposed legislation (AB66,3,4) that will greatly benefit the commercial real estate industry and the Greater Milwaukee Area as a whole. The Department of Administration currently restricts eligible property locations to a limited geographical area. In return, this has directly inflated lease rates and left taxpayers responsible for said costs. Furthermore, this practice prohibits agencies from being located closest to the citizens they serve.

I strongly believe the most viable solution to this issue is to create a competitive process for State agencies to enter into real estate contracts. Furthermore, by requiring that a bid is sought in the county where the majority of its constituents are served, will help to improve service.

Please contact me to further discuss any questions or concerns.

Kind regards,

A handwritten signature in black ink that reads "Scott Welsh".

Scott Welsh
CEO
Colliers International, Wisconsin
Scott.welsh@colliers.com

A handwritten signature in black ink that reads "Joe Lak Jr.".

Joseph F. Lak Jr.
Partner
Colliers International, Wisconsin
Joe.lak@colliers.com



DOA currently has DCF located at 7 locations in Madison

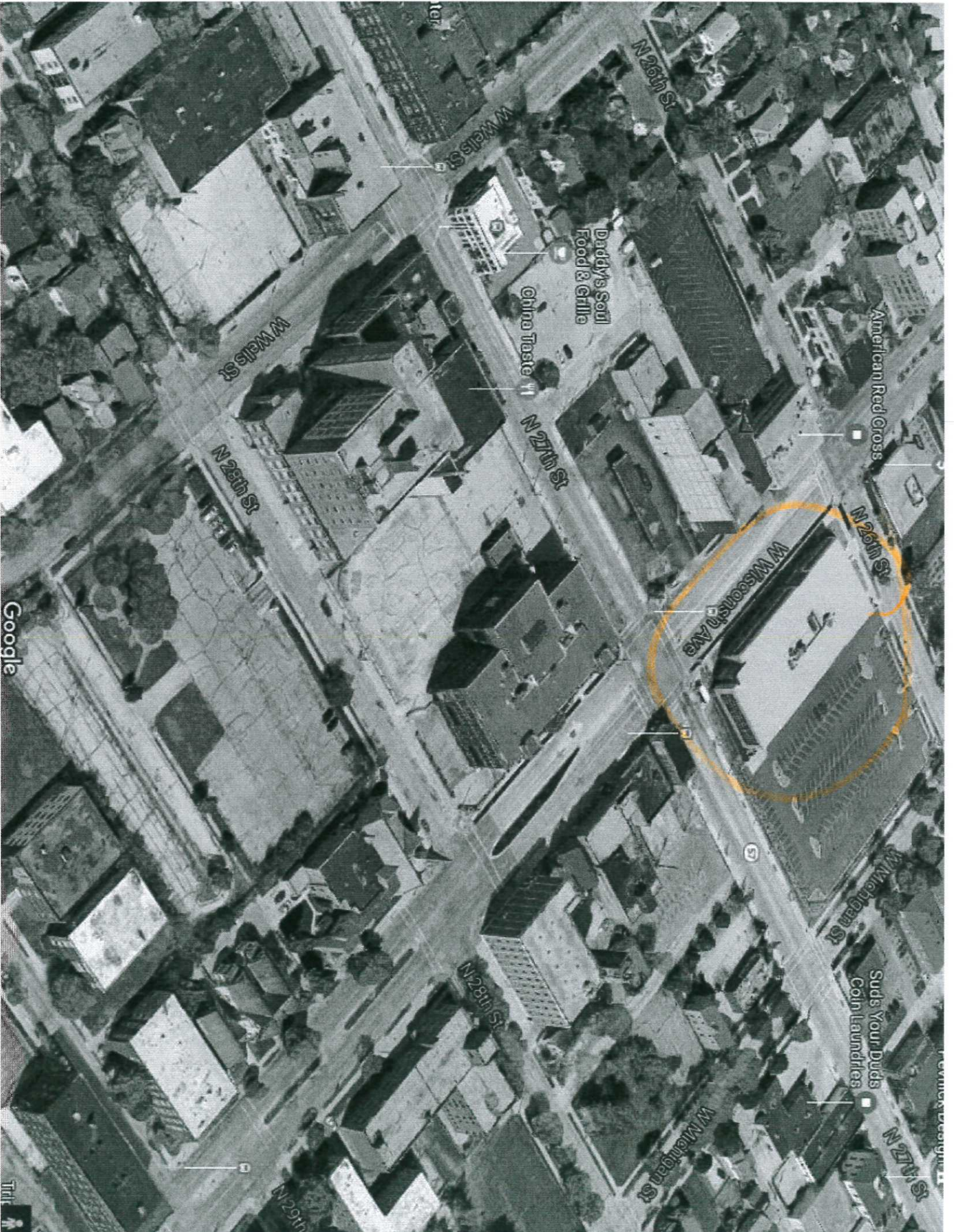
Loc. #	Agency	Address	Sq. Feet	DOA Plan	State Owned or Privately Owned
1	DCF	1 S Pinckney	6,137	Move to GEF 3	Privately Owned
2	DCF	110 E Main St #700	2,015	Move to GEF 3	Privately Owned
3	DCF	212 E Washington	18,132	Move to GEF 3	Privately Owned
4	DCF	212 E Washington	3,401	Move to GEF 3	Privately Owned
5	DCF	GEF 1	55,996	Move to GEF 3	State Owned
6	DCF	GEF 3	12,005	Move to GEF 3	State Owned
7	DCF	Revenue Building	5,977	Move to GEF 3	State Owned

DCF pays rent at 4 of the above locations in Madison

Location	Lease Number	Agency	Address	City	Start Date	End Date	Annual Cost	Square Feet
1	437-148	DCF	1 South Pinckney Street	Madison	8/1/2013	7/31/2017	\$ 150,356.52	6,137
2	437-249	DCF	110 East Main Street Suite 700	Madison	7/11/2007	9/30/2017	\$ 43,371.60	2,015
3	437-065	DCF	212 East Washington Avenue	Madison	12/15/2013	12/14/2018	\$ 376,404.72	18,132
4	437-204	DCF	212 East Washington Avenue	Madison	12/1/2013	11/30/2018	\$ 60,744.00	3,401

Below is an option I submitted to DOA to save about \$2 million/year and move DCF anywhere

Agency	Address	Sq. Feet	DOA COST	Adamczyk COST	DOA Plan	Adamczyk Plan
Leg Audit Bureau	22 E Mifflin St	18,693	\$528,514		No change	Move to GEF 1
Leg Council	1 E Main St	12,670	\$311,274		No change	Move to GEF 1
Leg Fiscal Bureau	1 E Main St	13,689	\$332,366		No change	Move to GEF 1
Leg Reference Bureau	1 E Main St	25,834	\$929,984		No change	Move to GEF 1
Dir of State Cts	10 E Doty St	15,623	\$424,816		No change	Move to WHEDA
Dir of State Cts	110 E Main St	52,052	\$1,624,722		No change	Move to WHEDA
Judicial Commission	110 E Main St	955	\$25,688		No change	Move to WHEDA
Judicial Council	110 E Main St	600	\$12,173	\$11,220	No change	Move to WHEDA
DCF	Multiple Locations	116,128		\$2,015,982	Move to GEF 3	DCF 116,128 @ \$17.36/sq.ft w/ RFP, move anywhere
DPI	GEF 3	68,429			Move to GEF 1	Stay in GEF 3, no moving
OCl	GEF 3	60,957			Move to WHEDA	Stay in GEF 3, no moving
COST TO STATE			\$5,329,432	\$3,311,330		



Google

Trail