

STATE OF WISCONSIN BUILDING COMMISSION

POLICY AND PROCEDURES MANUAL

STAFF:

**Department of Administration
Division of Facilities Development**

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**BUILDING COMMISSION
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INTRODUCTION

The State of Wisconsin Building Commission is charged with the responsibility of overseeing the planning, improvement and major maintenance and renovation of state facilities and the supervision of all matters relating to the contracting of public debt.

In recognition of the complexity of its responsibilities, the Building Commission has adopted the concept of maintaining a policy and procedures manual to improve its overall management of the building program and debt financing.

This manual contains the general practices and operating policies of the Building Commission and delineates the duties it has delegated to the Commission Secretary. The manual is intended to serve as a general guide to assist the various state agencies and officials involved with state building program implementation. It will be updated as necessary to reflect new or modified policies adopted by the Commission. In exceptional cases specific actions of the Commission may conflict with these general policies. In these cases, the more specific actions recorded in the official minutes shall govern.

I. ORGANIZATION

A. Statutory Responsibilities

The membership, powers, duties and responsibilities of the Building Commission shall be implemented as provided in the Statutes, primarily in Sections 13.48, and 20.924 and Chapter 18, Wisconsin Statutes.

B. Chair

The Governor shall serve as Chair as provided by s. 13.48(2)(a). One citizen member shall be appointed by the Governor to serve at the Governor's pleasure.

C. Election of Vice Chair

At the beginning of the biennial Commission term, the Commission shall elect a Vice Chair from its membership to serve as Chair at Building Commission meetings in the absence of the Governor.

D. Subcommittee Structure

The Building Commission shall be subdivided into two Subcommittees: a Higher Education Subcommittee and an Administrative Affairs Subcommittee. The Higher Education Subcommittee shall be responsible for reviewing building program requests of the University of Wisconsin System. The Administrative Affairs Subcommittee shall be responsible for reviewing building program requests of all other state agencies and non-state organizations with building program requests.

The Governor shall appoint the Chair and members of the two subcommittees, each of which shall consist of three legislative members and the citizen member of the Building Commission.

Each Subcommittee shall meet, at the call of its Chair, prior to each regular meeting of the Building Commission to review agency requests and formulate a recommendation on each request for consideration by the full Commission. Actions by the Subcommittee shall not be considered as a decision of the Building Commission unless the Commission has delegated such authority by general policy or specific action. The Commission may delegate to the Subcommittees such responsibilities and authorities as it deems appropriate within the limits of its statutory authority.

E. Meetings

The Building Commission shall hold regular meetings each month at the call of the 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. Special meetings may be called by the Chair.

F. Commission Votes

All formal actions of the Commission shall be determined by simple majority vote by a quorum* of the Commission upon each formal motion. Roll call votes shall be taken as determined appropriate by the Chair or a majority of the Commission. Subcommittee actions may be taken without a formal motion and recommendations may be presented to the full Commission by informal agreement.

*Quorum is defined in s. 13.45 (5), Wis. Stats., as a majority of the members of the Commission.

I. ORGANIZATION

G. Commission Secretary

The Administrator of the Division of Facilities Development (DFD) in the Department of Administration, with the concurrence of the Secretary of Administration, shall serve as a nonvoting Secretary to the Building Commission (hereafter referred to as "Secretary"). The Secretary shall be responsible for all staff services including: scheduling of meetings and establishing meeting agendas; recording and publishing meeting minutes and providing other documentation as necessary certifying Commission actions; interpreting and carrying out Commission intent; making recommendations on matters before the Commission; performing the duties delineated in this policy and procedures manual; and such other duties delegated by the Commission.

(For related statutory references, see ss. 13.48(2) and (5) and 16.85(10), Wis. Stats.)

II. GENERAL POLICIES

A. Projects Requiring Commission Approval

Any construction project having a total project budget which exceeds \$185,000 must be approved by the Commission prior to final design regardless of the source of funding or whether it is to be done by contract or state personnel. This requirement does not apply to transportation projects administered by DOT, environmental repair projects administered by DNR or projects of the University of Wisconsin Hospitals and Clinics. Total project budget is defined to include all costs incidental to construction such as design, construction, supervision, land, contingencies and equipment. The Building Commission may periodically release monies for project categories and may delegate specific project approval to the Commission Secretary. Construction projects to be funded from Building Trust Funds or project design requiring use of Building Trust Funds, regardless of the budgeted amount, must also be approved by the Commission. For program revenue, gift and grant or other non-GPR financed projects, the Secretary may authorize these funds for planning or add these funds to projects in planning. (For related statutory references, sees. 13.48(10), Wis. Stats.)

B. Long Range Planning

It is the policy of the Building Commission that long-range plans shall be developed to guide the physical development of each state institution within the context of those priorities. The Department of Administration is directed to establish guidelines for state agencies to follow in developing and updating long-range plans. The Department of Administration shall also assist the Building Commission in its review of each plan. Upon submission of each plan, the appropriate subcommittee may review the plan in detail and may hold a public hearing in the affected community. (For related statutory references, sees. 13.48(1), s. 13.48(6) and s. 16.85(10), Wis. Stats.)

C. Design Objectives

Each construction project shall be designed to achieve the maximum effectiveness and efficiency in cost, function and energy consumption. It shall also be designed to achieve the maximum compatibility with the mission of each institution or facility, permit access and use by persons with disabilities and protect the natural environment.

D. Bidding

Each project having a total estimated construction cost, excluding equipment, which exceeds \$50,000 shall be let by contract to the lowest qualified, responsible bidder in accordance with the provisions of s. 16.855, Wis. Stats., except as provided for simplified procedures for the administration of small projects under Chapter IV, Section G. The Secretary may authorize the bidding of alternates.

E. Combination of Projects

The Secretary of the Building Commission shall have authority to combine approved projects or portions of projects, when it appears that such combinations would be advantageous to the state due to the nature of the work, geography, bidding climate, or other reasons.

F. Building Rental Rates

Rental rates for state office buildings shall be established so as to reflect the characteristics of the space and to recover the costs of principal and interest repayment, operation and maintenance. The Department of Administration shall biennially recommend the rates for the forthcoming biennium for the approval of the Building Commission. (For related statutory references, see ss. 13.48(2)(b)2 and 16.84(5), Wis. Stats.)

II. GENERAL POLICIES

G. Local Zoning Cooperation

In the development of long-range plans, state agencies shall consider the need for compatibility of state development with local land use related zoning and land use plans unless specific exceptions are granted by statute or by the affected municipality. However the construction is not subject to ordinances or regulations of the municipality related to materials used, permits, supervision of construction or installation, payment of permit fees or other restrictions. (For related statutory reference, see s. 13.48(13), Wis. Stats.)

H. Project Delegation to Agencies

Whenever the Department of Administration delegates project work to a state agency, such agency receiving the delegation shall be responsible for complying with state statutes and with Building Commission policies and procedures, design standards and administrative guidelines established by the Division of Facilities Development. (For related statutory reference, see s. 16.8511(2), Wis. Stats.)

UW-System projects funded entirely from Gift or Grant funds and costing less than \$500,000 are exempt from State Building Commission Policies and are delegated to UW-System.

I. Location of State Office Facilities

1. Except where such selection is incompatible with agency program objectives, the process for the construction, acquisition or rental of office space to meet the needs of state agencies shall give first consideration to central city locations, including areas recommended by local officials.
2. Except where client access would be demonstrably restricted, consolidation and co-location of state offices in a single facility or proximate facilities will be given first consideration.
3. The process for the acquisition and/or construction of state office facilities shall include consideration of the impact of the site on improving the social, economic, environmental and cultural conditions of the communities in urban areas; on enhancing and supporting the revitalization objectives, employment and economic base of cities; on the availability of parking and mass transit; and on accessibility to the public.
4. Consideration of the advantages and disadvantages of state ownership as opposed to state leasing shall be done on a case-by-case basis.
5. The policies of agency consolidation and central city location will be most actively pursued in those cities where the state uses more than 20,000 square feet of office space. In cities or jurisdictions where there is less than 20,000 square feet of office space, the policies will be considered during the process of review and approval of space requests and lease renewals.
6. The process of meeting state office space needs shall also include consideration of:
 - (a) Compatibility of the location with local and regional development and environmental objectives.
 - (b) Recommendations of local officials.
 - (c) Commitment of local government resources and services.
 - (d) Availability of adequate public and client access through public transportation and parking.

II. GENERAL POLICIES

- (e) Cost of alternate sites, including indirect and social costs to the extent that such costs can be determined.
- (f) Availability of space in existing state-owned facilities.

J. Life-Cycle Costing

Wisconsin Stats. 13.48(2)(i), Building Commission; Powers and Duties, directs the Building Commission to establish procedures requiring life-cycle costing for the design and location of any new building, structure, major remodeling, or building addition enumerated in the Capital Budget, and for other appropriate projects.

1. Life-cycle costing is an economic evaluation used to compare alternatives. The procedure for use on state building projects shall consider all relevant costs associated with each building alternative during its life cycle, discount them to a common point in time, and provide a comparison to determine the alternative with the lowest total life-cycle cost.
2. Life-cycle costing is applicable to most building project development. In the initial planning stage it may be used to evaluate lease, purchase, or construction alternatives for providing needed space; in the conceptual stage it may be used to evaluate potential sites and compare building concepts and major building systems and components to satisfy the project program; and in the detailed design stage it may be used to evaluate alternative materials, equipment, and system components which reduce maintenance, operating and energy costs.
3. The life-cycle costing evaluations shall include the following factors:
 - (a) Life span based on the program life, the economic or useful life of the entire building, or the useful life of building systems and components;
 - (b) Initial cost of a building system and components, and salvage value remaining at the end of the life cycle;
 - (c) Energy use, maintenance, staffing, transportation, warehousing, distribution, and other owning and operating costs which are appropriate for the alternative being considered;
 - (d) A discount rate which reflects the earning power of money and the loss of purchasing power due to inflation; and
 - (e) A bond rate, which reflects the cost of tax supported general obligation bonds sold by the State of Wisconsin to provide funding for the State Building Program.
4. The discounted payback method of life-cycle costing shall be used to evaluate proposed energy improvements. Such improvements shall have a discounted payback period consistent with the provisions of Chapter VI, Section E.

II. GENERAL POLICIES

5. The Division of Facilities Development shall develop and maintain suitable guidelines and economic factors for performing life-cycle costing evaluations on state building projects, and review evaluations performed by the state agencies and design consultants to assure compliance with the intent of the life-cycle cost statute.

(For related statutory references, see Section 13.48(2)(i), Wis. Stats.)

K. Use of Ozone Depleting Substances

1. Purpose:

In September, 1987, an international agreement to protect the Earth's ozone layer was completed in Montreal, Canada. This agreement, known as the Montreal Protocol, set up a world-wide process to control and phase out the use of substances that could deplete the Earth's protective ozone layer.

Implementation of the State Building Program has, in the past, required the use of these substances for the following applications:

- Air conditioning
- Refrigerators, freezers, and other cold storage equipment
- Water coolers and ice makers
- Foam padding used in furniture and bedding
- Expanded foam insulating board
- Cleaning solvents
- Electronic circuit board cleaners
- Fire suppression systems (halon)
- Portable fire extinguishers

The Montreal Protocol and Copenhagen Amendment have taken reasonable steps in phasing out production of ozone depleting substances. The State Building Program needs to reduce the impact of the loss of these substances.

2. Building Commission Policy:

The State of Wisconsin Building Commission encourages:

- (a) Development and use of replacement materials with reduced potential for ozone depletion.
- (b) Recycling of existing chlorofluorocarbons (CFC's) and hydrochlorofluorocarbons (HCFC's).
- (c) Purchase of equipment which can use commercially available replacements for ozone depleting substances.
- (d) Improved methods of repair and maintenance.

II. GENERAL POLICIES

3. Procedures for Implementation:

In implementing this policy, the Division of Facilities Development should recognize the equally important need to promote energy conservation (minimizing "Greenhouse Effect" and "Acid Rain" impact), and to utilize state funding resources in the most efficient manner possible, thereby protecting the taxpayer's investment.

On all future construction projects, the following measures should therefore be implemented:

- (a) Intensify review of agency program requirements to determine the extent of need for air conditioning, materials or systems which utilize ozone depleting substances. The elimination of unnecessary systems and equipment will save money, reduce energy consumption, minimize maintenance and staffing requirements, and protect the environment.
- (b) To the greatest extent possible, use materials with an ozone depletion factor of 0.05 or less when they become commercially available, taking into account the energy efficiency of the equipment or systems involved. This will maximize the effect on the ozone level while reducing energy consumption.
- (c) When new equipment is purchased which requires the use of CFC's, HCFC's or halon's, use recycled materials to the greatest extent possible. When replacement materials become commercially available; promote their use while phasing out use of ozone depleting substances.
- (d) Survey existing refrigeration and air conditioning equipment, effect necessary repairs, and prepare maintenance standards for major equipment which uses ozone depleting substances.
- (e) When equipment reaches the end of its useful life, require that refrigerants be recovered and recycled to the greatest extent possible, prior to disposal or reuse.
- (f) Discourage the use of halon fire suppression systems unless a sufficient quantity of halon is available to operate the system and cost of changing to more current technology is prohibitive.

Encourage the use of non-ozone depleting fire suppression systems, including the use of alternative systems such as sprinklers.

Encourage the use of non-ozone depleting fire suppression systems other than sprinklers when the activation of sprinklers would destroy or severely harm the contents of the room(s) or building.

- (g) Do not allow stockpiling of regulated materials in quantities greater than those required for normal maintenance of systems.
- (h) Act as a leader in promoting the conversion of existing systems and equipment which have a useful life to use environmentally acceptable substances.

II. GENERAL POLICIES

L. Gift Policy

The following gift policy has been adopted by the Commission:

1. The need for the project shall be evidenced by prior inclusion in the long-range agency facilities plan.
2. The appropriate board or managing authority for the agency shall determine the appropriateness of the proposed use of funds to the agency needs.
3. Each project that also uses General Fund Supported Borrowing (GFSB) in conjunction with gift and grant funds shall be assigned a specific numeric priority in relation to other GFSB capital budget needs of the agency.
4. The impact of additional operating and staffing costs of the facility shall be included in the agency's request to the Building Commission.
5. When there is a mix of GFSB and gift and grant funds, those spaces eligible for GFSB funding shall be determined on a case-by-case basis.
6. At the time the agency requests authority to construct a project, a responsible officer shall certify that there are sufficient gift funds to finance that portion of the project proposed to be financed by gift funds. If sufficient gift funds are not in hand to finance the gift-funded portion of a project, the agency shall secure a written guarantee from a responsible financial organization to assure that there will be an adequate cash flow to make payment on the contracts for construction of the project.

M. Approval of Projects Constructed for the Benefit of the University of Wisconsin

In compliance with Wis. Stats. 16.85(12), the Department of Administration shall review all plans and specifications of buildings constructed by others for the benefit of the University of Wisconsin. The Department shall also periodically review the construction to assure compliance with the approved drawings and specifications.

N. Addition of Non-state Funds to Previously Approved Projects

Allow gifts, grants, gifts-in-kind, and federal funds to be added to any approved project without additional Building Commission Action under the following conditions:

The Secretary of the Building Commission concurs that:

- The work is related to the original project,
- The work benefits the state,
- The agency has proof of the availability of the additional non-state funding,
- The cash funding added is less than \$500,000, or the gift-in-kind has a value of less than \$500,000.
- Use of cash for this purpose will not jeopardize other ongoing projects or programs.
- Addition of such funds shall be communicated by the Division of Facilities Development to Capital Accounting in a manner similar to the "up to 10% increases" the Secretary is allowed to approve for minor projects.

The Division will periodically provide a report to the Commission listing the project increases approved.

II. GENERAL POLICIES

O. Addition of State Cash to Previously Approved Projects

Allow program revenue and agency funds to be added to any approved project without additional Building Commission Action under the following conditions:

The Secretary of the Building Commission concurs that:

- The work is closely related to the original project,
- The work benefits the state,
- The agency has proof of the availability of the additional cash funding,
- Use of cash for this purpose will not jeopardize either ongoing projects or programs.
- The cash funding added is less than a 10% increase in the budget previously approved by the Building Commission, not to exceed \$100,000.

Addition of such funds shall be communicated by the Division of Facilities Development to Capital Accounting in a manner similar to the "up to 10% increases" the Secretary is allowed to approve for minor projects.

The Division will periodically provide a report to the Commission listing the project increases approved.

P. Use of State Building Commission Bonding Authority for Local Units of Government and Private Institutions

Recent Capital Budgets have enumerated projects for local units of government and private entities which are financed by General Fund Supported Borrowing. In order to better respond to future requests of this nature, the Commission establishes the following policy to be used as a guideline for determining whether or not the Commission should include the request in the Capital Budget and recommend the request to the Legislature:

1. The project shall be in the public interest.
2. There should be a statewide basis justifying the benefit of the project.
3. Local or other financing alternatives which should be considered first.
4. A local project shall be submitted and reviewed following the same procedures used for state agency requests for funding through the capital budget. A local project is defined as one which is owned and maintained by a local unit of government or a private institution.
5. The requester should be required to provide evidence that the purpose and use of the project is such that it can be financed with tax-exempt bonds.
6. The requester and DOA should consider appropriate language to protect the state's interest in the project if the property is used for purposes other than those initially approved by the Commission.
7. The Commission can modify its original approval provided the proposed change is in the public interest and provided the change is approved by the State's bond counsel.
8. The requester agrees to provide a 50% or greater match for the project before initial review by the Commission. The Commission may require appropriate guarantees for this match.

II. GENERAL POLICIES

Q. Naming of State Office Buildings

The State Building Commission may name major state office buildings in honor of famous Wisconsinites or meaningful locations. In selecting appropriate names for major state office buildings the Governor, as chairman of the Commission, shall appoint a three-member name nominating committee which shall be composed of one member of the State Building Commission, one representative of the Division of Facilities Development, and one representative of the State Historical Society. The name nominating committee shall present nominations to the State Building Commission for approval or rejection along with a statement of justification for the name nomination. The Building Commission shall provide for appropriate name designation on the main entrance or face of major state office buildings selected through the foregoing process.

III. MAJOR PROJECT APPROVAL

A. Definition

Any construction project having a total project budget exceeding \$760,000 is considered to be a major project and shall be subject to the specific approvals defined in this chapter. No major project may be approved for construction by the Commission unless it has been individually or categorically enumerated by law. Major projects may be approved for advance planning and design before enumeration. (For related statutory reference, sees. 20.924 and 13.48(5), Wis. Stats.)

B. Programming Requirements

Each agency requesting construction funding in the biennial building program shall submit a detailed program to the Department of Administration for its review and recommendation to the Building Commission. Such programs shall be submitted at the time and in the form prescribed by the Department of Administration. (For related statutory reference, see s. 13.48(4), Wis. Stats.)

C. Advance Planning

The design of any major project may not be initiated without prior approval of the project by the Building Commission when the planning is to be initiated with Building Trust Funds. The Secretary may approve projects for advance planning when projects are financed entirely by non-GPR funds. (For related statutory reference, see s. 13.48(5), Wis. Stats.)

D. Design Reports

Major projects may proceed into contract documents prior to approval of a Design Report by the Building Commission, providing adequate funding is available and deposited into the disbursing fund. The Design Report shall be in a form prescribed by the Secretary. After review of the Design Report, the Building Commission may approve the project for construction. (For related statutory reference, sees. 13.48(5), Wis. Stats.)

E. Significant Project Changes

Prior approval of the Building Commission shall be obtained for any project budget increase or any significant change in the scope, location or function of a project from that previously approved by the Commission. The Secretary is delegated the authority to determine at which stage of the project development that Building Commission authority will be requested. (For related statutory reference, see s. 20.924(1)(d) and (5), Wis. Stats.)

IV. MINOR PROJECT APPROVAL

A. Definition

Any construction project having a total budget of \$760,000 or less, regardless of the funding source, is considered a minor project. Any minor project having a total estimated project budget exceeding \$185,000 must be approved by the Commission regardless of the source of funding or whether it is being performed by contract or state personnel. Special procedures are provided for approval of projects costing less than \$185,000 and funded by the all agency appropriations and other funding sources. (For related statutory references, sees. 13.48(3), (10) and (29), Wis. Stats.)

B. Project Budget Increases

The Secretary is delegated the authority to approve, if necessary, a 10% increase in minor project budgets authorized by the Commission as long as the total funds under the authorized State Building Program are not exceeded and the resulting project budget does not exceed \$760,000. (For related statutory reference, see s. 20.924, Wis. Stats.)

C. Project Combinations

The Secretary may authorize the combination of minor projects to achieve economies in administrative process, design and bidding, or increased construction efficiency. It is the intent of this policy to permit the combination of projects to facilitate efficient, cost effective planning and construction.

D. Projects Costing Less Than \$185,000

Projects with an estimated budget of less than \$185,000 which are proposed for funding from General Fund Supported Borrowing, State Building Trust Funds, Program Revenue or other sources of funds must also be submitted to the Commission for approval and implemented in accordance with the requirements of this policy unless the project is requested through the small projects program.

E. All Agency Funded Projects Costing Less Than \$185,000 (Small Projects)

Projects qualifying for funding from the all agency appropriations and other funding sources and costing less than \$185,000 may be requested and approved under the Small Projects Program.

1. The Commission may authorize the release of funds to the Secretary who, in turn, will establish appropriate guidelines and procedures and allocate funding for individual small project requests. Agencies may also request the release of Program Revenue, Segregated, Residual Borrowing, Gift/Grant, Federal, Operating, or other sources of funds or appropriations to be administered under the small projects program.

IV. MINOR PROJECT APPROVAL

2. Separate projects may occur simultaneously on the same building if they involve different types of improvements and construction trades as long as there is adequate provision for coordination of work
3. Periodically the Secretary shall provide the Commission with a report showing all small project requests implemented during the current biennium.

F. Simplified Procedures for Administration of Small Projects

Any project, the estimated cost of which does not exceed \$185,000, may have simplified bid procedures in lieu of the design/bid/build requirements provided in s. 16.855 Wis. Statutes.

1. Bidding for small projects may be accomplished by simply soliciting bids or proposals, generally from at least three contractors in the local area, without formal advertising.
2. Usual and customary bid or proposal documents may be abbreviated and would consist of:
 - (a) Letter of solicitation with pertinent information regarding project and procedures for submitting a bid;
 - (b) Simplified "Conditions of the Contract" for small projects, as approved by the Secretary of the Building Commission;
 - (c) Brief specification or narrative of required work; and/or
 - (d) Simple sketches of diagrams, as needed, to clarify scope/intent of project.
3. Bid guarantee and/or performance and payment bond requirements may be waived as required under provisions of current state law.
4. These procedures do not waive the requirement to publish a class 1 notice in the official state newspaper for procurement of articles or materials that are part of the project from a sole source.
5. These procedures do not waive the requirement for minority business participation in state construction projects. Bids shall be solicited from at least one minority business if available within 60 miles of the job site, and a 5% bid preference may be given to a qualified responsible bid submitted by a minority business consistent with s. 16.855(10m).
6. These procedures do not waive the rules for minimum hourly wage rates as set forth in s. 103.49 Wis. Stats.

IV. MINOR PROJECT APPROVAL

7. A "Notice of Solicitation of Proposals" will be posted on the DFD Website for projects costing over \$50,000.
8. Bid results will be tabulated and recorded, and results made available to bidders.
9. DFD shall develop and maintain suitable guidelines for application of simplified bid procedures.

(For related statutory reference, sees. 13.48(29), Wis. Stats.)

G. Use of All Agency Funding in Non-GPR Facilities

The Secretary may authorize the use of all agency appropriations for projects in non-GPR facilities provided the projects meet the intent of the individual funding categories. Such approvals shall be considered as a loan to be paid back by receipts from program operations as provided under Chapter V, Section G.

H. Emergency Project Approval by Governor

Wis. Stats. 16.855(16)(b)2 provides for the Governor to authorize emergency projects up to \$500,000. This action is to be reported to the Building Commission at its next regular meeting.

I. Single Bids

The Secretary may authorize the taking of single bids for projects under \$500,000.

V. BUDGET AND ACCOUNTING CONTROLS

A. Department of Administration Accounting Responsibility

In the interest of maintaining uniform centralized accounting control, the Department of Administration is designated as the accounting authority under the purview of the Building Commission. The Department of Administration shall develop a uniform accounting control and reporting system for the Building Trust Fund and shall report the status of the Fund to the Commission. Projects funded entirely by agency funds shall be accounted for in the Building Trust Fund. All projects shall be accounted for following the State Controller's Office Policies and Procedures for capital projects.

B. Project Budget Increases

When bids are unfavorable or unanticipated costs result in the need for funding beyond the total project budget, the Building Commission may authorize increases in the project budget as provided in Section 20.924 of the Statutes. Any such increases (except as described in Chapter IV, Section B, relating to minor project increases of less than 10%, Chapter II, Sections N & O) must be approved by the Building Commission.

C. Project Budget Reversions

Following the award of bids, if the project budget is less than the total project authorization, the Division of Facilities Development may revert excess authority. Should the project be funded with both cash and bond revenue, bond revenue shall be reverted first to the extent feasible to reduce new bond revenue requirements.

D. Minor Project Closings

Thirty days after the closing of contracts for a project, the Secretary or a designee may close out the project reverting any excess funds or funding authority as provided in Section E.2. below.

E. Close-Out of Major Projects

The Building Commission authorizes the Secretary or a designee to use the following procedures in closing out projects partially or wholly financed with General Obligation Bonds:

1. Closing Notice - After all contracts are closed and a decision is made to close a project, the Division of Facilities Development shall prepare and send a closing notice notifying agencies of project closing.
2. Disposition of Funding Authority - The State Controller's Office will issue a closing budget transaction on each project reverting all unencumbered authority. After Building Trust Funds for planning have been reimbursed fully, the remaining budget will be pro-rated back to the original funding sources consistent with Section F below. Any deviation that increases the bond funded expenditures to a higher than pro-rated portion will require the Secretary's approval.

F. Deposit of Funds for Multi-Funded Projects and Projects Financed Entirely by Agency Funds

The Building Commission authorizes the Division of Facilities Development to use the following procedures in obtaining the agency funds for projects:

V. BUDGET AND ACCOUNTING CONTROLS

1. Action by Division of Facilities Development - Following receipt of bids, a budget shall be prepared detailing the amount of agency funds (Gifts and Grants, Federal Funds, Operating Funds, etc.) previously authorized by the Building Commission action.
2. Agency Action - Within thirty days following the receipt of a budget transaction from the State Controller's Office, the agency shall deposit the amount of agency funds specified in the budget for expenditure into the Building Trust Fund on behalf of the project.
3. Explanation of Delays - If for any reason agency funds cannot be deposited within the thirty day period, a memorandum shall be sent to the State Controller's Office explaining the reasons for the delay and stating when such funds can be deposited.

G. Loans for Self-Amortizing Projects

Loans may be made to state agencies from the State Building Trust Fund for the purpose of funding all or part of the cost of projects approved by the Building Commission for agencies or facilities not funded from general purpose revenues. Agencies receiving such advances shall reimburse the Trust Fund including principle and interest.

The Secretary shall establish a schedule for payment of principal and interest within a reasonable period of time and reflecting, to the extent possible, the revenue-earning capability of the facility and the operating cost savings expected to be realized as a result of the project and the earnings shall be deposited in the fund from which the advance is made.

H. Substitution of Cash Funds for Borrowing Authority

The Commission authorizes the Secretary or a designee to approve the substitution of cash funds for borrowing authority as provided under s. 20.924(1)(em) to allow substitutions to be made quickly and to best utilize cash sources of funds in lieu of bond revenue when such sources are available.

Cash substitution for bonding is also subject to Capital Finance Office guidelines to avoid incurring federal penalties. (This sentence was added by resolution of the State of Wisconsin Building Commission at the June 28, 2000 meeting)

VI. SUSTAINABLE FACILITIES AND ENERGY CONSERVATION POLICIES

A. Sustainable Facilities Policy

Purpose

It is the policy of the State Building Commission to be a leader in improving the overall quality and performance of state facilities and to minimize the total cost of occupancy.

The Building Commission adopts this Policy to promote the planning, improvement and management of state facilities in a sustainable manner that

- Promotes the effective use of existing state space
- Respects the larger environmental and social context into which they fit
- Promotes human health, comfort and performance
- Conserves natural resources and reduces detrimental effects on the environment; and
- Ensures energy efficiency
- Considers the life-cycle cost of initiatives

Policy

The Department of Administration shall develop and implement guidelines and minimum standards to incorporate environmentally responsible and sustainable concepts and practices into the planning, design, construction, operation and maintenance of all state facilities. These guidelines and minimum standards shall include, but not be limited to: establishing performance criteria in the following categories: portfolio management, sustainable sites, water efficiency, energy and atmosphere, materials and resources, adaptive use and preservation of existing building, indoor environmental quality, construction waste and recycling, operation and maintenance, and purchasing of furniture, fixtures and equipment.

The Department shall report annually on the implementation of this policy and shall annually recognize the projects that most successfully contribute to the development of sustainable state facilities.

B. Energy Conservation Policy Purpose

The State Building Commission, through the "Wisconsin Energy Initiative", supports aggressive energy conservation program to reduce consumption and achieve optimum energy efficiency in state facilities. To achieve this goal all new facility, remodeling, and energy improvement projects must incorporate energy efficient materials and equipment, utilize methods of energy recovery and other energy saving concepts where practical and cost effective. Existing energy using systems must also be properly maintained for efficient operations.

C. Energy Design Guidelines

Energy conservation features included in state facilities should significantly reduce energy consumption at an optimum investment of state funds. Improvements must also be compatible with the functional program, provide savings over an extended period of time, and take into account the net energy balance.

1. All projects must meet the minimum requirements of the Wis. Admin. Code, COMM Chapter 63, relating to Energy Conservation.
2. In accord with Wis. Stats, s. 13.48(2), Building Commission; Powers and Duties, funding may not be authorized for bidding and construction of a major building project unless the design concept provides maximum practical use of passive solar energy system design elements, offers life-cycle cost estimates of the energy resource consuming systems and, where technically and economically justified, incorporates an active solar energy or photovoltaic or other renewable energy resource system.

VI. SUSTAINABLE FACILITIES AND ENERGY CONSERVATION POLICIES

3. In accord with the responsibility provided by Wis. Stats, s. 16.85(5), the Department of Administration shall develop suitable guidelines to promote energy conservation in state buildings.

D. Energy Conservation Funding

Funding for energy improvement projects has been available through the All Agency Wisconsin Energy Initiative. This funding allocation, when available, is to be used to increase energy efficiency in new and existing state facilities.

1. The all agency funding can only be used for improvements to GPR funded facilities. Projects for non-GPR funded facilities are eligible for loans from the all agency funds provided they meet the intent of this policy. Such loans are to be paid back as provided in Chapter V, Section G.
2. Funding of projects with mixed funding shall be in proportion to the GPR/non-GPR projected savings.
3. Energy efficient materials and equipment normally used in the design and construction of a new facility or remodeling project, or required by Division of Facilities Development guidelines, shall be included in the project budget. Funding may be provided for special energy systems or design features, which are supported by an economic evaluation.
4. All agency funding is available for energy conservation equipment in UW College facilities consistent with s. 13.48(2)(f), Wis. Stats.

E. Economic Evaluations

In accord with Wis. Stats. 13.48(2)(i), Building Commission; Powers and Duties, all energy conservation projects will be evaluated using the discounted payback method of "life-cycle costing" to assure that proposed improvements are cost effective.

1. The discounted payback period shall not exceed the service life of the improvement or the remaining useful life of the facility or recovery of costs of the work within a reasonable period of time. Projects involving special circumstances which warrant a longer payback period may be considered on a case-by-case basis.
2. In addition to the initial project costs and energy cost savings, the payback analysis shall also consider changes in maintenance, staffing needs, and other costs resulting from the improvement project.
3. The Division of Facilities Development shall develop and maintain suitable guidelines for performing the discounted payback analysis.

F. Agency Operation and Maintenance

An effective energy conservation program requires that energy systems and equipment are properly maintained. Each agency shall initiate appropriate operating procedures and maintenance programs to keep equipment and building systems in good operating condition to minimize energy consumption.

VI. SUSTAINABLE FACILITIES AND ENERGY CONSERVATION POLICIES

G. Energy Conservation Audits and Construction Projects by Private Contractors

1. The department may contract with a qualified contractor for energy conservation audits to be performed at any state-owned building, structure or facility as provided in s. 16.858(1), Wis. Stats.
2. The department may enter into contracts with private contractors to undertake construction work at the contractor's own expense or using the master lease program at a state facility for the purpose of realizing potential savings of future energy costs identified in the audit if, in the judgment of the department, the anticipated savings to the state will enable recovery of the costs of the work within a reasonable period of time.
3. Payments to the contractor for such construction work shall be charged to the applicable appropriation for fuel and utility costs for the facility where the work is performed utilizing the procedures provided under s. 16.858(2), Wis. Stats.
4. The Secretary shall make such reports on this program as required by the Commission and by the Joint Committee on Finance under s. 16.858(4), Wis. Stats.

VII. MAINTENANCE OF STATE FACILITIES

A. Purpose

The state has a considerable investment in its buildings and related infrastructure. This policy provides for a comprehensive maintenance program to assure reliable performance, efficient operations, and optimum useful life from this investment. The health and safety of the employees, users, and residents of these facilities must also be protected.

Effective maintenance starts with good design and construction of buildings and infrastructure, and continues with responsible, on-going operations maintenance management. Maintenance standards must be set and innovative management processes and tools utilized to achieve results. Preventive maintenance must be managed and performed, and critical deficiencies identified and promptly addressed to avoid more costly long-term repairs and assure maximum useful life. On-going facility condition assessments and planning for long-term maintenance needs and implementing repair and renovation projects are also key elements of a comprehensive maintenance management program.

B. Design Guidelines

The design of state facilities shall incorporate materials and equipment that are compatible with their intended use, and which reflect economical service, ease of maintenance, safety, and reliability.

1. The selection of building materials and equipment shall consider life-cycle costs. In addition to function and initial cost, design alternatives shall compare service life, energy consumption, maintenance, replacement, and staffing costs.
2. Maintenance considerations must begin in the design process. The designs of new and remodeled facilities shall locate mechanical and electrical equipment in areas with sufficient space for ease of access and maintenance.
3. Designs shall incorporate energy conservation, health and safety, and environmental protection features that meet or exceed applicable codes. This includes ventilation requirements, exposure to hazardous substances and spill prevention, fire exiting and emergency alarm systems.
4. The Division of Facilities Development shall develop standards and guidelines and provide them to consulting A/Es and state agencies to assist in the programming and design of maintenance, health and safety features into state facilities.

C. Maintenance of Existing Facilities

The statewide facility maintenance program and policies shall be implemented that addresses current preventive and long-term maintenance needs to assure optimum performance and service life from state-owned facilities.

1. In general, this policy stipulates that each agency is responsible for organizing and administering a facilities maintenance program in the buildings it manages. This includes providing adequate staffing and maintenance training. It also includes maintaining a computerized maintenance management system with an inventory of building components and equipment and preventive maintenance procedures, a schedule and work-order system for performing maintenance activities, a cost accounting and budget control system, and an evaluation and reporting system to track performance.

VII. MAINTENANCE OF STATE FACILITIES

2. The emphasis of maintenance work, in order of priority, should be on the building structure, envelope, utility systems, and mechanical and electrical systems. Maintenance and repairs that address the health and safety of building users, staff, and the public shall have precedence over all other work.
3. The Division of Facilities Development shall develop standards for maintenance of state facilities and provide technical assistance for implementing and achieving an acceptable level of maintenance.
4. The Division of Facilities Development shall assist the campuses and institutions in performing condition assessments and with developing their preventive and long-term maintenance programs.

D. Maintenance Protect Funding

Funding for maintenance, health and safety, and environmental protection projects is available from the all agency funding categories in the Capital Budget. Use of these funds is subject to the conditions established for the individual categories by the State Building Commission.

1. The all agency funding is available for facilities constructed with GPR funds. Projects in non-GPR funded facilities are eligible for loans from the Building Trust Funds as provided in Chapter V, Section G.
2. In cases where the operation of the facility is from mixed funding, all agency funding will be provided in proportion to the GPR/non-GPR space distribution, or other basis which is acceptable to the Building Commission.
3. Small projects are a significant part of the statewide facilities maintenance strategy. Small project procedures are discussed under Chapter IV, Minor Project Approval.
4. All agency funding should be used for the repair or replacement of building components and systems which are necessary to extend useful life, correct code deficiencies, improve reliability, improve safety, protect the environment, or decrease operating costs.
5. Scheduled and preventive maintenance, janitorial services, grounds keeping, including the inspection, adjustment, minor repair, cleaning of components and equipment, and other related tasks must be performed by the agency staff and shall be funded from the agency's operating budget.
6. The cost of service contracts for items such as elevators or other equipment shall also be funded from the agency's operating budget.
7. The Division of Facilities Development shall monitor the use of available all agency funding to assure that high priority maintenance needs are addressed, and provide guidelines to assist agencies in development of appropriate infrastructure repair and improvement project funding requests.
8. The Building Commission from time to time may allocate funding to address special concerns to be administered directly by the Division of Facilities Development.
9. The listing of all agency funds in non-statutory provisions serves as a categorical enumeration for maintenance repair and renovation projects over \$760,000.

VIII. REAL ESTATE GUIDELINES

A. Establishment of Guidelines

The Secretary shall establish real estate guidelines to assure that proper procedures are followed by state agencies implementing property transactions requiring approval by the Building Commission. The Secretary shall be responsible for monitoring the implementation of these guidelines by state agencies but each agency is responsible for exercising appropriate judgment in the execution of its property transactions.

B. Surplus Property Report

In accordance with Wis. Stats. s. 13.48(14)(d)2, each agency having surplus property shall submit an inventory containing the location, description and estimated fair market value of each parcel by January 1 of each even-numbered year to the Building Commission and to the Joint Committee on Finance.

C. Approval of Sales or Transfers by the Joint Committee on Finance

If the Commission proposes to sell or transfer surplus property having a fair market value of at least \$20,000, the Commission shall notify the Joint Committee on Finance in writing of its proposed action. If the co-chairpersons of the Committee do not notify the Commission that the Committee has scheduled a meeting for the purpose of reviewing the proposed sale or transfer within 14 working days after the date of the Commission's notification, the property may be sold or transferred by the Commission. If, within 14 working days after the date of the Commission's notification, the co-chairpersons of the Committee notify the Commission that the Committee has scheduled a meeting for the purpose of reviewing the proposed sale or transfer, the property may be sold or transferred under this subdivision only upon approval of the Committee.

(For related statutory reference, sees. 13.48(14)(d) 4., Wis. Stats.)

D. Appraisal Procedures and Relocation Law Policies

All property acquisition requests shall generally be accompanied by copies of two appraisals, at least one of which shall be a full narrative appraisal. If the estimated value of the land is \$10,000 or less, no formal appraisal is required; if more than \$10,000 but less than \$25,000, only one appraisal is required. In the case of a request made by a condemnor, the appraiser doing the full narrative appraisal should be advised that he/she may be required to appear in court.

Requests made by an agency vested with the power of eminent domain shall have available upon request the following:

1. A copy of the full narrative appraisal by a qualified appraiser at the request of the owner, or a waiver of this right signed by the owner.
2. An affidavit signed by the owner acknowledging that he/she has been supplied with the informational pamphlets required under Section 32.26(6), Wis. Stats., and the map showing all property included in the project, together with the names of all or a maximum of ten of the neighboring owners of property to whom the project offers are or will be made.
3. Evidence of compliance with Chapter 32, Wis. Stats., related to eminent domain and relocation assistance.

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4. An environmental audit of the property.
5. A preliminary boundary and title check.

These policies are not intended to imply a waiver of the Wisconsin Relocation Law. Where that Law applies the procedure of acquisition shall follow the more stringent requirements.

E. Environmental Audits of Real Estate Acquisitions

In order to better manage risk and limit the state's liability for clean up of environmental contamination associated with the acquisition of real estate, the Building Commission has adopted the following policy:

1. Each agency shall conduct a thorough, systematic, and objective environmental audit of the site and buildings prior to preparation of appraisals or acceptance of a gift/donation. The first stage of this audit shall be a preliminary evaluation completed by the agency to identify potential sources of contamination. The results of this preliminary audit will dictate whether a more extensive evaluation is required.
2. The second stage, if required, will be a more extensive evaluation by a consultant and physical testing of the soil, water, etc., in order to determine the extent of the contamination and necessary remedial measures.
3. Agencies shall develop audits in a form acceptable to the Secretary. The scope of the audit shall address specific concerns about potential sources of contamination including underground storage tanks, abandoned waste pits or landfills, current and past practices for handling and disposing of hazardous wastes, asbestos, PCBs, lead or other contaminants.
4. If the second stage consulting and testing services are required, the cost shall be funded by the same source of funds that would be used to acquire the property.
5. The results of this audit procedure shall be reported to the State Building Commission and kept as part of the agency's permanent real estate records.
6. When the property is acquired with segregated, program revenue or other sources of funds, the cost of the audit shall be funded from the same source unless otherwise approved by the Commission.

F. Pre-Acquisition Procedure

When property is to be purchased the agency shall prepare an environmental audit, undertake a preliminary title review and a preliminary survey review and submit that information with the purchase request.

G. Pre-Sale Procedures

1. Other state agencies should be contacted to determine if a transfer between agencies would be advantageous.
2. If another beneficial state use is not found, the surplus property should be offered to other public bodies to determine if the general public interest can best be served by sale to another public body. The proposed use of the property by the other governmental unit would be

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reviewed as advisory to the subcommittee by the Department of Administration, and appropriate regional or county planning agencies.

3. If the property is deemed to have significant and unique natural resources which may be lost to the public, and appropriate sales are not made under Item 1. or 2. above, the state should continue to hold the property until appropriate uses can be arranged.
4. Where none of the above situations are appropriate and property is to be sold on the public market, the state agencies should, in communities where effective long-range planning and zoning ordinances are in effect, cooperate in the sales arrangements in a manner which will lend support to implementation of the communities' plans.
5. In order to maximize the net return on large sales of property placed on the public market, a study shall be made in conjunction with the appraisal to determine:
 - (a) If the property should be sold in several parcels rather than a single parcel,
 - (b) What the timing of the sale should be,
 - (c) If the sale should be by bid or by negotiation, and
 - (d) If zoning changes should be sought prior to sale.

H. Assessment of State Properties by Municipalities

State properties may be assessed for municipal improvements when it is determined that these improvements will confer special benefits to the property. When the assessment is \$50,000 or more, the approval of the Commission is required. The agency shall submit the assessment request to the Commission. The Commission will review the project for conformance with the plans of the institution that is being assessed in addition to whether the assessment is just and legal. The Commission has ninety days after receipt of the assessment request from the agency in which to act.

(For related statutory reference, see ss. 66.0703 (6) and 66.0705 (2)(a), Wis. Stats.)

I. Leased Space Approval

1. Purpose

The Building Commission recognizes that the leasing of privately owned space to house state operations may be an alternative to state construction.

2. Leases Requiring Commission Approval

The Commission directs the Department of Administration to submit to the Commission proposed leases meeting any of the following conditions:

- (a) If the proposed leased space is not available in an existing building and would require the construction of a new building to satisfy the space need; or
- (b) If an agency request for leased space exceeds 10,000 gross square feet; or

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(c) If the proposed term of a lease would exceed 5 years, excluding options.

3. Leases Not Requiring Commission Approval

Space requests requiring the negotiation of leases which do not meet any of the above conditions are considered to be of a temporary nature and may be fulfilled by the Department of Administration without Building Commission approval.

(For related statutory reference, sees. 13.48(19) and s. 16.84(5), Wis. Stats.)

4. Lease with option to Purchase

The Building Commission hereby directs the Department of Administration to include the State's minimum energy efficiency construction standards in any Request for Proposals when soliciting any State lease with an option to purchase.

J. State Fair Park Leasing Guidelines

In negotiating leases of land for facilities to be constructed with private funds at the State Fair Park, the State Fair Park Board shall implement the policies and procedures presented in these guidelines. Leases for the use of buildings at the State Fair Park shall not be subject to these guidelines and shall only require the approval of the State Fair Park Board or their designee.

1. Leasing Policies:

All reasonable efforts must be made to assure adequate opportunity for any persons or firms interested in securing leases and that no person or firm receives an unfair advantage.

2. Required Approval of Leases:

(a) All leases which adhere to the intent of these guidelines shall be approved by the State Fair Park Board subject to the legal advice of the Department of Tourism. Subsequent approvals are required as indicated below.

(b) All leases approved by the State Fair Park Board require the subsequent approval of the Department of Administration, unless the proposed structure is of such a temporary nature that it will be removed from the park within one year from the completion of construction.

(c) The following leases approved by the State Fair Park Board and the Department of Administration require subsequent approval by the Building Commission:

(1) Any lease resulting in the construction of structures having a construction cost which exceeds \$250,000.

(2) Any lease in which the term of the lease exceeds 5 years, excluding options, regardless of the cost or permanency of the proposed structure.

3. Lease Terms:

The specific terms of each lease may vary depending upon the nature of the facility to be constructed, the amount of investment involved, the frequency of use, and the amount of benefit to the State Fair Park operations.

IX. HISTORIC PRESERVATION

A. Public Policy on State-Owned Historic Properties

1. The Legislature has found that the historic, architectural, archaeological, and cultural heritage of the state is among the most important assets of the state and has declared it to be public policy under s. 44.30, Wis. Stats., to engage in a comprehensive program of historic preservation to promote the use and conservation of such property representative of the heritage of the state for the education, inspiration, pleasure and enrichment of the citizens of the state. In addition, s. 13.48(1m) provides that the long-range public building program shall include a program of preservation and restoration of those historic properties under the control of the state, including criteria for determining which historic properties should be preserved and restored.

B. Building Commission Policy

1. A state-owned property which meets the definition of "historic property" shall be rehabilitated and reused, rather than demolished or replaced, if the following criteria can be met:
 - (a) The property is suitable for use for a state function which is compatible with preserving the historic character of the property, and;
 - (b) The property can be functionally preserved at a cost in relationship to new construction or other acceptable alternatives that are reasonable in light of the significance of the property, or;
 - (c) The cost of preservation exceeds the cost of new construction or other acceptable alternatives, but the additional cost can be borne by non-state funding sources, or;
 - (d) When the repair or replacement of elements or systems of a historic property with original materials will incur initial costs higher than those associated with the use of acceptable lower-cost alternative materials, life-cycle costing shall be used to evaluate alternatives.

C. Definitions

1. "Historic Property" as defined ins. 13.48(1 m), Wis. Stats., means any building, structure or site which:
 - (a) Is listed on, or has been nominated by the State Historical Society for listing on, the National Register of Historic Places in Wisconsin or the State Register of Historic Places.
 - (b) Is included in a district which is listed on, or has been nominated by the State Historical Society for listing on, the National Register of Historic Places in Wisconsin or the State Register of Historic Places, and has been determined by the State Historical Society to contribute to the historic significance of the district; or
 - (c) Is included on a list of properties which have been determined by the State Historical Society to be eligible for listing on the National Register of Historic Places in Wisconsin or the State Register of Historic Places.

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D. Procedure for Compliance with Policy

1. State agencies shall incorporate in their Six-Year Facilities Plan measures to comply with their long-range planning responsibilities cited in s. 44.41, Wis. Stats., with respect to historic buildings and archaeological sites, as follows:
 - (a) The State Historical Society shall periodically provide listings of "historic properties" as defined by s. 13.48 (1 m) to the appropriate state agency.
 - (b) Agencies shall prepare and maintain an inventory of historic properties in their ownership based on listings of "historic properties" as defined by s. 13.48(lm) and provided by the State Historical Society.
 - (c) Agencies shall include in their plans listings of all historic properties under their ownership and indicate how each property would be affected by recommendations included in the plans.
 - (d) In preparing recommendations that would affect historic properties, agencies shall conform to the provisions of Subchapter II of Chapter 44, Wis. Stats., and prepare preservation recommendations for such properties that comply with the spirit and intent of this policy and of Subchapter II.
2. Prior to presenting any project affecting a historic property to the Building Commission for approval, state agencies must conform with s. 44.40, Wis. Stats., relating to consideration of impact on historic properties and negotiations to ameliorate adverse effects on historic properties, as follows:
 - (a) The agency in cooperation with the Division of Facilities Development shall determine whether the project will affect a "historic property" as defined in s. 13.48(1 m);
 - (b) If a historic property is affected, the agency in cooperation with State Facilities will comply with s. 44.40(3) and request a letter from the State Historic Preservation Office certifying that the agency has complied with s. 44.40(3).
 - (c) If either the agency or the Division of Facilities Development is not in agreement with the State Historic Preservation Office, the Commission shall determine what course of action best serves the public interest.
3. In carrying out negotiations relating to historic buildings with the State Historic Preservation Office, in accordance with s. 44.40(3), Wis. Stats., the agency shall make every reasonable effort to:
 - (a) Use the building for a state function that is compatible with preserving the historic character of the building, and;
 - (b) Functionally preserve the building consistent with Commission policy as outlined in "B" above.

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4. State-owned historic buildings which are surplus to state needs or cannot be feasibly renovated for state use will be preserved in the following circumstances:
 - (a) Where such building occupies land which cannot be separated from a state institution, but a compatible non-state use can be found for the building and all preservation and operating costs can be supported by that function; or
 - (b) Where such building occupies land which is surplus to state needs and the property can be sold or donated to a public or nonprofit body, or sold to a private party, which would agree to deed restrictions preserving the building.
5. In carrying out this policy, the State Historic Preservation Office shall respond within 30 days of the receipt of a request from a state agency, or notify the state agency in writing that an extension of time, not to exceed 30 additional days, will be required to make a determination and the reasons for requiring the extension.

E. Closing and Maintenance of Unoccupied State Buildings

If an agency determines that a building is surplus to its program needs and should be closed and "mothballed," the following procedures shall be employed:

1. Any agency proposing to close and mothball a facility shall first consult listings of historic properties prepared by the State Historic Preservation Office to determine whether the facility is historic. If it is historic, the agency shall first obtain from the State Historic Preservation Office a letter indicating that it has complied with s. 44.40 of the state statutes.
2. The agency shall secure the exterior of the facility by locking all doors and windows. Keys for the locks shall be limited to personnel responsible for the facility. Appropriate precautionary measures shall be taken to protect the facility from vandalism and forced entry.
3. The exterior of the building shall be kept weathertight. The area around the building shall be kept clean and the grass mowed.
4. The heat may be turned off unless the building is a historic property, in which case the heat shall be maintained at 45-50 degrees unless otherwise determined by the Commission. All water, sewer and steam lines shall be drained and blown out. If the agency does not have staff to prepare the building, it may request funds from the Building Commission for this purpose.
5. The agency shall annually submit listings of buildings that have been mothballed to the Building Commission for its review. Such listings shall be prepared at the request of the Secretary.

F. Demolition or Transfer of Surplus State Buildings

If an agency determines that a building should be demolished or transferred, the following procedures shall be employed:

1. Any agency proposing to demolish or transfer a facility shall first consult listings prepared by the State Historic Preservation Office to determine whether the facility is historic. If it is historic, the agency shall request a letter from the Office indicating that it has complied with s. 44.40 of the state statutes.
2. If an agency can demonstrate that it has complied fully with s. 44.40 of the state statutes and, as a result of that process, it has been determined that the facility can no longer serve a

IX. HISTORIC PRESERVATION

useful state purpose, the agency shall submit its findings to the Secretary of the Building Commission and request approval prior to proceeding with transfer or demolition. Such findings shall include:

- (a) A statement of the results of the negotiation process carried out under s. 44.40;
 - (b) The age, condition, size, and present use of the facility;
 - (c) Whether the agency has transferred the program housed in the facility to another facility, or the program was discontinued;
 - (d) Whether inquiries have been made with other state agencies, other governmental agencies, or nonprofit organizations for possible use of the facility;
 - (e) The estimated cost to repair the building envelope to mothball it for a period of up to five years;
 - (f) A statement as to whether the building houses unique equipment that would require relocation prior to the demolition;
 - (g) A statement as to whether hazardous materials such as asbestos are present in the building.
3. The Secretary shall review the materials submitted and determine whether demolition or transfer is appropriate or a further inspection is required by Division of Facilities Development architects and engineers to assess the condition, possible uses, and cost to mothball or demolish the facility. The Secretary shall submit a request for transfer or demolition for Building Commission approval if any of the following criteria are applicable:
- (a) The estimated cost of demolishing the building exceeds \$100,000;
 - (b) The proposed demolition is to be financed from Building Trust Funds;
 - (c) The current value of the building exceeds \$500,000 based on the Division of Facilities Development building inventory;
 - (d) The building is considered to be of historic significance and is included on listings of historic properties prepared by the State Historic Preservation Office.
4. If none of the criteria under (3) above is a factor in the demolition or transfer, the Secretary is delegated authority to grant approval, providing that the agency that owns the facility has first implemented any agreements with the State Historic Preservation Office made under s. 44.40 of the state statutes.
5. The Secretary may delegate demolition authority to agency heads for buildings whose current value is less than \$150,000 and the buildings have been determined not to be "historic properties" under s. 13.48(lm) of the statutes. This delegation shall be on the terms and conditions set forth by the Secretary.

X. CAPITAL BUDGET INSTRUCTIONS

A. Requirements for Authorization or Enumeration

Agency improvement or acquisition projects each with a total estimated project budget of \$185,000 or more must be authorized by the Commission. Also, those individual project budgets totaling \$760,000 or more must be specifically enumerated in the law, regardless of source of funds, except as otherwise exempted by law. In the case of All Agency Project Funding, the authorizations for specific categories of All Agency Project Funding shall serve as the enumerations for projects in those categories.

B. Agency Requests

In February and March of odd-numbered years, the Building Commission considers agency requests for the following biennium. To assure the information and material are available to the Commission to make an informed judgment on the requests, the Division of Facilities Development has been directed to issue Capital Budget Instructions.

(For related statutory references, see 13.48, 16.85(1), 16.85(10), 16.89, 18.01 through 18.17, 18.52, 18.58 through 18.61, 20.866, 20.867, and 20.924, Wis. Stats.)

XI. BOND FINANCING

Debt authority for all projects funded in whole or in part with debt issued pursuant to Chapter 18, Wis. Stats. in the amount specified in the minutes, is created when the Commission approves the project for completion of design, bidding and construction. Additional debt authority is created when the Commission approves any project budget increase which is funded in whole or in part with debt issued pursuant to Chapter 18, Wis. Stats.

XII. FINANCIAL SERVICES PROCUREMENT

A. Background

1. 1989 Wisconsin Act 31, s. 18.10 (12), which reads:

18.10 (12) PROCUREMENT OF SERVICES. The commission may enter into a contract with any firm or individual engaged in financial services for the performance of any of its duties under this chapter, using selection and procurement procedures established by the commission. That contract is not subject to s. 16.705 or 16.75.

2. In connection with the issuance or administration of obligations pursuant to Chapter 18, the Capital Finance Director is authorized to enter into contracts with one or more firms or individuals engaged in financial services, including but not limited to financial advisory services, rating agency services, arbitrage consultancy services, escrow agency services, escrow verification services, analytical services, trustee services or market data services. The Building Commission has established the following selection and procurement policies and procedures to guide the Capital Finance Director.
3. Selection of underwriters for the sale of obligations is covered in a separate Chapter "SELECTION OF BOND UNDERWRITERS"
4. This Chapter does not apply to printing services covered by Article IV, Section 25 Wisconsin Constitution.

B. Policies

1. As a general principle, there shall be a competitive selection process, based on the lowest price of qualified proposers. Exceptions to the process shall only be based on the financial advantage to the State of Wisconsin of foregoing a competitive process in the interest of greater financial return to the state associated with a given transaction.
2. A further principle is to allow for expedited preparation of specifications/requirements and proposal responses by contractors, in accordance with public finance industry standards (i.e. services contingent upon a bond issue).
3. The Capital Finance Office, acting as staff to the Building Commission pursuant to Chapter 18, Wis. Stats., shall determine the criteria for procurements under these procedures and solicit proposals, prices and bids for such services as outlined below. The Secretary of the Building Commission will be consulted prior to awarding contracts. Awards of contracts for financial service procurements shall be reduced to writing and shall be approved and executed by the Secretary of Administration or a designee of the Secretary.
4. It is further intended that these policies will follow generally accepted procurement principles for government entities as follows:
 - (a) Competition. Public business is to be offered to all.
 - (b) Impartiality. Bidders/contractors shall receive equal and consistent treatment during both the bid process and contract administration.

XII. FINANCIAL SERVICES PROCUREMENT

- (c) Conservation of funds. *Economy and value* shall be basic objectives in the procurement of financial services.
- (d) Availability of Records. Any documents used or actions taken in connection with procurements hereunder shall be subject to the open records law.

C. Applicability

1. The procedures may apply but are not limited to the procurement of the following financial services:
 - (a) Bank trustees and escrow agents.
 - (b) Certified public accounting services for escrow verification and federal tax-compliance services related to bond issues.
 - (c) Certified public accounting services for audits required by the terms of bond resolutions and indentures.
 - (d) Certified public accounting services for determinations of bond yields for bond issues involving acquired obligations.
 - (e) Specialized tax counsel services relating to bond issues.
 - (f) Compliance with federal tax law arbitrage provisions, calculations regarding rebate liability and preparation of reports.
 - (g) Independent financial advisory services ("financial advisory services" having the meaning commonly applied in the context of municipal bond finance).
 - (h) Specialized [analytical] services related to cash flows of complex bond issues.
 - (i) Fiscal agency banking services, including registrar, transfer agent, and paying agent services.
 - (j) Bond rating services from nationally recognized rating agencies.
 - (k) Bond sale notice publication services.
 - (l) Bond call notice publication services.
 - (m) Request for proposal notice publication services.
 - (n) Electronic and print financial information services related to the pricing, planning and timing of the sale and negotiation of bond issues.
 - (o) Procurement of specialized computer equipment, software and services related to the sale and administration of bond issues.

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2. When recommended by the Capital Finance Director that a financial service necessary and common to the sale of the state's bonds is available from only one source commonly recognized by the municipal bond market, a contract for those services may be entered into through direct negotiation without utilizing a RFP or bidding process.

In financial service procurements the Building Commission will attempt to ensure that 6% of the total amount expended for such procurements is awarded to certified minority financial service businesses during each fiscal year.

XIII. SELECTION OF BOND UNDERWRITERS

A. Background

1. On January 22, 1998 the Building Commission reviewed and approved the "Policies and Procedures for Determining Method of Bond Sale, Securing Building Commission Approvals, and Selection of Bond Underwriters.

B. Policies

1. All selections of underwriters will be made pursuant to an open, competitive Request for Qualifications ("RFQ") process, which will be based upon the submitted qualifications of underwriters. In addition to qualifications, assignments may be based on evaluation of responses to specific technical questions, on the value of new or innovative concepts which are determined to add value to a given transaction, and on the quality of ongoing investment banking analyses provided to the State.
 - (a) Designation for Specific Issues or Underwriting Pool. RFQ's shall specify the anticipated "life" of the selection(s). Specifically the RFQ should indicate whether a selection of underwriter(s) is being made on a one-time basis, or whether a group of underwriters will be selected to comprise a pool of qualified underwriters from whom underwriters will be designated from time to time for specific issues.
 - (b) Frequency of Re-Selection. If an RFQ is to be used to select a pool of underwriters, then the RFQ should indicate the time period for which it will be used.
 - (c) RFQ Content. Appendix A to the Policies and Procedures for Determining Method of Bond Sale, Securing Building Commission Approvals, and Selection of Bond Underwriters approved January 22, 1998 is the form of an RFQ used in the first RFQ issued under these procedures. The content and format of RFQ's will be reviewed and made to conform to each specific set of circumstances and needs, but will generally follow the form of Appendix A.
 - (d) Notice. RFQ's for underwriters will be advertised in a display advertisement in *The Bond Buyer* newspaper (or a comparable news source used by the municipal bond market if *The Bond Buyer* no longer is the predominant source for municipal bond news) as soon as the RFQ is distributed, but not less 5 business days before qualifications are due.
 - (e) Evaluation Process. Qualifications will be evaluated based on information submitted and any additional information requested during the evaluation process. Qualifications will be evaluated on criteria established in advance and disclosed in the RFQ. While the RFQ will typically reserve the right to conduct interviews, interviews will not normally be used. An example of evaluation criteria is included in Appendix A described above. Evaluation criteria and weighting will be used to establish relative ranking of firms submitting proposals. Using the same evaluation criteria, minority-owned, women-owned, and regional firms may be evaluated on a relative basis within peer groups.
 - (1) Evaluation Committee. An evaluation committee will make each RFQ evaluation. An evaluation committee should consist of not less than two, or more than four qualified individuals. The Capital Finance Office will nominate evaluation committee members based on prior experience with similar evaluations, prior experience with public finance issues, time availability, and lack of relational conflicts that would prevent objective evaluation. A Capital Finance Officer may serve as a member of the evaluation committee. The Capital Finance Office will normally staff the evaluation and otherwise provide expediting services to the evaluation committee. The identity of the evaluation committee will not be disclosed to persons outside the Department of Administration until the evaluation process is complete.

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- (2) Staff Evaluation. If a Capital Finance Officer is not serving as a member of the evaluation committee, the Capital Finance Office will prepare an evaluation of the qualifications and submit it to the evaluation committee. The committee should review the Capital Finance Office evaluation, but will determine how much weight to give the staff evaluation.
 - (3) Financial Advisor Evaluation. The Capital Finance Office should seek an evaluation of the qualifications from an independent financial advisor if possible. The written evaluation of the financial advisor should also be made available to the evaluation committee for their consideration.
- (f) Communication of Evaluation Recommendations. The evaluation committee will communicate the result of evaluations to the Capital Finance Office in writing. The final results will be subject to review and approval by the Secretary of DOA before becoming effective.
- (1) Notification and Announcement. Upon finalizing an underwriter selection process, a letter will be sent to all firms submitting qualifications and to the Building Commission members, informing them of the results of the evaluation.
 - (2) Underwriter Pools. When firms are designated qualified and placed in a pool of underwriters, members of the underwriting pool may be asked additional questions to help staff determine the best composition of a specific Underwriting Syndicate.
 - (3) Specific Issue Initial Designations. When underwriters are named to a Syndicate for a planned bond issue, a condition of that designation is that the state reserves the right to cease negotiations with that syndicate at any time and to commence negotiations with another syndicate.
- (g) Records to Be Retained. In connection with each RFQ process a file will be established to contain all relevant public records regarding the selection process. The file established will have the following documents in it. If any of the following documents is not in the file, then there will be a memorandum explaining *why* the document is not in the file, including instances where it was determined that a particular document was not necessary to a fair evaluation process.
- (1) RFQ
 - (2) Advertisements
 - (3) Pre-submission Additional Information Notices
 - (4) Qualification Submissions
 - (5) Post Qualification Submission Additional Information Requests and Responses
 - (6) Evaluation Forms
 - (7) Summary of Evaluation Meetings and Discussion
 - (8) Notification Letters and Announcements

XIV. BOND REDEMPTIONS PRIOR TO MATURITY

A. Background

1. As a general policy new money and permanent financing bonds are issued with an optional redemption provision. In the event of a redemption of less than all the outstanding bonds, the Commission has the power to direct the amounts and maturities to be redeemed.
2. Bonds for loan programs, e.g., the Veterans Home Loan Program, may be subject to special redemption provisions permitting redemptions from either unexpended proceeds or from prepayments or both. In the event of a redemption of less than all the outstanding bonds, the Commission has the power to direct the amounts and maturities to be redeemed.
3. Bonds may have structures containing term bonds that have mandatory sinking fund payments. In the event of a redemption other than a mandatory sinking fund payment, i.e. a call of less than all of the term bonds or an open market purchase of less than all of the term bonds, the Commission has the power to direct the adjustment of the mandatory sinking fund payment schedule.
4. Future bond issues may contain redemption provisions not described above and in the event that the redemption is less than all the outstanding bonds, the Commission may have the power to direct the amounts and maturities to be redeemed.

B. Policies

1. Optional Redemption Bond Calls: Where funds are legally available for an optional redemption, the Capital Finance Office shall determine the amounts and maturities to be called, proceed to provide the necessary notice of call and call the bonds at the earliest legally advantageous date. Bond calls made pursuant to refunding bond issues shall be made as directed by the Commission.
2. Unexpended Proceeds Bond Calls: When the Capital Finance Office determines that an unexpended proceeds bond call is appropriate, taking into account the viability of the program receiving bond proceeds, the need to maintain for federal tax law purposes the tax-exempt status of interest on the bonds and the effect of such a call on future bond sales of the state, the Capital Finance Office shall determine the amounts and maturities to be called, proceed to provide the necessary notice of call and call the bonds at the earliest legally advantageous date.
3. Special Redemption (Prepayment) Bond Calls: When prepayments from loans or other legally available funds are accumulated in sufficient amount to justify a special redemption bond call pursuant to one or more bond resolutions, the Capital Finance Office shall proceed to analyze the most appropriate amounts and maturities to be called to call, taking into account the self-supporting objectives of the bond program and the best economic advantage of the bond call to the state and the program. After making the determination of which bonds to call, the Capital Finance Office shall proceed to provide the necessary notice of call and call the bonds at the earliest legally advantageous date.
4. Redemption of Term Bonds: When a portion but not all of a term bond is to be redeemed by other than a mandatory sinking fund payment, the Capital Finance Office shall revise the mandatory sinking fund payment schedule, taking into account, if applicable, the self-supporting objectives of the program funded by the term bond and the best economic advantage to the state and the program.
5. Redemptions Other Than 1 - 4 above: When there is a redemption not covered by 1 - 4 above, the Capital Finance Office is to determine the amounts and maturities to be redeemed taking into account the nature, purpose and objective that the bond proceeds were applied to, federal tax law if applicable and the best economic advantage to the state.