

Governor's Commission on Government Reform, Efficiency, and Performance

Minutes of Meeting held on September 9, 2016

9:00AM

State Capitol, Madison, WI

Commission Members Present: Co-Chair John Shiely, Co-Chair Scott Neitzel, Senator Howard Marklein, Mr. Michael Heifetz, Secretary Dave Ross, Mr. Bob Ziegelbauer, Secretary Richard Chandler, Secretary Linda Seemeyer, and Mr. Ara Cherchian.

On the Phone: Senator Janis Ringhand and Representative Adam Jarchow.

Excused: Mr. Robin Gates.

1. Co-Chair Shiely opened the meeting and called the roll. Waylon Hurlburt took the roll.
2. Co-Chair Shiely called for the approval of the August meeting minutes. The August commission meeting minutes were approved by unanimous consent.
3. Co-Chair Shiely introduced the State Treasurer, Matt Adamczyk. Matt gave his presentation regarding reforms to the Board of Commissioners of Public Lands (BCPL).
4. Co-Chair Shiely called on Commission members to ask questions of Matt.
 - Secretary Ross asked about the loss of property taxes. The state pays \$400,000 annually for just the Femrite building. Matt asked why the state should pay property taxes.
 - Ara Cherchian asked if depreciation was taken into account. Matt said his LFB memo does.
 - Co-Chair Shiely asked where BCPL gets its money. Matt said it is money from fees, fines, and forfeitures as well as nearly \$1 billion in the common school fund. It has continuing funds. The revenues go to schools.
 - Co-Chair Neitzel said a 9 year bond issue is getting 2% and longer roughly 3%. He also said the state needs to be sure not to end run the Building Commission. He also said that the state needs to be concerned with if the BCPL will give the state better interest rates than the market and if BCPL has the capacity to be the state's landlord. He asked if BCPL has the capacity to maintain the facilities.
 - Co-Chair Shiely asked if there is any time value adjustment to the savings estimates. Co-Chair Neitzel said that the state does account for this in its determinations of whether to buy or lease.
 - Ara asked if the state has buy out options. Matt said it should have them in all leases.
 - Michael Heifetz commented that someone could second guess what the state does today ten years from now. Asked if this proposal is just replacing DOA with BCPL. Matt said Building Commission would still have authority and DOA would have to set up a lease with BCPL. Michael said BCPL would need expertise in building management and Matt said why would we pay a

developer when we could pay BCPL and the money goes to schools. Matt commented that the State Courts lease is an example of overpaying.

- Co-Chair Shiely said it comes down to a case by case basis if the state would benefit.
 - Co-Chair Neitzel said that BCPL would have to pay a developer to build and maintain the facility. Michael Heifetz commented that he served on the Madison Planning Commission for 9 years and asked if this proposal would just be replacing one entity for another.
 - Matt said that the proposed DOJ crime building in Milwaukee is an example of how the state could save money.
 - Secretary Ross commented that with a 3% return at BCPL they should be more aggressive with the funds they have not invested.
 - Bob Ziegelbauer commented the investing in state bonds may be a simpler way to get a return for BCPL.
 - Secretary Chandler commented that this could be an option, but shouldn't be a mandate.
 - Co-Chair Neitzel asked if BCPL would have to pay property taxes. Matt commented that currently BCPL pays for the taxes on forest land.
 - Ara commented that when depreciation and the loss of property tax revenue are accounted for, the projected savings are substantially reduced.
5. Co-Chair Shiely introduced Waylon Hurlburt to give his summary of where the Commission was at as far as the Office of Management and Budget idea, shared services, and reforming DOA.
 6. Waylon gave his presentation.
 7. Co-Chair Shiely called on Commission members to ask questions of Waylon and discuss the ideas.
 - Secretary Chandler said the idea of shared services is good, but the implementation is the important part so agencies don't lose the expertise they need.
 - Secretary Seemeyer commented that shared services is good, but agencies must be served well for it to succeed.
 - Senator Marklein commented that the concept is good, but climates are different depending on the agency. He also likes accountability to be with one person so he knows who to ask questions of.
 - Co-Chair Neitzel commented that shared services is not necessarily doing more with less; it could be doing more with the same. He equates this to the Wisconsin Counties Association proposal from two months ago to share services.
 - Michael Heifetz commented that sequencing the changes is key. Leave what is going well alone.
 - Senator Ringhand commented that she agreed with Michael and should go slow.
 - Ara asked if the OMB was necessary. Waylon commented that it is one concept to accomplish what the Commission has talked about since its first meeting.

- Co-Chair Neitzel commented that the shared services structure is the best for collaboration with the agencies.
 - Co-Chair Shiely asked why this hasn't happened already. He walked through his history in the private sector and equated the OMB to the corporate CFO model. We should leverage what has been done in the private sector.
 - Bob Ziegelbauer commented that the OMB should be a separate entity and the first among equals with other secretaries.
 - Co-Chair Neitzel said it makes sense as an organizational structure. Currently, you can't treat lesser functions at DOA any different than the most important functions.
 - Co-Chair Shiely said it may make sense to just replace the name DOA with OMB.
8. Co-Chair Shiely asked if there were any questions on past white papers discussed by the Commission. There were no questions.
 9. The October Commission meeting was set to be on Friday, October 7th at 10:00AM in La Crosse.*
 10. Co-Chair Shiely adjourned the meeting.

*This date was later changed to October 6th.