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Members of the Wisconsin Legislature,

As you may know, the Legislature and State Courts rent office space on the Capitol Square. I propose we move to state owned space that could save \$150 million over the life of the new building. I am specifically concerned with five extremely expensive leases:

<u>Agency</u>	<u>Address</u>	<u>Sq. Feet</u>	<u>Lease Cost</u>	<u>Private Lease ends</u>	<u>Lease Start</u>	<u>Est Rent Years</u>
Leg Audit Bureau	22 E Mifflin	18,693	\$528,504	2/28/2020	8/27/1999	20
Leg Council	1 E Main St	12,670	\$309,060	11/1/2019	5/2/1989	30
Leg Fiscal Bureau	1 E Main St	13,689	\$330,024	11/1/2019	5/2/1989	30
Leg Reference Bureau	1 E Main St	25,678	\$639,382	8/31/2028	11/10/1999	29
Dir of State Cts	110 E Main	51,935	\$1,353,207	9/30/2022	9/25/1974	48

These five leases are some of the most expensive per square foot in all of state government. If you look at the information above, the state has unwisely rented space in some instances for nearly 30 and 50 years. How many people do you know would rent their home for 50 years?

I specifically ask that you contact members of the [Joint Committee on Legislative Organization](#), chaired by Sen. Roth and Speaker Vos, to ask that the Legislature attempts to stop renting space.

I have obtained the actual legislative leases; these leases show how long the state has rented. I have been working for a long time with legislators and DOA to get out of expensive leases and into state owned space. As an example, the state owned Historical Society building on the capitol square provides some opportunity to finally stop renting. Here are some options regarding possible new legislative space:

1. Build new building to house legislative space above Historical Society
2. Buying land from a neighbor to increase the footprint and build new space for the legislative service agencies
3. Working with neighbors on a much larger project and owning a few floors of a larger building as a partner in the project

I support any effort to get these agencies in state space to save taxpayer money. Arguably, these agencies cannot be moved many miles away from the state capitol and need to be close.

However, owning state space is much cheaper in the long run. State leases include an annual escalator. Using a common 2.5% increase, the \$3.1 million currently paid in rent increases to over \$10 million after 50 years. Renting for 50 years seems preposterous as a comparison, yet the state has proven it will rent for 50 years, just look at the lease for the State Courts.

While speaking with a long serving Democratic Senator, I was told that it makes no sense to rent if the state plans to be in a space over 10 years. I agree.

If we built new space for the five expensive leases, it could cost about \$40 million using building costs for Hill Farms. ([See attached PDF](#)) At that price, the state would need to spend about \$2.8 million per year fixed for 20 years to bond for the building. As you can see, being a fixed cost is more advantageous to the rent that escalates to over \$5 million per year. The big savings start after 20 years, at that point the bonds are paid and we do not owe rent.

To be fair, there would be new costs associated with a new building, such as janitorial, utilities and maintenance. I personally cannot quantify those new costs, but DOA could do an analysis. Regardless, my belief is that over a 50 year span the taxpayers will save a fortune. **The direct comparison between rent and bonding is a savings of about \$250 million over 50 years.** Even if we assume \$100 million in new costs, that is still a \$150 million savings.

Furthermore, I would offer the state an option to build these offices quickly and without any bonding costs. I serve as a commissioner on the Board of Commissioners of Public Lands (BCPL). The BCPL is a state agency that manages a \$1.1 billion-dollar trust fund that benefits public education. The BCPL is specifically told what it can invest in by the legislature.

There are ways the BCPL could finance this project, which would allow all expenses beyond the cost of the initial building costs to benefit the K-12 public schools.

I am more than happy to meet with any legislator to discuss ways we can save millions on expensive rent. This is an example of cutting government expenses with no reduction in any state service.

Sincerely,

A handwritten signature in black ink, appearing to read 'Matt Adamczyk', written in a cursive style.

Matt Adamczyk
State Treasurer