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MEMORANDUM

September 10, 2008

TO: The Honorable Rod Blagojevich, Governor, State of Illinois
The Honorable Emil Jones, Jr., President of the Senate
The Honorable Michael Madigan, Speaker of the House of Representatives
The Honorable Frank Watson, Minority Leader of the Senate
The Honorable Tom Cross, Minority Leader of the House of Representatives
The Honorable Jesse White, Secretary of State
Milton R. Sees, Department of Transportation Acting Secretary

RE: Advisory Opinion on the Commission on Government Forecasting and Accountability Regarding the Closure of the Division of Traffic Safety Facility at 3215 Executive Drive, Springfield, Illinois

The Commission met on July 31, 2008 to hear testimony on the proposed closure and transfer of the Division of Traffic Safety based on the recommendation made by the Department of Transportation to close the facility in Springfield, Illinois. At a subsequent meeting the Commission voted unanimously (12-0) on August 12, 2008 to reject the recommendation to close and relocate the Division of Traffic Safety facility in Springfield, Illinois to Harrisburg, Illinois. The Commission recommends further, that the Department relocate the Division of Traffic Safety to existing State owned or leased space within Springfield, Illinois.

BACKGROUND:

The Commission on Government Forecasting and Accountability is responsible for the oversight set forth in the State Facility Closure Act (30 ILCS 608). On May 5, 2008 the Department of Transportation sent official notice to the Commission that the Division of Traffic Safety facility located at 3215 Executive Drive would be closed. The State Facility Closure Act states that "Within 10 days after the Commission receives notice of the closure, the Commission, in its discretion, may require the State executive branch officer with jurisdiction over the facility to file a recommendation for the closure." On May 15,

2008, the Commission requested that the Department of Transportation file a recommendation for closure with the Commission. On May 20, 2008 Acting Secretary Milton R. Sees sent a letter to Commission Co-Chairmen Senator Jeffrey Schoenberg and Representative Richard Myers acknowledging the receipt of the request for a formal "recommendation of closure" by the Department of Transportation.

The Department of Transportation filed the "recommendation for closure" in accordance with the State Facility Closure Act on July 1, 2008. The Department of Transportation, in its recommendation, answered the required questions as set forth in State statute.

The Commission is required, when a recommendation for closure is requested, to have a hearing within twenty-five miles of the facility that is being closed. The Commission held the statutorily required meeting on July 31, 2008, at the hour of 5:00 p.m. The hearing was held at the State Capitol Building in Springfield, Illinois. During that meeting, testimony was heard from opponents of the closure, as well as, proponents from various organizations, citizens and elected representatives.

FISCAL ISSUES:

The proposed move from the current Division of Traffic Safety office located at 3215 Executive Drive in Springfield, Illinois to Harrisburg, Illinois fails to offer any fiscal savings to the State of Illinois. The Commission understands that the current leasing arrangement being adhered to by Department of Transportation is costly, and comparatively high in comparison to other leased locations throughout Illinois. The Commission believes that finding space that is already owned by the State should be a priority in lieu of leasing office space. In this instance, the building being suggested as the new site of the traffic safety office is located approximately 228 miles away from the current location in Springfield. The Department of Transportation should utilize State owned space to accommodate the relocation of this division within the City of Springfield. Doing so would remove the division from a leased building with unfavorable terms and place the division in a building that is already owned by the State. During the hearing on July 31, 2008 it was discussed that the State currently has available space at the Handley Building, the Environmental Protection Agency, the Department of Natural Resources, the new State Police Headquarters, and the State Police Communications Services Bureau, that could facilitate the number of workers currently in the employ of the Division of Traffic Safety. These buildings are already configured as office space and would require minimal renovation and nominal moving costs. Locating the facility in an existing State owned building in Springfield could save the State \$2.3 million in costs to purchase and renovate a building in Harrisburg, \$133 thousand in annual utility costs, and costs for communication lines of up to \$200,000, that would be expended at a new facility in Harrisburg.

RELOCATION ISSUES:

In addition, the Commission questions the selection of the site in Harrisburg for several reasons. While the Commission understands that the Southeastern Illinois College Foundation states that the building never experienced flooding within the structure in March 2008; after consulting with the Illinois State Water Survey, the Commission has

concerns about the possibility of flooding, and how that might hinder Division of Traffic Safety operational effectiveness should floodwaters again encroach upon the facility. The Illinois State Water Survey informed the Commission that the location of the proposed new location is indeed located within a floodplain and that Executive Order 5-2006 would apply to this location. Executive Order 5-2006 discourages and even prohibits, in certain circumstances, construction or development in floodplains. The Commission maintains that it is fiscally irresponsible to expend taxpayer monies for a building that could be jeopardized, or the usefulness of the building be diminished because of flooding. The Commission also has concerns with the appraisal that failed to utilize comparable properties in Illinois to ascertain a fair market value for the property being purchased in Harrisburg. During public testimony there was discussion involving the fact that all but one of the comparable properties utilized in the computation of the fair market value were located in Kentucky. It was also noted during testimony that good business practice would have had as many as three independent appraisals on the Harrisburg property.

ECONOMIC ISSUES:

The Department of Transportation provided the Commission with two economic studies. Both studies were done by Southern Illinois University at Carbondale. One study was provided to the Commission with the Department's recommendation received on July 1, 2008. Subsequently, a second economic report with a different set of inputs was provided to the Commission only several days before the scheduled public hearing on July 31, 2008.

The first economic impact study failed to provide a convincing argument that the benefits that would be experienced in Harrisburg would be greater than the experienced negative affects on Springfield and Sangamon County. The first study had questionable inputs that were utilized in the computation of the analysis. First, the original study states the building was purchased for \$1 million. This is later contradicted in the Department's own recommendation when the actual purchase price is listed as \$812 thousand. Likewise, the initial economic impact study stated that renovation costs to the building would be \$1 million, and the IT setup costs would be \$325 thousand. Again, in the same recommendation, the Department of Transportation contradicts the inputs utilized in the report by stating that "build out" costs would be \$750 thousand and IT Setup costs would be \$250 thousand. The first economic analysis stated that 96 employees were relocating to the new facility in Harrisburg. In addition, 40 persons would be hired to replace (31) retirees, (4) vacant positions and (5) temporary staff. The Department failed to provide documentation that justified their assumption that 31 employees intended to retire rather than relocate to Harrisburg. The Department provided no documentation to provide adequate reasoning for any of the assumptions made regarding employee willingness to retire or relocate. The first study, when calculating the impact on Springfield and Sangamon County, failed to list the loss of lease revenue from the planned vacating of the current "annex" building that headquarters the Division of Traffic Safety. The Department of Transportation assumes that the building at 3215 Executive Drive will be leased immediately and therefore the area will not experience this loss. The Commission argues that it is presumptuous, especially in a sluggish real estate market that the area is experiencing, to assume that a suitable lessee will inhabit the complex in an expeditious fashion.

The second study provided to the Commission made a completely different set of assumptions in relation to the future disposition of employees at the Division of Traffic Safety. The second study assumes that all current employees of the Division of Traffic Safety will be offered positions in the Springfield area, and will not relocate to the new location in Harrisburg, Illinois. The Commission was discouraged by the sudden introduction of a new study to the overall analysis of the proposed closure being reviewed. The Department's position that all employees are going to stay in Springfield is misleading. The Department, when asked to provide a list of the vacancies or positions that the employees electing to stay in Springfield will be offered, states in a memo dated August 11, 2008 that, "the Department does not know how many employees will choose not to transfer to Harrisburg and, therefore, does not know how many positions will need to be made available. This seems to invalidate the very assumption that all employees will stay in Springfield, and also raises concerns about the Department's seriousness in its determination to find alternative State positions for this group of employees.

The Commission's own independent economic analysis finds that while both regions (Saline and Sangamon County) will be affected by this proposal, any gains will be realized at a far greater cost to Sangamon County. The Commission feels that the perceived benefits of the move to Harrisburg are outweighed by the detriment it will cause to Springfield and Sangamon County. According to the independent study done by the Rural Economic Technical Assistance Center, the permanent economic impacts on Sangamon County are an overall loss of \$9.3 million in economic output. The gains experienced by Southern Illinois, specifically, Saline and Williamson counties, would be an annual gain of \$7.5 million in economic output. The Department of Transportation has maintained that this proposal is part of an economic development plan to revitalize the Southern Illinois economy. The studies done by the Southern Illinois University at Carbondale suggest that not only will the Harrisburg region benefit from this initiative, but the State as a whole will also see an increase in economic output of approximately \$15.8 million. Based on that assumption, by simply moving businesses or government agencies around the State will result in a positive economic gain for the overall State. This theory would, in essence, suggest that the State should encourage businesses throughout Illinois to constantly relocate to a different geographic area's in the State in order to provide continual positive economic gains for Illinois. The Commission feels that the closure of the facility in Springfield and the relocation to Harrisburg will not benefit the State as a whole, and will in reality have a negative impact on the State's overall economy. The study conducted for the Commission shows that the move will have in fact a negative \$1.8 million impact on the State.

STATUTORY ISSUES:

The Commission believes that by statute, the only agency that has authority to purchase office space is the Department of Central Management Services. Chapter 20 of the Illinois Compiled Statutes, more specifically, 20 ILCS 405/405-300, states explicitly that the Department of Central Management Services role is, "To lease or purchase office and storage space, buildings, land, and other facilities for all State agencies, authorities, boards, commissions, departments, institutions, and bodies politic and all other administrative units or outgrowths of the executive branch of State government except the Constitutional officers, the State Board of Education, and the State colleges and universities and their

governing bodies.” It is the Commission’s opinion that this statute is clear and concise and that the Department of Transportation’s purchase of this property without the proper involvement of the Department of Central Management Services is contrary to State law. The Executive Director of the State of Illinois Procurement Policy Board, Matt Brown, testified that since the board’s creation in 1998 the Procurement Policy Board has considered the Department of Central Management Services the only authority, in partnership with other State agencies, for the procurement of the office space they require. The authority of the Department of Central Management Services with regards to the facility management for all Executive agencies was further enhanced by Executive Order 2003-10. Furthermore, it is very clear that the Attorney General must approve the building purchase under (30 ILCS 545/2.0). The Commission also has reservations about the Department’s assertions that Road Funds can be used to purchase office space, which is not related to highway maintenance and construction.

EMPLOYEE/SERVICE ISSUES:

According to the Division of Traffic Safety, the main mission of the division is to formulate, coordinate and deliver information services in programs that will mobilize public and private resources to establish effective public policy and integrated programs to improve highway safety in Illinois. The Commission examined the various responsibilities of the Division of Traffic Safety. The Commission has concerns about the loss of institutional knowledge that would result if the current staff at the Division of Traffic Safety were, in the course of future actions, no longer in the employ of that entity. The Department of Transportation and Governor Rod Blagojevich have stated publicly, on several occasions, that employees not wishing to transfer would be offered State positions with similar pay if those employees choose to remain in Springfield. The Commission, nor the Department of Transportation, have any means to estimate the number of employees that could choose to relocate to Harrisburg.

The Commission recognizes the importance of the mission and the goals of the Traffic Safety Division. Every Illinois citizen directly benefits from the promotion of safe highways. In fact, utilizing information provided by the nationwide Governor’s Highway Safety Association, all states have their respective traffic safety agencies in or in close proximity to their respective capital cities. The furthest any traffic safety agency was from the any state capital city was 24 miles. Certainly, to continue the service the division provides to the citizenry of this state, it would logically remain in Springfield with the main IDOT headquarters and in close proximity to the federal highway safety agencies, the Department of State Police, the Environmental Protection Agency, and the Secretary of State’s office with which the division partners to promote safe roads.

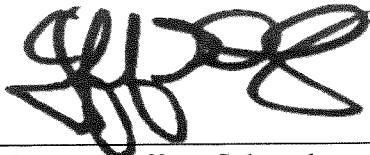
Many employees at the Division of Traffic Safety, the Commission learned through testimony, have specific expertise in areas of interstate commerce regulations and hazardous material transportation. If those persons choose not to relocate to Harrisburg, it is unclear how their expertise will be utilized properly if they are no longer employed by the Division of Traffic Safety. There are certain complexities to many of these regulations that, if not relayed properly, could result in large fines for companies engaged in the transport of hazardous materials, or mishandling of hazardous materials resulting in

unnecessary risk to the public at large. The Department of Transportation has not provided any clear information to explain how these important functions will continue if those employees currently responsible for these important areas are no longer with the Department. Therefore, the Commission has justifiable concerns regarding the continued safety of Illinois highways should this closure proceed and expertise be lost to attrition or transfer.

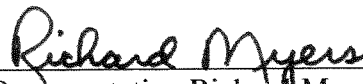
As stated previously, the Department of Transportation and the Governor have stated publicly that employees wishing to continue residence in Springfield would be offered positions with the State with similar pay. The Commission requested that a list of those positions be delivered to the Commission and to the respective labor organizations representing employees at the Division of Traffic Safety. The Department never provided the Commission, or labor organizations, a list of those available jobs. The absence of any written terms or guarantees to employees regarding future employment, should they remain in Springfield, not only is unfair to the workers but leads to harmful speculation about the sincerity of such offers. Employees of traffic safety, to the Commissions knowledge, have never received any written guarantees of alternative State employment should they choose to not relocate to Harrisburg.

CONCLUSION:

After carefully reviewing the information submitted by the Department of Transportation in its "Recommendation for Closure; after hearing six hours of testimony on July 31, 2008, from both opponents and proponents of the transfer of the Traffic Safety Division; after reviewing information from both the Departments of Transportation and Central Management Services to follow-up questions from Commission Members resulting from the July 31, 2008 hearing, the Commission at a meeting on August 31, 2008, adopted the attached motion to unanimously reject by a 12-0 vote the Department of Transportation recommendation to close the Traffic Safety Division and transfer the function to Harrisburg, Illinois.



Senator Jeffrey Schoenberg
CGFA Co-Chairman



Representative Richard Myers
CGFA Co-Chairman

JMS/RPM:dkb

S68

**OFFICIAL MOTION AT COMMISSION HEARING REGARDING THE
TRAFFIC SAFETY DIVISION CLOSURE ON AUGUST 12, 2008**

Pursuant to the State Facility Closure Act (30 ILCS 608), after hearing testimony regarding the proposed closure of the Division of Traffic Safety headquarters in Springfield, Illinois, I move that the Commission on Government Forecasting and Accountability *not accept the recommendation for closure submitted by the Illinois Department of Transportation regarding the Division of Traffic Safety facility located at 3215 Executive Drive in Springfield, Illinois. The Commission recommends that the Department of Transportation also seek alternative space to the existing lease agreement in Springfield.* Furthermore, the Commission shall formally file the advisory opinion to not accept the recommendation for closure with the Department of Transportation, the Governor, the General Assembly, and the Index Department of the Office of the Secretary of State on or prior to September 11, 2008.

Initial Motion: Representative Raymond Poe

Motion second: Senator Christine Radogno

COMMISSION MEMBERS ROLL-CALL

IDOT FACILITY CLOSURE HEARING

Meeting Date: Tuesday, August 12, 2008

Room C-1, Stratton Office Bldg. - 2:00 p.m.

	ATTENDANCE		V O T E		
	Present	Absent	YES	NO	Present
Representative Patricia Bellock (R)	✓		✓		
Senator Bill Brady (R)	✓		✓		
Senator Don Harmon (D)	✓		✓		
Representative Frank Mautino (D)	✓		✓		
Representative Robert Molaro (D)	✓		✓		
Representative Richard Myers (R)	✓		✓		
Representative Elaine Nekritz (D)	✓		✓		
Representative Raymond Poe (R)	✓		✓		
Senator Christine Radogno (R)	✓		✓		
Senator Jeffrey Schoenberg (D)	✓		✓		
Senator David Syverson (R)	✓		✓		
Senator Donne Trotter (D)	✓		✓		
Attendance / Vote	12		12		