

CERTIFICATION OF ENROLLMENT

**ENGROSSED SENATE BILL 5657**

Chapter 117, Laws of 1997

55th Legislature  
1997 Regular Session

LONG-TERM LEASES OF REAL ESTATE FOR STATE AGENCIES

EFFECTIVE DATE: 7/27/97

Passed by the Senate March 18, 1997  
YEAS 45 NAYS 0

BRAD OWEN

**President of the Senate**

Passed by the House April 10, 1997  
YEAS 96 NAYS 0

CLYDE BALLARD

**Speaker of the  
House of Representatives**

Approved April 21, 1997

GARY LOCKE

**Governor of the State of Washington**

CERTIFICATE

I, Mike O Connell, Secretary of the Senate of the State of Washington, do hereby certify that the attached is **ENGROSSED SENATE BILL 5657** as passed by the Senate and the House of Representatives on the dates hereon set forth.

MIKE O'CONNELL

**Secretary**

FILED

April 21, 1997 - 4:37 p.m.

**Secretary of State  
State of Washington**

---

**ENGROSSED SENATE BILL 5657**

---

Passed Legislature - 1997 Regular Session

**State of Washington                      55th Legislature                      1997 Regular Session**

**By Senator Strannigan**

Read first time 02/05/97. Referred to Committee on Ways & Means.

1            AN ACT Relating to long-term leases of real estate on behalf of  
2 state agencies; and reenacting and amending RCW 43.82.010.

3 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

4            **Sec. 1.** RCW 43.82.010 and 1994 c 264 s 28 and 1994 c 219 s 7 are  
5 each reenacted and amended to read as follows:

6            (1) The director of general administration, on behalf of the agency  
7 involved, shall purchase, lease, lease purchase, rent, or otherwise  
8 acquire all real estate, improved or unimproved, as may be required by  
9 elected state officials, institutions, departments, commissions,  
10 boards, and other state agencies, or federal agencies where joint state  
11 and federal activities are undertaken and may grant easements and  
12 transfer, exchange, sell, lease, or sublease all or part of any surplus  
13 real estate for those state agencies which do not otherwise have the  
14 specific authority to dispose of real estate. This section does not  
15 transfer financial liability for the acquired property to the  
16 department of general administration.

17            (2) Except for real estate occupied by federal agencies, the  
18 director shall determine the location, size, and design of any real  
19 estate or improvements thereon acquired or held pursuant to subsection

1 (1) of this section. Facilities acquired or held pursuant to this  
2 chapter, and any improvements thereon, shall conform to standards  
3 adopted by the director and approved by the office of financial  
4 management governing facility efficiency unless a specific exemption  
5 from such standards is provided by the director of general  
6 administration. The director of general administration shall report to  
7 the office of financial management annually on any exemptions granted  
8 pursuant to this subsection.

9 (3) The director of general administration may fix the terms and  
10 conditions of each lease entered into under this chapter, except that  
11 no lease shall extend greater than twenty years in duration. The  
12 director of general administration may enter into a long-term lease  
13 greater than ((five)) ten years in duration upon a determination by the  
14 director of the office of financial management that the long-term lease  
15 provides a more favorable rate than would otherwise be available, it  
16 appears to a substantial certainty that the facility is necessary for  
17 use by the state for the full length of the lease term, and the  
18 facility meets the standards adopted pursuant to subsection (2) of this  
19 section. The director of general administration may enter into a long-  
20 term lease greater than ten years in duration if an analysis shows that  
21 the life-cycle cost of leasing the facility is less than the life-cycle  
22 cost of purchasing or constructing a facility in lieu of leasing the  
23 facility.

24 (4) Except as permitted under chapter 39.94 RCW, no lease for or on  
25 behalf of any state agency may be used or referred to as collateral or  
26 security for the payment of securities offered for sale through a  
27 public offering. Except as permitted under chapter 39.94 RCW, no lease  
28 for or on behalf of any state agency may be used or referred to as  
29 collateral or security for the payment of securities offered for sale  
30 through a private placement without the prior written approval of the  
31 state treasurer. However, this limitation shall not prevent a lessor  
32 from assigning or encumbering its interest in a lease as security for  
33 the repayment of a promissory note provided that the transaction would  
34 otherwise be an exempt transaction under RCW 21.20.320. The state  
35 treasurer shall adopt rules that establish the criteria under which any  
36 such approval may be granted. In establishing such criteria the state  
37 treasurer shall give primary consideration to the protection of the  
38 state's credit rating and the integrity of the state's debt management  
39 program. If it appears to the state treasurer that any lease has been

1 used or referred to in violation of this subsection or rules adopted  
2 under this subsection, then he or she may recommend that the governor  
3 cause such lease to be terminated. The department of general  
4 administration shall promptly notify the state treasurer whenever it  
5 may appear to the department that any lease has been used or referred  
6 to in violation of this subsection or rules adopted under this  
7 subsection.

8 (5) It is the policy of the state to encourage the ~~((collocation))~~  
9 colocation and consolidation of state services into single or adjacent  
10 facilities, whenever appropriate, to improve public service delivery,  
11 minimize duplication of facilities, increase efficiency of operations,  
12 and promote sound growth management planning.

13 ~~((+5))~~ (6) The director of general administration shall provide  
14 coordinated long-range planning services to identify and evaluate  
15 opportunities for ~~((collocating))~~ colocating and consolidating state  
16 facilities. Upon the renewal of any lease, the inception of a new  
17 lease, or the purchase of a facility, the director of general  
18 administration shall determine whether an opportunity exists for  
19 ~~((collocating))~~ colocating the agency or agencies in a single facility  
20 with other agencies located in the same geographic area. If a  
21 ~~((collocation))~~ colocation opportunity exists, the director of general  
22 administration shall consult with the affected state agencies and the  
23 office of financial management to evaluate the impact ~~((collocation))~~  
24 colocation would have on the cost and delivery of agency programs,  
25 including whether program delivery would be enhanced due to the  
26 centralization of services. The director of general administration, in  
27 consultation with the office of financial management, shall develop  
28 procedures for implementing ~~((collocation))~~ colocation and  
29 consolidation of state facilities.

30 ~~((+6))~~ (7) The director of general administration is authorized to  
31 purchase, lease, rent, or otherwise acquire improved or unimproved  
32 real estate as owner or lessee and to lease or sublet all or a part of  
33 such real estate to state or federal agencies. The director of general  
34 administration shall charge each using agency its proportionate rental  
35 which shall include an amount sufficient to pay all costs, including,  
36 but not limited to, those for utilities, janitorial and accounting  
37 services, and sufficient to provide for contingencies; which shall not  
38 exceed five percent of the average annual rental, to meet unforeseen  
39 expenses incident to management of the real estate.

1       (~~(7)~~) (8) If the director of general administration determines  
2 that it is necessary or advisable to undertake any work, construction,  
3 alteration, repair, or improvement on any real estate acquired pursuant  
4 to subsection (1) or (~~(6)~~) (7) of this section, the director shall  
5 cause plans and specifications thereof and an estimate of the cost of  
6 such work to be made and filed in his or her office and the state  
7 agency benefiting thereby is hereby authorized to pay for such work out  
8 of any available funds: PROVIDED, That the cost of executing such work  
9 shall not exceed the sum of twenty-five thousand dollars. Work,  
10 construction, alteration, repair, or improvement in excess of twenty-  
11 five thousand dollars, other than that done by the owner of the  
12 property if other than the state, shall be performed in accordance with  
13 the public works law of this state.

14       (~~(8)~~) (9) In order to obtain maximum utilization of space, the  
15 director of general administration shall make space utilization  
16 studies, and shall establish standards for use of space by state  
17 agencies. Such studies shall include the identification of  
18 opportunities for (~~(collocation)~~) colocation and consolidation of state  
19 agency office and support facilities.

20       (~~(9)~~) (10) The director of general administration may construct  
21 new buildings on, or improve existing facilities, and furnish and  
22 equip, all real estate under his or her management. Prior to the  
23 construction of new buildings or major improvements to existing  
24 facilities or acquisition of facilities using a lease purchase  
25 contract, the director of general administration shall conduct an  
26 evaluation of the facility design and budget using life-cycle cost  
27 analysis, value-engineering, and other techniques to maximize the long-  
28 term effectiveness and efficiency of the facility or improvement.

29       (~~(10)~~) (11) All conveyances and contracts to purchase, lease,  
30 rent, transfer, exchange, or sell real estate and to grant and accept  
31 easements shall be approved as to form by the attorney general, signed  
32 by the director of general administration or the director's designee,  
33 and recorded with the county auditor of the county in which the  
34 property is located.

35       (~~(11)~~) (12) The director of general administration may delegate  
36 any or all of the functions specified in this section to any agency  
37 upon such terms and conditions as the director deems advisable.

38       (~~(12)~~) (13) This section does not apply to the acquisition of  
39 real estate by:

1 (a) The state college and universities for research or experimental  
2 purposes;

3 (b) The state liquor control board for liquor stores and  
4 warehouses; and

5 (c) The department of natural resources, the department of fish and  
6 wildlife, the department of transportation, and the state parks and  
7 recreation commission for purposes other than the leasing of offices,  
8 warehouses, and real estate for similar purposes.

9 (~~(13)~~) (14) Notwithstanding any provision in this chapter to the  
10 contrary, the department of general administration may negotiate ground  
11 leases for public lands on which property is to be acquired under a  
12 financing contract pursuant to chapter 39.94 RCW under terms approved  
13 by the state finance committee.

Passed the Senate March 18, 1997.

Passed the House April 10, 1997.

Approved by the Governor April 21, 1997.

Filed in Office of Secretary of State April 21, 1997.