
SUBSTITUTE HOUSE BILL 2481

State of Washington

56th Legislature

2000 Regular Session

By House Committee on Capital Budget (originally sponsored by Representatives Koster, Edmonds, Esser, O'Brien, Schoesler, Barlean, Alexander, Dunn, Thomas and Ruderman)

Read first time 02/08/2000. Referred to Committee on .

1 AN ACT Relating to capital projects; and amending RCW 43.82.010.

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

3 **Sec. 1.** RCW 43.82.010 and 1997 c 117 s 1 are each amended to read
4 as follows:

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

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

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

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

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

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

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

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

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

36 (8) If the director of general administration determines that it is
37 necessary or advisable to undertake any work, construction, alteration,
38 repair, or improvement on any real estate acquired pursuant to
39 subsection (1) or (7) of this section, the director shall cause plans

1 and specifications thereof and an estimate of the cost of such work to
2 be made and filed in his or her office and the state agency benefiting
3 thereby is hereby authorized to pay for such work out of any available
4 funds: PROVIDED, That the cost of executing such work shall not exceed
5 the sum of twenty-five thousand dollars. Work, construction,
6 alteration, repair, or improvement in excess of twenty-five thousand
7 dollars, other than that done by the owner of the property if other
8 than the state, shall be performed in accordance with the public works
9 law of this state.

10 (9) In order to obtain maximum utilization of space, the director
11 of general administration shall make space utilization studies, and
12 shall establish standards for use of space by state agencies. Such
13 studies shall include the identification of opportunities for
14 colocation and consolidation of state agency office and support
15 facilities.

16 (10) The director of general administration may construct new
17 buildings on, or improve existing facilities, and furnish and equip,
18 all real estate under his or her management.

19 (a) A predesign shall be developed for all major capital projects
20 in accordance with the predesign manual adopted by the office of
21 financial management. In the predesign phase of major capital projects
22 involving construction of new office or warehouse buildings or
23 acquisition of office or warehouse facilities using a lease purchase
24 contract, the director of general administration shall conduct an
25 evaluation of the facility using a financial life-cycle cost analysis
26 as approved by the joint legislative audit and review committee,
27 including an assessment of leasing comparable space. The definition of
28 a major capital project shall be specified in the governor's capital
29 budget instruction document pursuant to RCW 43.88.030.

30 (b) Prior to the construction of new buildings or major
31 improvements to existing facilities or acquisition of facilities using
32 a lease purchase contract, the director of general administration shall
33 conduct an evaluation of the facility design and budget using life-
34 cycle cost analysis, value-engineering, and other techniques to
35 maximize the long-term effectiveness and efficiency of the facility or
36 improvement.

37 (11) All conveyances and contracts to purchase, lease, rent,
38 transfer, exchange, or sell real estate and to grant and accept
39 easements shall be approved as to form by the attorney general, signed

1 by the director of general administration or the director's designee,
2 and recorded with the county auditor of the county in which the
3 property is located.

4 (12) The director of general administration may delegate any or all
5 of the functions specified in this section to any agency upon such
6 terms and conditions as the director deems advisable.

7 (13) This section does not apply to the acquisition of real estate
8 by:

9 (a) The state college and universities for research or experimental
10 purposes;

11 (b) The state liquor control board for liquor stores and
12 warehouses; and

13 (c) The department of natural resources, the department of fish and
14 wildlife, the department of transportation, and the state parks and
15 recreation commission for purposes other than the leasing of offices,
16 warehouses, and real estate for similar purposes.

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

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