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HOUSE BILL 1066

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State of Washington

55th Legislature

1997 Regular Session

By Representatives Pennington, Chopp, Mason, Costa, Skinner, Hankins, Ogden and L. Thomas

Read first time 01/13/97. Referred to Committee on Capital Budget.

1 AN ACT Relating to the maintenance of state facilities; amending  
2 RCW 43.82.150, 43.88.032, and 43.88.110; reenacting and amending RCW  
3 43.88.030; adding a new section to chapter 43.82 RCW; and creating a  
4 new section.

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

6 NEW SECTION. **Sec. 1.** The legislature finds that the capital stock  
7 of facilities owned by state agencies represents a significant  
8 financial investment by the citizens of the state of Washington, and  
9 that providing agencies with the tools and incentives needed to  
10 adequately maintain state facilities is critically important to  
11 realizing the full value of this investment. The legislature also  
12 finds that ongoing reporting of facility inventory, condition, and  
13 maintenance information by agencies will improve accountability and  
14 assist in the evaluation of budget requests and facility management by  
15 the legislature and governor. The purpose of this act is to ensure  
16 that recent enhancements to facility and maintenance reporting systems  
17 implemented by the office of financial management, and a new program  
18 created by the department of general administration to provide

1 maintenance information and technical assistance to state and local  
2 agencies, are sustained into the future.

3 **Sec. 2.** RCW 43.82.150 and 1993 c 325 s 1 are each amended to read  
4 as follows:

5 (1) The office of financial management shall develop and maintain  
6 an inventory system to account for all owned or leased facilities  
7 utilized by state government. At a minimum, the inventory system must  
8 include the location, type, condition, and size of each facility. In  
9 addition, for owned facilities, the inventory system must include the  
10 date and cost of original construction and the cost of any major  
11 remodelling or renovation. (~~The system must be developed by January~~  
12 ~~1, 1994, and the initial inventory must be completed by June 30,~~  
13 ~~1994.~~) The inventory must be updated by June 30 of each  
14 (~~subsequent~~) year. The office of financial management shall publish  
15 a report summarizing information contained in the inventory system for  
16 each agency by October 1 of each year, beginning in 1997.

17 (2) All agencies, departments, boards, commissions, and  
18 institutions of the state of Washington shall provide to the office of  
19 financial management a complete inventory of owned and leased  
20 facilities by May 30, 1994. The inventory must be updated and  
21 submitted to the office of financial management by May 30 of each  
22 subsequent year. The inventories required under this subsection must  
23 be submitted in a standard format prescribed by the office of financial  
24 management.

25 (3) For the purposes of this section, "facilities" means buildings  
26 and other structures with walls and a roof. "Facilities" does not mean  
27 roads, bridges, parking areas, utility systems, and other similar  
28 improvements to real property.

29 NEW SECTION. **Sec. 3.** A new section is added to chapter 43.82 RCW  
30 to read as follows:

31 The department of general administration shall provide information,  
32 technical assistance, and consultation on physical plant operation and  
33 maintenance issues to state and local governments through the operation  
34 of a plant operation and support program. The program shall be funded  
35 by voluntary subscription charges and service fees.

1       **Sec. 4.** RCW 43.88.030 and 1994 c 247 s 7 and 1994 c 219 s 2 are  
2 each reenacted and amended to read as follows:

3       (1) The director of financial management shall provide all agencies  
4 with a complete set of instructions for submitting biennial budget  
5 requests to the director at least three months before agency budget  
6 documents are due into the office of financial management. The  
7 director shall provide agencies that are required under RCW 44.40.070  
8 to develop comprehensive six-year program and financial plans with a  
9 complete set of instructions for submitting these program and financial  
10 plans at the same time that instructions for submitting other budget  
11 requests are provided. The budget document or documents shall consist  
12 of the governor's budget message which shall be explanatory of the  
13 budget and shall contain an outline of the proposed financial policies  
14 of the state for the ensuing fiscal period, as well as an outline of  
15 the proposed six-year financial policies where applicable, and shall  
16 describe in connection therewith the important features of the budget.  
17 The message shall set forth the reasons for salient changes from the  
18 previous fiscal period in expenditure and revenue items and shall  
19 explain any major changes in financial policy. Attached to the budget  
20 message shall be such supporting schedules, exhibits and other  
21 explanatory material in respect to both current operations and capital  
22 improvements as the governor shall deem to be useful to the  
23 legislature. The budget document or documents shall set forth a  
24 proposal for expenditures in the ensuing fiscal period, or six-year  
25 period where applicable, based upon the estimated revenues as approved  
26 by the economic and revenue forecast council or upon the estimated  
27 revenues of the office of financial management for those funds,  
28 accounts, and sources for which the office of the economic and revenue  
29 forecast council does not prepare an official forecast, including those  
30 revenues anticipated to support the six-year programs and financial  
31 plans under RCW 44.40.070. In estimating revenues to support financial  
32 plans under RCW 44.40.070, the office of financial management shall  
33 rely on information and advice from the interagency revenue task force.  
34 Revenues shall be estimated for such fiscal period from the source and  
35 at the rates existing by law at the time of submission of the budget  
36 document, including the supplemental budgets submitted in the even-  
37 numbered years of a biennium. However, the estimated revenues for use  
38 in the governor's budget document may be adjusted to reflect budgetary  
39 revenue transfers and revenue estimates dependent upon budgetary

1 assumptions of enrollments, workloads, and caseloads. All adjustments  
2 to the approved estimated revenues must be set forth in the budget  
3 document. The governor may additionally submit, as an appendix to each  
4 supplemental, biennial, or six-year agency budget or to the budget  
5 document or documents, a proposal for expenditures in the ensuing  
6 fiscal period from revenue sources derived from proposed changes in  
7 existing statutes.

8 Supplemental and biennial documents shall reflect a six-year  
9 expenditure plan consistent with estimated revenues from existing  
10 sources and at existing rates for those agencies required to submit  
11 six-year program and financial plans under RCW 44.40.070. Any  
12 additional revenue resulting from proposed changes to existing statutes  
13 shall be separately identified within the document as well as related  
14 expenditures for the six-year period.

15 The budget document or documents shall also contain:

16 (a) Revenues classified by fund and source for the immediately past  
17 fiscal period, those received or anticipated for the current fiscal  
18 period, those anticipated for the ensuing biennium, and those  
19 anticipated for the ensuing six-year period to support the six-year  
20 programs and financial plans required under RCW 44.40.070;

21 (b) The undesignated fund balance or deficit, by fund;

22 (c) Such additional information dealing with expenditures,  
23 revenues, workload, performance, and personnel as the legislature may  
24 direct by law or concurrent resolution;

25 (d) Such additional information dealing with revenues and  
26 expenditures as the governor shall deem pertinent and useful to the  
27 legislature;

28 (e) Tabulations showing expenditures classified by fund, function,  
29 activity and object;

30 (f) A delineation of each agency's activities, including those  
31 activities funded from nonbudgeted, nonappropriated sources, including  
32 funds maintained outside the state treasury;

33 (g) Identification of all proposed direct expenditures to implement  
34 the Puget Sound water quality plan under chapter 90.70 RCW, shown by  
35 agency and in total; and

36 (h) Tabulations showing each postretirement adjustment by  
37 retirement system established after fiscal year 1991, to include, but  
38 not be limited to, estimated total payments made to the end of the

1 previous biennial period, estimated payments for the present biennium,  
2 and estimated payments for the ensuing biennium.

3 (2) The budget document or documents shall include detailed  
4 estimates of all anticipated revenues applicable to proposed operating  
5 or capital expenditures and shall also include all proposed operating  
6 or capital expenditures. The total of beginning undesignated fund  
7 balance and estimated revenues less working capital and other reserves  
8 shall equal or exceed the total of proposed applicable expenditures.  
9 The budget document or documents shall further include:

10 (a) Interest, amortization and redemption charges on the state  
11 debt;

12 (b) Payments of all reliefs, judgments and claims;

13 (c) Other statutory expenditures;

14 (d) Expenditures incident to the operation for each agency;

15 (e) Revenues derived from agency operations;

16 (f) Expenditures and revenues shall be given in comparative form  
17 showing those incurred or received for the immediately past fiscal  
18 period and those anticipated for the current biennium and next ensuing  
19 biennium, as well as those required to support the six-year programs  
20 and financial plans required under RCW 44.40.070;

21 (g) A showing and explanation of amounts of general fund and other  
22 funds obligations for debt service and any transfers of moneys that  
23 otherwise would have been available for appropriation;

24 (h) Common school expenditures on a fiscal-year basis;

25 (i) A showing, by agency, of the value and purpose of financing  
26 contracts for the lease/purchase or acquisition of personal or real  
27 property for the current and ensuing fiscal periods; and

28 (j) A showing and explanation of anticipated amounts of general  
29 fund and other funds required to amortize the unfunded actuarial  
30 accrued liability of the retirement system specified under chapter  
31 41.45 RCW, and the contributions to meet such amortization, stated in  
32 total dollars and as a level percentage of total compensation.

33 (3) A separate capital budget document or schedule shall be  
34 submitted that will contain the following:

35 (a) A statement setting forth a long-range facilities plan for the  
36 state that identifies and includes the highest priority needs within  
37 affordable spending levels;

38 (b) A capital program consisting of proposed capital projects for  
39 the next biennium and the two biennia succeeding the next biennium

1 consistent with the long-range facilities plan. Inasmuch as is  
2 practical, and recognizing emergent needs, the capital program shall  
3 reflect the priorities, projects, and spending levels proposed in  
4 previously submitted capital budget documents in order to provide a  
5 reliable long-range planning tool for the legislature and state  
6 agencies;

7 (c) A capital plan consisting of proposed capital spending for at  
8 least four biennia succeeding the next biennium;

9 (d) A strategic plan for reducing backlogs of maintenance and  
10 repair projects. The plan shall include a prioritized list of specific  
11 facility deficiencies and capital projects to address the deficiencies  
12 for each agency, cost estimates for each project, a schedule for  
13 completing projects over a reasonable period of time, and  
14 identification of normal maintenance activities to reduce future  
15 backlogs;

16 (e) A statement of the reason or purpose for a project;

17 ~~((e))~~ (f) Verification that a project is consistent with the  
18 provisions set forth in chapter 36.70A RCW;

19 ~~((f))~~ (g) A statement about the proposed site, size, and  
20 estimated life of the project, if applicable;

21 ~~((g))~~ (h) Estimated total project cost;

22 ~~((h))~~ (i) For major projects valued over five million dollars,  
23 estimated costs for the following project components: Acquisition,  
24 consultant services, construction, equipment, project management, and  
25 other costs included as part of the project. Project component costs  
26 shall be displayed in a standard format defined by the office of  
27 financial management to allow comparisons between projects;

28 ~~((i))~~ (j) Estimated total project cost for each phase of the  
29 project as defined by the office of financial management;

30 ~~((j))~~ (k) Estimated ensuing biennium costs;

31 ~~((k))~~ (l) Estimated costs beyond the ensuing biennium;

32 ~~((l))~~ (m) Estimated construction start and completion dates;

33 ~~((m))~~ (n) Source and type of funds proposed;

34 ~~((n))~~ (o) Estimated ongoing operating budget costs or savings  
35 resulting from the project, including staffing and maintenance costs;

36 ~~((o))~~ (p) For any capital appropriation requested for a state  
37 agency for the acquisition of land or the capital improvement of land  
38 in which the primary purpose of the acquisition or improvement is  
39 recreation or wildlife habitat conservation, the capital budget

1 document, or an omnibus list of recreation and habitat acquisitions  
2 provided with the governor's budget document, shall identify the  
3 projected costs of operation and maintenance for at least the two  
4 biennia succeeding the next biennium. Omnibus lists of habitat and  
5 recreation land acquisitions shall include individual project cost  
6 estimates for operation and maintenance as well as a total for all  
7 state projects included in the list. The document shall identify the  
8 source of funds from which the operation and maintenance costs are  
9 proposed to be funded;

10       (~~(p)~~) (q) Such other information bearing upon capital projects as  
11 the governor deems to be useful;

12       (~~(q)~~) (r) Standard terms, including a standard and uniform  
13 definition of normal maintenance, for all capital projects;

14       (~~(r)~~) (s) Such other information as the legislature may direct by  
15 law or concurrent resolution.

16       For purposes of this subsection (3), the term "capital project"  
17 shall be defined subsequent to the analysis, findings, and  
18 recommendations of a joint committee comprised of representatives from  
19 the house capital appropriations committee, senate ways and means  
20 committee, legislative transportation committee, legislative evaluation  
21 and accountability program committee, and office of financial  
22 management.

23       (4) No change affecting the comparability of agency or program  
24 information relating to expenditures, revenues, workload, performance  
25 and personnel shall be made in the format of any budget document or  
26 report presented to the legislature under this section or RCW  
27 43.88.160(1) relative to the format of the budget document or report  
28 which was presented to the previous regular session of the legislature  
29 during an odd-numbered year without prior legislative concurrence.  
30 Prior legislative concurrence shall consist of (a) a favorable majority  
31 vote on the proposal by the standing committees on ways and means of  
32 both houses if the legislature is in session or (b) a favorable  
33 majority vote on the proposal by members of the legislative evaluation  
34 and accountability program committee if the legislature is not in  
35 session.

36       **Sec. 5.** RCW 43.88.032 and 1994 c 219 s 4 are each amended to read  
37 as follows:

1 (1) (~~Annual ongoing or routine~~) Normal maintenance costs shall be  
2 programmed in the operating budget rather than in the capital budget.

3 (2) All debt-financed pass-through money to local governments shall  
4 be programmed and separately identified in the budget document.

5 **Sec. 6.** RCW 43.88.110 and 1994 c 219 s 5 are each amended to read  
6 as follows:

7 This section sets forth the expenditure programs and the allotment  
8 and reserve procedures to be followed by the executive branch for  
9 public funds.

10 (1) Allotments of an appropriation for any fiscal period shall  
11 conform to the terms, limits, or conditions of the appropriation.

12 (2) The director of financial management shall provide all agencies  
13 with a complete set of operating and capital instructions for preparing  
14 a statement of proposed expenditures at least thirty days before the  
15 beginning of a fiscal period. The set of instructions need not include  
16 specific appropriation amounts for the agency.

17 (3) Within forty-five days after the beginning of the fiscal period  
18 or within forty-five days after the governor signs the omnibus biennial  
19 appropriations act, whichever is later, all agencies shall submit to  
20 the governor a statement of proposed expenditures at such times and in  
21 such form as may be required by the governor.

22 (4) The office of financial management shall develop a method for  
23 monitoring capital appropriations and expenditures that will capture at  
24 least the following elements:

25 (a) Appropriations made for capital projects including  
26 transportation projects;

27 (b) Estimates of total project costs including past, current,  
28 ensuing, and future biennial costs;

29 (c) Comparisons of actual costs to estimated costs;

30 (d) Comparisons of estimated construction start and completion  
31 dates with actual dates;

32 (e) Documentation of fund shifts between projects.

33 This data may be incorporated into the existing accounting system  
34 or into a separate project management system, as deemed appropriate by  
35 the office of financial management.

36 (5) The office of financial management shall publish agency annual  
37 maintenance summary reports beginning in October 1997. State agencies  
38 shall submit a separate report for each major campus or site, as

1 defined by the office of financial management. Reports shall be  
2 prepared in a format prescribed by the office of financial management  
3 and shall include, but not be limited to: Information describing the  
4 number, size, and condition of state-owned facilities; facility  
5 maintenance, repair, and operating expenses paid from the state  
6 operating and capital budgets, including maintenance staffing levels;  
7 the condition of major infrastructure systems; and maintenance  
8 management initiatives undertaken by the agency over the prior year.  
9 Agencies shall submit their annual maintenance summary reports to the  
10 office of financial management by September 1 each year.

11 (6) The office of financial management, prior to approving  
12 allotments for major capital construction projects valued over five  
13 million dollars, shall institute procedures for reviewing such projects  
14 at the predesign stage that will reduce long-term costs and increase  
15 facility efficiency. The procedures shall include, but not be limited  
16 to, the following elements:

17 (a) Evaluation of facility program requirements and consistency  
18 with long-range plans;

19 (b) Utilization of a system of cost, quality, and performance  
20 standards to compare major capital construction projects; and

21 (c) A requirement to incorporate value-engineering analysis and  
22 constructability review into the project schedule.

23 ~~((6))~~ (7) No expenditure may be incurred or obligation entered  
24 into for such major capital construction projects including, without  
25 exception, land acquisition, site development, predesign, design,  
26 construction, and equipment acquisition and installation, until the  
27 allotment of the funds to be expended has been approved by the office  
28 of financial management. This limitation does not prohibit the  
29 continuation of expenditures and obligations into the succeeding  
30 biennium for projects for which allotments have been approved in the  
31 immediate prior biennium.

32 ~~((7))~~ (8) If at any time during the fiscal period the governor  
33 projects a cash deficit in a particular fund or account as defined by  
34 RCW 43.88.050, the governor shall make across-the-board reductions in  
35 allotments for that particular fund or account so as to prevent a cash  
36 deficit, unless the legislature has directed the liquidation of the  
37 cash deficit over one or more fiscal periods. Except for the  
38 legislative and judicial branches and other agencies headed by elective  
39 officials, the governor shall review the statement of proposed

1 operating expenditures for reasonableness and conformance with  
2 legislative intent. Once the governor approves the statements of  
3 proposed operating expenditures, further revisions shall be made only  
4 at the beginning of the second fiscal year and must be initiated by the  
5 governor. However, changes in appropriation level authorized by the  
6 legislature, changes required by across-the-board reductions mandated  
7 by the governor, changes caused by executive increases to spending  
8 authority, and changes caused by executive decreases to spending  
9 authority for failure to comply with the provisions of chapter 36.70A  
10 RCW may require additional revisions. Revisions shall not be made  
11 retroactively. Revisions caused by executive increases to spending  
12 authority shall not be made after June 30, 1987. However, the governor  
13 may assign to a reserve status any portion of an agency appropriation  
14 withheld as part of across-the-board reductions made by the governor  
15 and any portion of an agency appropriation conditioned on a contingent  
16 event by the appropriations act. The governor may remove these amounts  
17 from reserve status if the across-the-board reductions are subsequently  
18 modified or if the contingent event occurs. The director of financial  
19 management shall enter approved statements of proposed expenditures  
20 into the state budgeting, accounting, and reporting system within  
21 forty-five days after receipt of the proposed statements from the  
22 agencies. If an agency or the director of financial management is  
23 unable to meet these requirements, the director of financial management  
24 shall provide a timely explanation in writing to the legislative fiscal  
25 committees.

26 ~~((+8))~~ (9) It is expressly provided that all agencies shall be  
27 required to maintain accounting records and to report thereon in the  
28 manner prescribed in this chapter and under the regulations issued  
29 pursuant to this chapter. Within ninety days of the end of the fiscal  
30 year, all agencies shall submit to the director of financial management  
31 their final adjustments to close their books for the fiscal year.  
32 Prior to submitting fiscal data, written or oral, to committees of the  
33 legislature, it is the responsibility of the agency submitting the data  
34 to reconcile it with the budget and accounting data reported by the  
35 agency to the director of financial management.

36 ~~((+9))~~ (10) The director of financial management shall monitor  
37 agency operating expenditures against the approved statement of  
38 proposed expenditures and shall provide the legislature with quarterly  
39 explanations of major variances.

1        (~~(10)~~) (11) The director of financial management may exempt  
2 certain public funds from the allotment controls established under this  
3 chapter if it is not practical or necessary to allot the funds.  
4 Allotment control exemptions expire at the end of the fiscal biennium  
5 for which they are granted. The director of financial management shall  
6 report any exemptions granted under this subsection to the legislative  
7 fiscal committees.

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