

2 **ESHB 2237** - CONF REPT  
3 By Conference Committee

4 ADOPTED 3/9/94

5 Strike everything after the enacting clause and insert the  
6 following:

7 "NEW SECTION. **Sec. 1.** The legislature finds that the acquisition,  
8 construction, and management of state-owned and leased facilities has  
9 a profound and long-range effect upon the delivery and cost of state  
10 programs, and that there is an increasing need for better facility  
11 planning and management to improve the effectiveness and efficiency of  
12 state facilities.

13 **Sec. 2.** RCW 43.88.030 and 1991 c 358 s 1 and 1991 c 284 s 1 are  
14 each reenacted and amended to read as follows:

15 (1) The director of financial management shall provide all agencies  
16 with a complete set of instructions for submitting biennial budget  
17 requests to the director at least three months before agency budget  
18 documents are due into the office of financial management. The  
19 director shall provide agencies that are required under RCW 44.40.070  
20 to develop comprehensive six-year program and financial plans with a  
21 complete set of instructions for submitting these program and financial  
22 plans at the same time that instructions for submitting other budget  
23 requests are provided. The budget document or documents shall consist  
24 of the governor's budget message which shall be explanatory of the  
25 budget and shall contain an outline of the proposed financial policies  
26 of the state for the ensuing fiscal period, as well as an outline of  
27 the proposed six-year financial policies where applicable, and shall  
28 describe in connection therewith the important features of the budget.  
29 The message shall set forth the reasons for salient changes from the  
30 previous fiscal period in expenditure and revenue items and shall  
31 explain any major changes in financial policy. Attached to the budget  
32 message shall be such supporting schedules, exhibits and other  
33 explanatory material in respect to both current operations and capital  
34 improvements as the governor shall deem to be useful to the  
35 legislature. The budget document or documents shall set forth a

1 proposal for expenditures in the ensuing fiscal period, or six-year  
2 period where applicable, based upon the estimated revenues as approved  
3 by the economic and revenue forecast council or upon the estimated  
4 revenues of the office of financial management for those funds,  
5 accounts, and sources for which the office of the economic and revenue  
6 forecast council does not prepare an official forecast, including those  
7 revenues anticipated to support the six-year programs and financial  
8 plans under RCW 44.40.070. In estimating revenues to support financial  
9 plans under RCW 44.40.070, the office of financial management shall  
10 rely on information and advice from the interagency revenue task force.  
11 Revenues shall be estimated for such fiscal period from the source and  
12 at the rates existing by law at the time of submission of the budget  
13 document, including the supplemental budgets submitted in the even-  
14 numbered years of a biennium. However, the estimated revenues for use  
15 in the governor's budget document may be adjusted to reflect budgetary  
16 revenue transfers and revenue estimates dependent upon budgetary  
17 assumptions of enrollments, workloads, and caseloads. All adjustments  
18 to the approved estimated revenues must be set forth in the budget  
19 document. The governor may additionally submit, as an appendix to each  
20 supplemental, biennial, or six-year agency budget or to the budget  
21 document or documents, a proposal for expenditures in the ensuing  
22 fiscal period from revenue sources derived from proposed changes in  
23 existing statutes.

24 Supplemental and biennial documents shall reflect a six-year  
25 expenditure plan consistent with estimated revenues from existing  
26 sources and at existing rates for those agencies required to submit  
27 six-year program and financial plans under RCW 44.40.070. Any  
28 additional revenue resulting from proposed changes to existing statutes  
29 shall be separately identified within the document as well as related  
30 expenditures for the six-year period.

31 The budget document or documents shall also contain:

32 (a) Revenues classified by fund and source for the immediately past  
33 fiscal period, those received or anticipated for the current fiscal  
34 period, those anticipated for the ensuing biennium, and those  
35 anticipated for the ensuing six-year period to support the six-year  
36 programs and financial plans required under RCW 44.40.070;

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

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

4 (d) Such additional information dealing with revenues and  
5 expenditures as the governor shall deem pertinent and useful to the  
6 legislature;

7 (e) Tabulations showing expenditures classified by fund, function,  
8 activity and object;

9 (f) A delineation of each agency's activities, including those  
10 activities funded from nonbudgeted, nonappropriated sources, including  
11 funds maintained outside the state treasury; and

12 (g) Identification of all proposed direct expenditures to implement  
13 the Puget Sound water quality plan under chapter 90.70 RCW, shown by  
14 agency and in total.

15 (2) The budget document or documents shall include detailed  
16 estimates of all anticipated revenues applicable to proposed operating  
17 or capital expenditures and shall also include all proposed operating  
18 or capital expenditures. The total of beginning undesignated fund  
19 balance and estimated revenues less working capital and other reserves  
20 shall equal or exceed the total of proposed applicable expenditures.  
21 The budget document or documents shall further include:

22 (a) Interest, amortization and redemption charges on the state  
23 debt;

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

25 (c) Other statutory expenditures;

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

27 (e) Revenues derived from agency operations;

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

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

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

37 (i) A showing, by agency, of the value and purpose of financing  
38 contracts for the lease/purchase or acquisition of personal or real  
39 property for the current and ensuing fiscal periods.

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

3 (a) A ~~((capital plan consisting of proposed capital spending for at  
4 least four fiscal periods succeeding the next fiscal period))~~ statement  
5 setting forth a long-range facilities plan for the state that  
6 identifies and includes the highest priority needs within affordable  
7 spending levels;

8 (b) A capital program consisting of proposed capital projects for  
9 ~~((at least))~~ the next biennium and the two ((fiscal periods)) biennia  
10 succeeding the next ((fiscal period)) biennium consistent with the  
11 long-range facilities plan. Inasmuch as is practical, and recognizing  
12 emergent needs, the capital program shall reflect the priorities,  
13 projects, and spending levels proposed in previously submitted capital  
14 budget documents in order to provide a reliable long-range planning  
15 tool for the legislature and state agencies;

16 (c) A capital plan consisting of proposed capital spending for at  
17 least four ~~((fiscal periods))~~ biennia succeeding the next ~~((fiscal~~  
18 ~~period))~~ biennium;

19 (d) A statement of the reason or purpose for a project;

20 (e) Verification that a project is consistent with the provisions  
21 set forth in chapter 36.70A RCW;

22 (f) A statement about the proposed site, size, and estimated life  
23 of the project, if applicable;

24 (g) Estimated total project cost;

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

31 (i) Estimated total project cost for each phase of the project as  
32 defined by the office of financial management;

33 ~~((i))~~ (j) Estimated ensuing biennium costs;

34 ~~((j))~~ (k) Estimated costs beyond the ensuing biennium;

35 ~~((k))~~ (l) Estimated construction start and completion dates;

36 ~~((l))~~ (m) Source and type of funds proposed;

37 ~~((m))~~ (n) Estimated ongoing operating budget costs or savings  
38 resulting from the project, including staffing and maintenance costs;

1       (o) For any capital appropriation requested for a state agency for  
2 the acquisition of land or the capital improvement of land in which the  
3 primary purpose of the acquisition or improvement is recreation or  
4 wildlife habitat conservation, the capital budget document, or an  
5 omnibus list of recreation and habitat acquisitions provided with the  
6 governor's budget document, shall identify the projected costs of  
7 operation and maintenance for at least the two biennia succeeding the  
8 next biennium. Omnibus lists of habitat and recreation land  
9 acquisitions shall include individual project cost estimates for  
10 operation and maintenance as well as a total for all state projects  
11 included in the list. The document shall identify the source of funds  
12 from which the operation and maintenance costs are proposed to be  
13 funded;

14       (p) Such other information bearing upon capital projects as the  
15 governor deems to be useful;

16       ~~((n))~~ (q) Standard terms, including a standard and uniform  
17 definition of maintenance for all capital projects;

18       ~~((o))~~ (r) Such other information as the legislature may direct by  
19 law or concurrent resolution.

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

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

1       **Sec. 3.** RCW 43.88A.020 and 1979 c 151 s 146 are each amended to  
2 read as follows:

3       The office of financial management shall, in cooperation with  
4 appropriate legislative committees and legislative staff, establish a  
5 procedure for the provision of fiscal notes on the expected impact of  
6 bills and resolutions which increase or decrease or tend to increase or  
7 decrease state government revenues or expenditures. Such fiscal notes  
8 shall indicate by fiscal year the impact for the remainder of the  
9 biennium in which the bill or resolution will first take effect as well  
10 as a cumulative forecast of the fiscal impact for the succeeding four  
11 fiscal years. Fiscal notes shall separately identify the fiscal  
12 impacts on the operating and capital budgets. Estimates of fiscal  
13 impacts shall be calculated using the procedures contained in the  
14 fiscal note instructions issued by the office of financial management.

15       In establishing the fiscal impact called for pursuant to this  
16 chapter, the office of financial management shall coordinate the  
17 development of fiscal notes with all state agencies affected.

18       **Sec. 4.** RCW 43.88.032 and 1989 c 311 s 1 are each amended to read  
19 as follows:

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

22       (2) All debt-financed pass-through money to local governments shall  
23 be programmed and separately identified in the (~~capital~~) budget  
24 document.

25       **Sec. 5.** RCW 43.88.110 and 1991 sp.s. c 32 s 27 and 1991 c 358 s 2  
26 are each reenacted and amended to read as follows:

27       This section sets forth the expenditure programs and the allotment  
28 and reserve procedures to be followed by the executive branch for  
29 public funds.

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

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

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

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

9 (a) Appropriations made for capital projects including  
10 transportation projects;

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

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

14 (d) Comparisons of estimated construction start and completion  
15 dates with actual dates;

16 (e) Documentation of fund shifts between projects.

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

20 (5) The office of financial management, prior to approving  
21 allotments for major capital construction projects valued over five  
22 million dollars, shall institute procedures for reviewing such projects  
23 at the predesign stage that will reduce long-term costs and increase  
24 facility efficiency. The procedures shall include, but not be limited  
25 to, the following elements:

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

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

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

32 (6) No expenditure may be incurred or obligation entered into for  
33 such major capital construction projects including, without exception,  
34 land acquisition, site development, predesign, design, construction,  
35 and equipment acquisition and installation, until the allotment of the  
36 funds to be expended has been approved by the office of financial  
37 management. This limitation does not prohibit the continuation of  
38 expenditures and obligations into the succeeding biennium for projects

1 for which allotments have been approved in the immediate prior  
2 biennium.

3       (7) If at any time during the fiscal period the governor projects  
4 a cash deficit in a particular fund or account as defined by RCW  
5 43.88.050, the governor shall make across-the-board reductions in  
6 allotments for that particular fund or account so as to prevent a cash  
7 deficit, unless the legislature has directed the liquidation of the  
8 cash deficit over one or more fiscal periods. Except for the  
9 legislative and judicial branches and other agencies headed by elective  
10 officials, the governor shall review the statement of proposed  
11 operating expenditures for reasonableness and conformance with  
12 legislative intent. Once the governor approves the statements of  
13 proposed operating expenditures, further revisions shall be made only  
14 at the beginning of the second fiscal year and must be initiated by the  
15 governor. However, changes in appropriation level authorized by the  
16 legislature, changes required by across-the-board reductions mandated  
17 by the governor, changes caused by executive increases to spending  
18 authority, and changes caused by executive decreases to spending  
19 authority for failure to comply with the provisions of chapter 36.70A  
20 RCW may require additional revisions. Revisions shall not be made  
21 retroactively. Revisions caused by executive increases to spending  
22 authority shall not be made after June 30, 1987. However, the governor  
23 may assign to a reserve status any portion of an agency appropriation  
24 withheld as part of across-the-board reductions made by the governor  
25 and any portion of an agency appropriation conditioned on a contingent  
26 event by the appropriations act. The governor may remove these amounts  
27 from reserve status if the across-the-board reductions are subsequently  
28 modified or if the contingent event occurs. The director of financial  
29 management shall enter approved statements of proposed expenditures  
30 into the state budgeting, accounting, and reporting system within  
31 forty-five days after receipt of the proposed statements from the  
32 agencies. If an agency or the director of financial management is  
33 unable to meet these requirements, the director of financial management  
34 shall provide a timely explanation in writing to the legislative fiscal  
35 committees.

36       (~~(6)~~) (8) It is expressly provided that all agencies shall be  
37 required to maintain accounting records and to report thereon in the  
38 manner prescribed in this chapter and under the regulations issued  
39 pursuant to this chapter. Within ninety days of the end of the fiscal



1 year, all agencies shall submit to the director of financial management  
2 their final adjustments to close their books for the fiscal year.  
3 Prior to submitting fiscal data, written or oral, to committees of the  
4 legislature, it is the responsibility of the agency submitting the data  
5 to reconcile it with the budget and accounting data reported by the  
6 agency to the director of financial management.

7 ~~((+7))~~ (9) The director of financial management shall monitor  
8 agency operating expenditures against the approved statement of  
9 proposed expenditures and shall provide the legislature with quarterly  
10 explanations of major variances.

11 ~~((+8))~~ (10) The director of financial management may exempt  
12 certain public funds from the allotment controls established under this  
13 chapter if it is not practical or necessary to allot the funds.  
14 Allotment control exemptions expire at the end of the fiscal biennium  
15 for which they are granted. The director of financial management shall  
16 report any exemptions granted under this subsection to the legislative  
17 fiscal committees.

18 NEW SECTION. Sec. 6. A new section is added to chapter 43.88 RCW  
19 to read as follows:

20 (1) The capital appropriations act may authorize the governor,  
21 through the director of financial management, to transfer the  
22 appropriation authority for a capital project that is in excess of the  
23 amount required for the completion of the project to another capital  
24 project for which the appropriation is insufficient.

25 (a) No such transfer may be used to expand the capacity or change  
26 the intended use of the project beyond that intended by the legislature  
27 in making the appropriation.

28 (b) The transfer may be effected only between capital projects  
29 within a specific department, commission, agency, or institution of  
30 higher education.

31 (c) The transfer may be effected only if the project from which the  
32 transfer of funds is made is substantially complete and there are funds  
33 remaining, or bids have been let on the project from which the transfer  
34 of funds is made and it appears to a substantial certainty that the  
35 project can be completed within the biennium for less than the amount  
36 appropriated.

37 (2) For the purposes of this section, the legislature intends that  
38 each project be defined as proposed to the legislature in the

1 governor's budget document, unless the legislative history demonstrates  
2 that the legislature intended to define the scope of a project in a  
3 different way.

4 (3) The office of financial management shall notify the legislative  
5 fiscal committees of the senate and the house of representatives at  
6 least thirty days before any transfer is effected under this section  
7 except emergency projects or any transfer under two hundred fifty  
8 thousand dollars, and shall prepare a report to such committees listing  
9 all completed transfers at the close of each fiscal year.

10 **Sec. 7.** RCW 43.82.010 and 1990 c 47 s 1 are each amended to read  
11 as follows:

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

24 (2) Except for real estate occupied by federal agencies, the  
25 director shall determine the location, size, and design of any real  
26 estate or improvements thereon acquired or held pursuant to subsection  
27 (1) of this section. Facilities acquired or held pursuant to this  
28 chapter, and any improvements thereon, shall conform to standards  
29 adopted by the director and approved by the office of financial  
30 management governing facility efficiency unless a specific exemption  
31 from such standards is provided by the director of general  
32 administration. The director of general administration shall report to  
33 the office of financial management annually on any exemptions granted  
34 pursuant to this subsection.

35 (3) The director of general administration may fix the terms and  
36 conditions of each lease entered into under this chapter, except that  
37 no lease shall extend greater than twenty years in duration. The  
38 director of general administration may enter into a long-term lease

1 greater than five years in duration upon a determination by the  
2 director of the office of financial management that the long-term lease  
3 provides a more favorable rate than would otherwise be available, it  
4 appears to a substantial certainty that the facility is necessary for  
5 use by the state for the full length of the lease term, and the  
6 facility meets the standards adopted pursuant to subsection (2) of this  
7 section. The director of general administration may enter into a long-  
8 term lease greater than ten years in duration if an analysis shows that  
9 the life-cycle cost of leasing the facility is less than the life-cycle  
10 cost of purchasing or constructing a facility in lieu of leasing the  
11 facility.

12 (4) It is the policy of the state to encourage the collocation and  
13 consolidation of state services into single or adjacent facilities,  
14 whenever appropriate, to improve public service delivery, minimize  
15 duplication of facilities, increase efficiency of operations, and  
16 promote sound growth management planning.

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

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

1 exceed five percent of the average annual rental, to meet unforeseen  
2 expenses incident to management of the real estate.

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

16 ~~((+5))~~ (8) In order to obtain maximum utilization of space, the  
17 director of general administration shall make space utilization  
18 studies, and shall establish standards for use of space by state  
19 agencies. Such studies shall include the identification of  
20 opportunities for collocation and consolidation of state agency office  
21 and support facilities.

22 ~~((+6))~~ (9) The director of general administration may construct  
23 new buildings on, or improve existing facilities, and furnish and  
24 equip, all real estate under his or her management. Prior to the  
25 construction of new buildings or major improvements to existing  
26 facilities or acquisition of facilities using a lease purchase  
27 contract, the director of general administration shall conduct an  
28 evaluation of the facility design and budget using life-cycle cost  
29 analysis, value-engineering, and other techniques to maximize the long-  
30 term effectiveness and efficiency of the facility or improvement.

31 ~~((+7))~~ (10) All conveyances and contracts to purchase, lease,  
32 rent, transfer, exchange, or sell real estate and to grant and accept  
33 easements shall be approved as to form by the attorney general, signed  
34 by the director of general administration or the director's designee,  
35 and recorded with the county auditor of the county in which the  
36 property is located.

37 ~~((+8))~~ (11) The director of general administration may delegate  
38 any or all of the functions specified in this section to any agency  
39 upon such terms and conditions as the director deems advisable.

1       (~~(9)~~) (12) This section does not apply to the acquisition of real  
2 estate by:

3       (a) The state college and universities for research or experimental  
4 purposes;

5       (b) The state liquor control board for liquor stores and  
6 warehouses; and

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

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

17       NEW SECTION.   **Sec. 8.** (1) The legislature finds that current  
18 facility planning, budgeting, and management responsibilities are  
19 spread among a number of state agencies, and that there may be a need  
20 to consolidate these functions within a single entity with independent  
21 powers and fiduciary responsibility for state facilities as a whole to  
22 increase the consistency and quality of facility decisions.

23       (2) The office of financial management shall evaluate the need for  
24 and potential responsibilities of a central state facilities authority  
25 to coordinate and manage the design, acquisition, construction, and  
26 utilization of state facilities, including leased facilities. The  
27 evaluation shall include an examination of the current roles and  
28 responsibilities of state agencies including the department of general  
29 administration, the higher education coordinating board, the state  
30 board for community and technical colleges, and the office of financial  
31 management to identify critical areas for improvement and any  
32 overlapping areas of responsibility.

33       (3) The office of financial management shall consider the following  
34 potential responsibilities of a central facilities authority in its  
35 evaluation:

36       (a) Involvement in agency master planning and facility predesign  
37 activities to assist agencies in developing creative alternatives for  
38 meeting program needs;

1 (b) Development of facility performance and cost standards to  
2 assist in facility planning and budget evaluation;

3 (c) Critical evaluation of facility designs and budget requests  
4 through life-cycle cost analysis, value-engineering, and other tools to  
5 maximize the long-term effectiveness and efficiency of state  
6 facilities;

7 (d) Central management of and planning for the state's facility  
8 inventory, including both leased and state-owned facilities, to  
9 maximize agency collocation and consolidation opportunities and create  
10 identifiable state government and education centers;

11 (e) Administration and management of agency capital construction  
12 projects;

13 (f) Development of leasing standards and procedures, including a  
14 methodology for analyzing the costs and benefits of leasing versus  
15 owning facilities, and appropriate procurement of leased, lease-  
16 developed, or lease-purchased facilities;

17 (g) Development of facility operation and maintenance standards or  
18 guidelines;

19 (h) Administration and allocation of centrally pooled  
20 appropriations for projects affecting more than one agency or for which  
21 efficiency can be enhanced by central administration; and

22 (i) Other responsibilities as determined by the office of financial  
23 management.

24 (3) The evaluation shall consider increasing the responsibilities  
25 and powers of an existing agency or agencies, or establishing a new  
26 agency or agencies to accomplish the objectives of this section. The  
27 evaluation shall also estimate the costs and benefits of operating a  
28 central facility authority or authorities.

29 (4) The office of financial management shall convene a steering  
30 committee composed of representatives of affected state agencies and  
31 the private real estate industry to assist in collecting needed  
32 information and conducting the evaluation.

33 (5) The office of financial management shall report on the results  
34 of its evaluation to the appropriate standing committees of the  
35 legislature by January 10, 1995.

36 This section shall expire June 30, 1995.

37 NEW SECTION. **Sec. 9.** The office of financial management shall  
38 conduct a review of the state's bonding requirements under chapter

1 39.08 RCW, shall analyze alternative forms of security, and shall  
2 report its findings and analysis to the appropriate committees of the  
3 senate and the house of representatives no later than January 10, 1995.  
4 The alternative forms of security shall include, but not be limited to,  
5 a bond in an amount less than the full contract price, letter of  
6 credit, certified check, cash escrow, and assets of the contractor.  
7 The purpose of the review is to determine if alternative forms of  
8 security will provide essentially the same level of protection to the  
9 state at a lower cost to the contractor and the state.

10 This section shall expire June 30, 1995.

11 NEW SECTION. **Sec. 10.** (1) The state board of education shall  
12 study the potential for savings by constructing common schools from  
13 prototypical school construction designs. The findings and  
14 recommendations of the board shall be submitted to the senate committee  
15 on ways and means and the house of representatives capital budget  
16 committee by December 15, 1994.

17 (2) This section expires June 30, 1995.

18 NEW SECTION. **Sec. 11.** A new section is added to chapter 28A.525  
19 RCW to read as follows:

20 The state board of education, for purposes of determining  
21 eligibility for state assistance for new construction, shall adopt  
22 rules excluding from the inventory of available educational space those  
23 spaces that have been constructed for educational and community  
24 activities from grants received from other public or private entities.

25 **Sec. 12.** RCW 79.24.580 and 1993 sp.s. c 24 s 927 are each amended  
26 to read as follows:

27 After deduction for management costs as provided in RCW 79.64.040  
28 and payments to towns under RCW 79.92.110(2), all moneys received by  
29 the state from the sale or lease of state-owned aquatic lands and from  
30 the sale of valuable material from state-owned aquatic lands shall be  
31 (~~distributed as follows:—(1) To the state building bond redemption~~  
32 ~~fund such amounts necessary to retire bonds issued pursuant to RCW~~  
33 ~~79.24.630 through 79.24.647 prior to January 1, 1987, and for which~~  
34 ~~tidal and harbor area revenues have been pledged, and (2) all moneys not~~  
35 ~~deposited for the purposes of subsection (1) of this section shall be))  
36 deposited in the aquatic lands enhancement account which is hereby~~

1 created in the state treasury. After appropriation, these funds shall  
2 be used solely for aquatic lands enhancement projects; for the  
3 purchase, improvement, or protection of aquatic lands for public  
4 purposes; for providing and improving access to such lands; and for  
5 volunteer cooperative fish and game projects. During the fiscal  
6 biennium ending June 30, 1995, the funds may be appropriated for  
7 shellfish management, enforcement, and enhancement and for developing  
8 and implementing plans for population monitoring and restoration of  
9 native wild salmon stock.

10 **Sec. 13.** RCW 43.82.110 and 1969 c 121 s 2 are each amended to read  
11 as follows:

12 All office or other space made available through the provisions of  
13 this chapter shall be leased by the director to such state or federal  
14 agencies, for such rental, and on such terms and conditions as he or  
15 she deems advisable: PROVIDED, HOWEVER, If space becomes surplus, the  
16 director is authorized to lease office or other space in any project to  
17 any person, corporation or body politic, for such period as the  
18 director shall determine said space is surplus, and upon such other  
19 terms and conditions as he or she may prescribe.

20 ~~((There is hereby created within the treasury a special fund to be  
21 known as the "general administration bond redemption fund" in which all  
22 pledged rentals shall be deposited. In the event bonds are issued for  
23 more than one project, the rentals from each project will be maintained  
24 as separate accounts. The funds in this account or accounts shall be  
25 used to meet principal and interest payments when due on the bonds  
26 issued to finance the specific project for which each such account was  
27 created until all of such bonds and interest thereon have been paid.~~

28 ~~The bonds shall include a covenant that the payment or redemption  
29 thereof and the interest thereon are secured by a first and direct  
30 charge and lien on the rentals deposited in the general administration  
31 bond redemption fund, as aforesaid, and received from the project for  
32 which the bonds were issued. Such rentals shall be pledged by the  
33 state for such purpose.))~~

34 **Sec. 14.** RCW 43.82.120 and 1965 c 8 s 43.82.120 are each amended  
35 to read as follows:

36 ~~((There is hereby established within the state treasury a reserve  
37 fund to be known as the "general administration bond redemption~~



1 ~~guarantee fund.")) All ((unpledged)) rental income collected by the~~  
2 ~~department of general administration from rental of state buildings~~  
3 ~~shall be deposited in the ((general administration bond redemption~~  
4 ~~guarantee fund until a total of two hundred thousand dollars is on~~  
5 ~~deposit in said fund after which all unpledged rental income shall be~~  
6 ~~deposited in the)) general administration management fund, the creation~~  
7 ~~of which is hereby authorized. ((In the event the general~~  
8 ~~administration bond redemption guarantee fund is diminished, it shall~~  
9 ~~be replenished in the same manner.~~

10 ~~If at any time there is insufficient money in the general~~  
11 ~~administration bond redemption fund to make any payments of interest or~~  
12 ~~principal due on any bonds payable from such fund, the state treasurer~~  
13 ~~shall transfer from such general administration bond redemption~~  
14 ~~guarantee fund to the general administration bond redemption fund an~~  
15 ~~amount sufficient to meet such payments.))~~

16 NEW SECTION. **Sec. 15.** The legislature finds that there is  
17 inequitable distribution among state programs of capital costs  
18 associated with maintaining and rehabilitating state facilities. The  
19 legislature finds that there are insufficient available resources to  
20 support even minor capital improvements other than debt financing. The  
21 legislature further finds that little attention is focused on efficient  
22 facility management because in many cases capital costs are not  
23 factored into the ongoing process of allocating state resources. The  
24 purpose of sections 16 through 18 of this act is to create a mechanism  
25 to distribute capital costs among the agencies and programs occupying  
26 facilities owned and managed by the department of general  
27 administration in Thurston county that will foster increased  
28 accountability for facility decisions and more efficient use of the  
29 facilities.

30 **Sec. 16.** RCW 43.01.090 and 1991 sp.s. c 31 s 10 are each amended  
31 to read as follows:

32 The director of general administration may assess a charge or rent  
33 against each state board, commission, agency, office, department,  
34 activity, or other occupant or user for payment of a proportionate  
35 share of costs for occupancy of buildings, structures, or facilities  
36 including but not limited to all costs of acquiring, constructing,  
37 operating, and maintaining such buildings, structures, or facilities

1 and the repair, remodeling, or furnishing thereof and for the rendering  
2 of any service or the furnishing or providing of any supplies,  
3 equipment, or materials.

4 The director of general administration may recover the full costs  
5 including appropriate overhead charges of the foregoing by periodic  
6 billings as determined by the director including but not limited to  
7 transfers upon accounts and advancements into the general  
8 administration facilities and services revolving fund. Charges related  
9 to the rendering of real estate services under RCW 43.82.010 and to the  
10 operation of nonassigned public spaces in Thurston county shall be  
11 allocated separately from other charges assessed under this section.  
12 Rates shall be established by the director of general administration  
13 after consultation with the director of financial management. The  
14 director of general administration may allot, provide, or furnish any  
15 of such facilities, structures, services, equipment, supplies, or  
16 materials to any other public service type occupant or user at such  
17 rates or charges as are equitable and reasonably reflect the actual  
18 costs of the services provided: PROVIDED, HOWEVER, That the  
19 legislature, its duly constituted committees, interim committees and  
20 other committees shall be exempted from the provisions of this section.

21 Upon receipt of such bill, each entity, occupant, or user shall  
22 cause a warrant or check in the amount thereof to be drawn in favor of  
23 the department of general administration which shall be deposited in  
24 the state treasury to the credit of the general administration  
25 facilities and services revolving fund established in RCW 43.19.500  
26 unless the director of financial management has authorized another  
27 method for payment of costs.

28 Beginning July 1, 1995, the director of general administration  
29 shall assess a capital projects surcharge upon each agency or other  
30 user occupying a facility owned and managed by the department of  
31 general administration in Thurston county. The capital projects  
32 surcharge does not apply to agencies or users that agree to pay all  
33 future repairs, improvements, and renovations to the buildings they  
34 occupy and a proportional share, as determined by the office of  
35 financial management, of all other campus repairs, installations,  
36 improvements, and renovations that provide a benefit to the buildings  
37 they occupy or that have an agreement with the department of general  
38 administration that contains a charge for a similar purpose, including  
39 but not limited to section 19 of this act, in an amount greater than

1 the capital projects surcharge. The director, after consultation with  
2 the director of financial management, shall adopt differential capital  
3 project surcharge rates to reflect the differences in facility type and  
4 quality. The initial payment structure for this surcharge shall be one  
5 dollar per square foot per year. The surcharge shall increase over  
6 time to an amount that when combined with the facilities and service  
7 charge equals the market rate for similar types of lease space in the  
8 area or equals five dollars per square foot per year, whichever is  
9 less. The capital projects surcharge shall be in addition to other  
10 charges assessed under this section. Proceeds from the capital  
11 projects surcharge shall be deposited into the Thurston county capital  
12 facilities account created in section 18 of this act.

13 **Sec. 17.** RCW 43.19.500 and 1982 c 41 s 2 are each amended to read  
14 as follows:

15 There is hereby created a fund within the state treasury designated  
16 as the "department of general administration facilities and services  
17 revolving fund". Such revolving fund shall be used by the department  
18 of general administration for the payment of certain costs, expenses,  
19 and charges, as ((hereinafter)) specified in this section, incurred by  
20 it in the operation and administration of the department in the  
21 rendering of services, the furnishing or supplying of equipment,  
22 supplies and materials, and for providing or allocating facilities,  
23 including the operation, maintenance, rehabilitation, or furnishings  
24 thereof to other agencies, offices, departments, activities, and other  
25 entities enumerated in RCW 43.01.090 and including the rendering of  
26 services in acquiring real estate under RCW 43.82.010 and the operation  
27 and maintenance of nonassigned public spaces in Thurston county. The  
28 department shall treat the rendering of services in acquiring real  
29 estate and the operation and maintenance of nonassigned public spaces  
30 as ((a)) separate operating ((entity)) entities within the fund for  
31 financial accounting and control.

32 The schedule of services, facilities, equipment, supplies,  
33 materials, maintenance, rehabilitation, furnishings, operations, and  
34 administration to be so financed and recovered shall be determined  
35 jointly by the director of general administration and the director of  
36 financial management, in equitable amounts which, together with any  
37 other income or appropriation, will provide the department of general

1 administration with funds to meet its anticipated expenditures during  
2 any allotment period.

3 The director of general administration may (~~promulgate~~) adopt  
4 rules (~~and regulations~~) governing the provisions of RCW 43.01.090 and  
5 this section and the relationships and procedures between the  
6 department of general administration and such other entities.

7 NEW SECTION. Sec. 18. A new section is added to chapter 43.19 RCW  
8 to read as follows:

9 The Thurston county capital facilities account is created in the  
10 state treasury. The account is subject to the appropriation and  
11 allotment procedures under chapter 43.88 RCW. Moneys in the account  
12 may be expended for capital projects in facilities owned and managed by  
13 the department of general administration in Thurston county.

14 NEW SECTION. Sec. 19. It is hereby declared to be the policy of  
15 the state of Washington that each agency or other occupant of newly  
16 constructed or substantially renovated facilities owned and operated by  
17 the department of general administration in Thurston county shall  
18 proportionally share the debt service costs associated with the  
19 original construction or substantial renovation of the facility.  
20 Beginning July 1, 1995, each state agency or other occupant of a  
21 facility constructed or substantially renovated after July 1, 1992, and  
22 owned and operated by the department of general administration in  
23 Thurston county, shall be assessed a charge to pay the principal and  
24 interest payments on any bonds or other financial contract issued to  
25 finance the construction or renovation or an equivalent charge for  
26 similar projects financed by cash sources. In recognition that full  
27 payment of debt service costs may be higher than market rates for  
28 similar types of facilities or higher than existing agreements for  
29 similar charges entered into prior to the effective date of this  
30 section, the initial charge may be less than the full cost of principal  
31 and interest payments. The charge shall be assessed to all occupants  
32 of the facility on a proportional basis based on the amount of occupied  
33 space or any unique construction requirements. The office of financial  
34 management, in consultation with the department of general  
35 administration, shall develop procedures to implement this section and  
36 report to the legislative fiscal committees, by October 1994, their  
37 recommendations for implementing this section. The office of financial

1 management shall separately identify in the budget document all  
2 payments and the documentation for determining the payments required by  
3 this section for each agency and fund source during the current and the  
4 two past and future fiscal biennia. The charge authorized in this  
5 section is subject to annual audit by the state auditor.

6 NEW SECTION. **Sec. 20.** The following acts or parts of acts are  
7 each repealed:

- 8 (1) RCW 43.82.040 and 1965 c 8 s 43.82.040;
- 9 (2) RCW 43.82.050 and 1965 c 8 s 43.82.050;
- 10 (3) RCW 43.82.060 and 1965 c 8 s 43.82.060;
- 11 (4) RCW 43.82.070 and 1965 c 8 s 43.82.070;
- 12 (5) RCW 43.82.080 and 1965 c 8 s 43.82.080; and
- 13 (6) RCW 43.82.090 and 1979 ex.s. c 67 s 4 & 1965 c 8 s 43.82.090.

14 NEW SECTION. **Sec. 21.** The following acts or parts of acts are  
15 each repealed:

- 16 (1) RCW 79.24.630 and 1970 ex.s. c 14 s 1;
- 17 (2) RCW 79.24.632 and 1969 ex.s. c 273 s 4 & 1967 ex.s. c 105 s 5;
- 18 (3) RCW 79.24.634 and 1969 ex.s. c 273 s 5 & 1967 ex.s. c 105 s 6;
- 19 (4) RCW 79.24.636 and 1969 ex.s. c 273 s 6 & 1967 ex.s. c 105 s 7;
- 20 (5) RCW 79.24.638 and 1982 2nd ex.s. c 8 s 5, 1969 ex.s. c 273 s 7,  
21 & 1967 ex.s. c 105 s 8;
- 22 (6) RCW 79.24.640 and 1969 ex.s. c 273 s 8 & 1967 ex.s. c 105 s 9;
- 23 (7) RCW 79.24.642 and 1969 ex.s. c 273 s 9 & 1967 ex.s. c 105 s 10;
- 24 (8) RCW 79.24.6421 and 1969 ex.s. c 273 s 1;
- 25 (9) RCW 79.24.6422 and 1969 ex.s. c 273 s 2;
- 26 (10) RCW 79.24.644 and 1967 ex.s. c 105 s 11;
- 27 (11) RCW 79.24.645 and 1969 ex.s. c 273 s 10;
- 28 (12) RCW 79.24.646 and 1967 ex.s. c 105 s 12; and
- 29 (13) RCW 79.24.647 and 1969 ex.s. c 273 s 13.

30 NEW SECTION. **Sec. 22.** (1) For the purposes of RCW 43.82.010, "the  
31 department of fish and wildlife" means "the department of fisheries and  
32 the department of wildlife" until July 1, 1994.

33 (2) This section expires July 1, 1994.

34 NEW SECTION. **Sec. 23.** Sections 8 and 9 of this act are necessary  
35 for the immediate preservation of the public peace, health, or safety,

1 or support of the state government and its existing public  
2 institutions, and shall take effect immediately."

3 **ESHB 2237** - CONF REPT  
4 By Conference Committee

5

6 On page 1, line 1 of the title, after "facilities;" strike the  
7 remainder of the title and insert "amending RCW 43.88A.020, 43.88.032,  
8 43.82.010, 79.24.580, 43.82.110, and 43.82.120; reenacting and amending  
9 RCW 43.88.030, 43.88.110, 43.01.090, and 43.19.500; adding a new  
10 section to chapter 43.88 RCW; adding a new section to chapter 28A.525  
11 RCW; adding a new section to chapter 43.19 RCW; creating new sections;  
12 repealing RCW 43.82.040, 43.82.050, 43.82.060, 43.82.070, 43.82.080,  
13 43.82.090, 79.24.630, 79.24.632, 79.24.634, 79.24.636, 79.24.638,  
14 79.24.640, 79.24.642, 79.24.6421, 79.24.6422, 79.24.644, 79.24.645,  
15 79.24.646, and 79.24.647; and declaring an emergency."

--- END ---

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**BILL REQUEST - CODE REVISER'S OFFICE**

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BILL REQ. #: H-4564.1/94

ATTY/TYPIST: RJS:cls

BRIEF TITLE:

2 **ESHB 2237** - CONF REPT  
3 By Conference Committee

4

5 Strike everything after the enacting clause and insert the  
6 following:

7 "NEW SECTION. **Sec. 1.** The legislature finds that the acquisition,  
8 construction, and management of state-owned and leased facilities has  
9 a profound and long-range effect upon the delivery and cost of state  
10 programs, and that there is an increasing need for better facility  
11 planning and management to improve the effectiveness and efficiency of  
12 state facilities.

13 **Sec. 2.** RCW 43.88.030 and 1991 c 358 s 1 and 1991 c 284 s 1 are  
14 each reenacted and amended to read as follows:

15 (1) The director of financial management shall provide all agencies  
16 with a complete set of instructions for submitting biennial budget  
17 requests to the director at least three months before agency budget  
18 documents are due into the office of financial management. The  
19 director shall provide agencies that are required under RCW 44.40.070  
20 to develop comprehensive six-year program and financial plans with a  
21 complete set of instructions for submitting these program and financial  
22 plans at the same time that instructions for submitting other budget  
23 requests are provided. The budget document or documents shall consist  
24 of the governor's budget message which shall be explanatory of the  
25 budget and shall contain an outline of the proposed financial policies  
26 of the state for the ensuing fiscal period, as well as an outline of  
27 the proposed six-year financial policies where applicable, and shall  
28 describe in connection therewith the important features of the budget.  
29 The message shall set forth the reasons for salient changes from the  
30 previous fiscal period in expenditure and revenue items and shall  
31 explain any major changes in financial policy. Attached to the budget  
32 message shall be such supporting schedules, exhibits and other  
33 explanatory material in respect to both current operations and capital  
34 improvements as the governor shall deem to be useful to the  
35 legislature. The budget document or documents shall set forth a



1 proposal for expenditures in the ensuing fiscal period, or six-year  
2 period where applicable, based upon the estimated revenues as approved  
3 by the economic and revenue forecast council or upon the estimated  
4 revenues of the office of financial management for those funds,  
5 accounts, and sources for which the office of the economic and revenue  
6 forecast council does not prepare an official forecast, including those  
7 revenues anticipated to support the six-year programs and financial  
8 plans under RCW 44.40.070. In estimating revenues to support financial  
9 plans under RCW 44.40.070, the office of financial management shall  
10 rely on information and advice from the interagency revenue task force.  
11 Revenues shall be estimated for such fiscal period from the source and  
12 at the rates existing by law at the time of submission of the budget  
13 document, including the supplemental budgets submitted in the even-  
14 numbered years of a biennium. However, the estimated revenues for use  
15 in the governor's budget document may be adjusted to reflect budgetary  
16 revenue transfers and revenue estimates dependent upon budgetary  
17 assumptions of enrollments, workloads, and caseloads. All adjustments  
18 to the approved estimated revenues must be set forth in the budget  
19 document. The governor may additionally submit, as an appendix to each  
20 supplemental, biennial, or six-year agency budget or to the budget  
21 document or documents, a proposal for expenditures in the ensuing  
22 fiscal period from revenue sources derived from proposed changes in  
23 existing statutes.

24 Supplemental and biennial documents shall reflect a six-year  
25 expenditure plan consistent with estimated revenues from existing  
26 sources and at existing rates for those agencies required to submit  
27 six-year program and financial plans under RCW 44.40.070. Any  
28 additional revenue resulting from proposed changes to existing statutes  
29 shall be separately identified within the document as well as related  
30 expenditures for the six-year period.

31 The budget document or documents shall also contain:

32 (a) Revenues classified by fund and source for the immediately past  
33 fiscal period, those received or anticipated for the current fiscal  
34 period, those anticipated for the ensuing biennium, and those  
35 anticipated for the ensuing six-year period to support the six-year  
36 programs and financial plans required under RCW 44.40.070;

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

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

4 (d) Such additional information dealing with revenues and  
5 expenditures as the governor shall deem pertinent and useful to the  
6 legislature;

7 (e) Tabulations showing expenditures classified by fund, function,  
8 activity and object;

9 (f) A delineation of each agency's activities, including those  
10 activities funded from nonbudgeted, nonappropriated sources, including  
11 funds maintained outside the state treasury; and

12 (g) Identification of all proposed direct expenditures to implement  
13 the Puget Sound water quality plan under chapter 90.70 RCW, shown by  
14 agency and in total.

15 (2) The budget document or documents shall include detailed  
16 estimates of all anticipated revenues applicable to proposed operating  
17 or capital expenditures and shall also include all proposed operating  
18 or capital expenditures. The total of beginning undesignated fund  
19 balance and estimated revenues less working capital and other reserves  
20 shall equal or exceed the total of proposed applicable expenditures.  
21 The budget document or documents shall further include:

22 (a) Interest, amortization and redemption charges on the state  
23 debt;

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

25 (c) Other statutory expenditures;

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

27 (e) Revenues derived from agency operations;

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

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

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

37 (i) A showing, by agency, of the value and purpose of financing  
38 contracts for the lease/purchase or acquisition of personal or real  
39 property for the current and ensuing fiscal periods.

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

3 (a) A ~~((capital plan consisting of proposed capital spending for at  
4 least four fiscal periods succeeding the next fiscal period))~~ statement  
5 setting forth a long-range facilities plan for the state that  
6 identifies and includes the highest priority needs within affordable  
7 spending levels;

8 (b) A capital program consisting of proposed capital projects for  
9 ~~((at least))~~ the next biennium and the two ((fiscal periods)) biennia  
10 succeeding the next ((fiscal period)) biennium consistent with the  
11 long-range facilities plan. Inasmuch as is practical, and recognizing  
12 emergent needs, the capital program shall reflect the priorities,  
13 projects, and spending levels proposed in previously submitted capital  
14 budget documents in order to provide a reliable long-range planning  
15 tool for the legislature and state agencies;

16 (c) A capital plan consisting of proposed capital spending for at  
17 least four ~~((fiscal periods))~~ biennia succeeding the next ~~((fiscal~~  
18 ~~period))~~ biennium;

19 (d) A statement of the reason or purpose for a project;

20 (e) Verification that a project is consistent with the provisions  
21 set forth in chapter 36.70A RCW;

22 (f) A statement about the proposed site, size, and estimated life  
23 of the project, if applicable;

24 (g) Estimated total project cost;

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

31 (i) Estimated total project cost for each phase of the project as  
32 defined by the office of financial management;

33 ~~((i))~~ (j) Estimated ensuing biennium costs;

34 ~~((j))~~ (k) Estimated costs beyond the ensuing biennium;

35 ~~((k))~~ (l) Estimated construction start and completion dates;

36 ~~((l))~~ (m) Source and type of funds proposed;

37 ~~((m))~~ (n) Estimated ongoing operating budget costs or savings  
38 resulting from the project, including staffing and maintenance costs;

1       (o) For any capital appropriation requested for a state agency for  
2 the acquisition of land or the capital improvement of land in which the  
3 primary purpose of the acquisition or improvement is recreation or  
4 wildlife habitat conservation, the capital budget document, or an  
5 omnibus list of recreation and habitat acquisitions provided with the  
6 governor's budget document, shall identify the projected costs of  
7 operation and maintenance for at least the two biennia succeeding the  
8 next biennium. Omnibus lists of habitat and recreation land  
9 acquisitions shall include individual project cost estimates for  
10 operation and maintenance as well as a total for all state projects  
11 included in the list. The document shall identify the source of funds  
12 from which the operation and maintenance costs are proposed to be  
13 funded;

14       (p) Such other information bearing upon capital projects as the  
15 governor deems to be useful;

16       ~~((n))~~ (q) Standard terms, including a standard and uniform  
17 definition of maintenance for all capital projects;

18       ~~((o))~~ (r) Such other information as the legislature may direct by  
19 law or concurrent resolution.

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

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

1       **Sec. 3.** RCW 43.88A.020 and 1979 c 151 s 146 are each amended to  
2 read as follows:

3       The office of financial management shall, in cooperation with  
4 appropriate legislative committees and legislative staff, establish a  
5 procedure for the provision of fiscal notes on the expected impact of  
6 bills and resolutions which increase or decrease or tend to increase or  
7 decrease state government revenues or expenditures. Such fiscal notes  
8 shall indicate by fiscal year the impact for the remainder of the  
9 biennium in which the bill or resolution will first take effect as well  
10 as a cumulative forecast of the fiscal impact for the succeeding four  
11 fiscal years. Fiscal notes shall separately identify the fiscal  
12 impacts on the operating and capital budgets. Estimates of fiscal  
13 impacts shall be calculated using the procedures contained in the  
14 fiscal note instructions issued by the office of financial management.

15       In establishing the fiscal impact called for pursuant to this  
16 chapter, the office of financial management shall coordinate the  
17 development of fiscal notes with all state agencies affected.

18       **Sec. 4.** RCW 43.88.032 and 1989 c 311 s 1 are each amended to read  
19 as follows:

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

22       (2) All debt-financed pass-through money to local governments shall  
23 be programmed and separately identified in the (~~capital~~) budget  
24 document.

25       **Sec. 5.** RCW 43.88.110 and 1991 sp.s. c 32 s 27 and 1991 c 358 s 2  
26 are each reenacted and amended to read as follows:

27       This section sets forth the expenditure programs and the allotment  
28 and reserve procedures to be followed by the executive branch for  
29 public funds.

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

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

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

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

9 (a) Appropriations made for capital projects including  
10 transportation projects;

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

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

14 (d) Comparisons of estimated construction start and completion  
15 dates with actual dates;

16 (e) Documentation of fund shifts between projects.

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

20 (5) The office of financial management, prior to approving  
21 allotments for major capital construction projects valued over five  
22 million dollars, shall institute procedures for reviewing such projects  
23 at the predesign stage that will reduce long-term costs and increase  
24 facility efficiency. The procedures shall include, but not be limited  
25 to, the following elements:

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

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

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

32 (6) No expenditure may be incurred or obligation entered into for  
33 such major capital construction projects including, without exception,  
34 land acquisition, site development, predesign, design, construction,  
35 and equipment acquisition and installation, until the allotment of the  
36 funds to be expended has been approved by the office of financial  
37 management. This limitation does not prohibit the continuation of  
38 expenditures and obligations into the succeeding biennium for projects

1 for which allotments have been approved in the immediate prior  
2 biennium.

3       (7) If at any time during the fiscal period the governor projects  
4 a cash deficit in a particular fund or account as defined by RCW  
5 43.88.050, the governor shall make across-the-board reductions in  
6 allotments for that particular fund or account so as to prevent a cash  
7 deficit, unless the legislature has directed the liquidation of the  
8 cash deficit over one or more fiscal periods. Except for the  
9 legislative and judicial branches and other agencies headed by elective  
10 officials, the governor shall review the statement of proposed  
11 operating expenditures for reasonableness and conformance with  
12 legislative intent. Once the governor approves the statements of  
13 proposed operating expenditures, further revisions shall be made only  
14 at the beginning of the second fiscal year and must be initiated by the  
15 governor. However, changes in appropriation level authorized by the  
16 legislature, changes required by across-the-board reductions mandated  
17 by the governor, changes caused by executive increases to spending  
18 authority, and changes caused by executive decreases to spending  
19 authority for failure to comply with the provisions of chapter 36.70A  
20 RCW may require additional revisions. Revisions shall not be made  
21 retroactively. Revisions caused by executive increases to spending  
22 authority shall not be made after June 30, 1987. However, the governor  
23 may assign to a reserve status any portion of an agency appropriation  
24 withheld as part of across-the-board reductions made by the governor  
25 and any portion of an agency appropriation conditioned on a contingent  
26 event by the appropriations act. The governor may remove these amounts  
27 from reserve status if the across-the-board reductions are subsequently  
28 modified or if the contingent event occurs. The director of financial  
29 management shall enter approved statements of proposed expenditures  
30 into the state budgeting, accounting, and reporting system within  
31 forty-five days after receipt of the proposed statements from the  
32 agencies. If an agency or the director of financial management is  
33 unable to meet these requirements, the director of financial management  
34 shall provide a timely explanation in writing to the legislative fiscal  
35 committees.

36       (~~(6)~~) (8) It is expressly provided that all agencies shall be  
37 required to maintain accounting records and to report thereon in the  
38 manner prescribed in this chapter and under the regulations issued  
39 pursuant to this chapter. Within ninety days of the end of the fiscal

1 year, all agencies shall submit to the director of financial management  
2 their final adjustments to close their books for the fiscal year.  
3 Prior to submitting fiscal data, written or oral, to committees of the  
4 legislature, it is the responsibility of the agency submitting the data  
5 to reconcile it with the budget and accounting data reported by the  
6 agency to the director of financial management.

7 ~~((+7))~~ (9) The director of financial management shall monitor  
8 agency operating expenditures against the approved statement of  
9 proposed expenditures and shall provide the legislature with quarterly  
10 explanations of major variances.

11 ~~((+8))~~ (10) The director of financial management may exempt  
12 certain public funds from the allotment controls established under this  
13 chapter if it is not practical or necessary to allot the funds.  
14 Allotment control exemptions expire at the end of the fiscal biennium  
15 for which they are granted. The director of financial management shall  
16 report any exemptions granted under this subsection to the legislative  
17 fiscal committees.

18 NEW SECTION. Sec. 6. A new section is added to chapter 43.88 RCW  
19 to read as follows:

20 (1) The capital appropriations act may authorize the governor,  
21 through the director of financial management, to transfer the  
22 appropriation authority for a capital project that is in excess of the  
23 amount required for the completion of the project to another capital  
24 project for which the appropriation is insufficient.

25 (a) No such transfer may be used to expand the capacity or change  
26 the intended use of the project beyond that intended by the legislature  
27 in making the appropriation.

28 (b) The transfer may be effected only between capital projects  
29 within a specific department, commission, agency, or institution of  
30 higher education.

31 (c) The transfer may be effected only if the project from which the  
32 transfer of funds is made is substantially complete and there are funds  
33 remaining, or bids have been let on the project from which the transfer  
34 of funds is made and it appears to a substantial certainty that the  
35 project can be completed within the biennium for less than the amount  
36 appropriated.

37 (2) For the purposes of this section, the legislature intends that  
38 each project be defined as proposed to the legislature in the



1 governor's budget document, unless the legislative history demonstrates  
2 that the legislature intended to define the scope of a project in a  
3 different way.

4 (3) The office of financial management shall notify the legislative  
5 fiscal committees of the senate and the house of representatives at  
6 least thirty days before any transfer is effected under this section  
7 except emergency projects or any transfer under two hundred fifty  
8 thousand dollars, and shall prepare a report to such committees listing  
9 all completed transfers at the close of each fiscal year.

10 **Sec. 7.** RCW 43.82.010 and 1990 c 47 s 1 are each amended to read  
11 as follows:

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

24 (2) Except for real estate occupied by federal agencies, the  
25 director shall determine the location, size, and design of any real  
26 estate or improvements thereon acquired or held pursuant to subsection  
27 (1) of this section. Facilities acquired or held pursuant to this  
28 chapter, and any improvements thereon, shall conform to standards  
29 adopted by the director and approved by the office of financial  
30 management governing facility efficiency unless a specific exemption  
31 from such standards is provided by the director of general  
32 administration. The director of general administration shall report to  
33 the office of financial management annually on any exemptions granted  
34 pursuant to this subsection.

35 (3) The director of general administration may fix the terms and  
36 conditions of each lease entered into under this chapter, except that  
37 no lease shall extend greater than twenty years in duration. The  
38 director of general administration may enter into a long-term lease

1 greater than five years in duration upon a determination by the  
2 director of the office of financial management that the long-term lease  
3 provides a more favorable rate than would otherwise be available, it  
4 appears to a substantial certainty that the facility is necessary for  
5 use by the state for the full length of the lease term, and the  
6 facility meets the standards adopted pursuant to subsection (2) of this  
7 section. The director of general administration may enter into a long-  
8 term lease greater than ten years in duration if an analysis shows that  
9 the life-cycle cost of leasing the facility is less than the life-cycle  
10 cost of purchasing or constructing a facility in lieu of leasing the  
11 facility.

12 (4) It is the policy of the state to encourage the collocation and  
13 consolidation of state services into single or adjacent facilities,  
14 whenever appropriate, to improve public service delivery, minimize  
15 duplication of facilities, increase efficiency of operations, and  
16 promote sound growth management planning.

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

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

1 exceed five percent of the average annual rental, to meet unforeseen  
2 expenses incident to management of the real estate.

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

16 ~~((+5))~~ (8) In order to obtain maximum utilization of space, the  
17 director of general administration shall make space utilization  
18 studies, and shall establish standards for use of space by state  
19 agencies. Such studies shall include the identification of  
20 opportunities for collocation and consolidation of state agency office  
21 and support facilities.

22 ~~((+6))~~ (9) The director of general administration may construct  
23 new buildings on, or improve existing facilities, and furnish and  
24 equip, all real estate under his or her management. Prior to the  
25 construction of new buildings or major improvements to existing  
26 facilities or acquisition of facilities using a lease purchase  
27 contract, the director of general administration shall conduct an  
28 evaluation of the facility design and budget using life-cycle cost  
29 analysis, value-engineering, and other techniques to maximize the long-  
30 term effectiveness and efficiency of the facility or improvement.

31 ~~((+7))~~ (10) All conveyances and contracts to purchase, lease,  
32 rent, transfer, exchange, or sell real estate and to grant and accept  
33 easements shall be approved as to form by the attorney general, signed  
34 by the director of general administration or the director's designee,  
35 and recorded with the county auditor of the county in which the  
36 property is located.

37 ~~((+8))~~ (11) The director of general administration may delegate  
38 any or all of the functions specified in this section to any agency  
39 upon such terms and conditions as the director deems advisable.

1       (~~(9)~~) (12) This section does not apply to the acquisition of real  
2 estate by:

3       (a) The state college and universities for research or experimental  
4 purposes;

5       (b) The state liquor control board for liquor stores and  
6 warehouses; and

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

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

17       NEW SECTION.   **Sec. 8.** (1) The legislature finds that current  
18 facility planning, budgeting, and management responsibilities are  
19 spread among a number of state agencies, and that there may be a need  
20 to consolidate these functions within a single entity with independent  
21 powers and fiduciary responsibility for state facilities as a whole to  
22 increase the consistency and quality of facility decisions.

23       (2) The office of financial management shall evaluate the need for  
24 and potential responsibilities of a central state facilities authority  
25 to coordinate and manage the design, acquisition, construction, and  
26 utilization of state facilities, including leased facilities. The  
27 evaluation shall include an examination of the current roles and  
28 responsibilities of state agencies including the department of general  
29 administration, the higher education coordinating board, the state  
30 board for community and technical colleges, and the office of financial  
31 management to identify critical areas for improvement and any  
32 overlapping areas of responsibility.

33       (3) The office of financial management shall consider the following  
34 potential responsibilities of a central facilities authority in its  
35 evaluation:

36       (a) Involvement in agency master planning and facility predesign  
37 activities to assist agencies in developing creative alternatives for  
38 meeting program needs;

1 (b) Development of facility performance and cost standards to  
2 assist in facility planning and budget evaluation;

3 (c) Critical evaluation of facility designs and budget requests  
4 through life-cycle cost analysis, value-engineering, and other tools to  
5 maximize the long-term effectiveness and efficiency of state  
6 facilities;

7 (d) Central management of and planning for the state's facility  
8 inventory, including both leased and state-owned facilities, to  
9 maximize agency collocation and consolidation opportunities and create  
10 identifiable state government and education centers;

11 (e) Administration and management of agency capital construction  
12 projects;

13 (f) Development of leasing standards and procedures, including a  
14 methodology for analyzing the costs and benefits of leasing versus  
15 owning facilities, and appropriate procurement of leased, lease-  
16 developed, or lease-purchased facilities;

17 (g) Development of facility operation and maintenance standards or  
18 guidelines;

19 (h) Administration and allocation of centrally pooled  
20 appropriations for projects affecting more than one agency or for which  
21 efficiency can be enhanced by central administration; and

22 (i) Other responsibilities as determined by the office of financial  
23 management.

24 (3) The evaluation shall consider increasing the responsibilities  
25 and powers of an existing agency or agencies, or establishing a new  
26 agency or agencies to accomplish the objectives of this section. The  
27 evaluation shall also estimate the costs and benefits of operating a  
28 central facility authority or authorities.

29 (4) The office of financial management shall convene a steering  
30 committee composed of representatives of affected state agencies and  
31 the private real estate industry to assist in collecting needed  
32 information and conducting the evaluation.

33 (5) The office of financial management shall report on the results  
34 of its evaluation to the appropriate standing committees of the  
35 legislature by January 10, 1995.

36 This section shall expire June 30, 1995.

37 NEW SECTION. **Sec. 9.** The office of financial management shall  
38 conduct a review of the state's bonding requirements under chapter

1 39.08 RCW, shall analyze alternative forms of security, and shall  
2 report its findings and analysis to the appropriate committees of the  
3 senate and the house of representatives no later than January 10, 1995.  
4 The alternative forms of security shall include, but not be limited to,  
5 a bond in an amount less than the full contract price, letter of  
6 credit, certified check, cash escrow, and assets of the contractor.  
7 The purpose of the review is to determine if alternative forms of  
8 security will provide essentially the same level of protection to the  
9 state at a lower cost to the contractor and the state.

10 This section shall expire June 30, 1995.

11 NEW SECTION. **Sec. 10.** (1) The state board of education shall  
12 study the potential for savings by constructing common schools from  
13 prototypical school construction designs. The findings and  
14 recommendations of the board shall be submitted to the senate committee  
15 on ways and means and the house of representatives capital budget  
16 committee by December 15, 1994.

17 (2) This section expires June 30, 1995.

18 NEW SECTION. **Sec. 11.** A new section is added to chapter 28A.525  
19 RCW to read as follows:

20 The state board of education, for purposes of determining  
21 eligibility for state assistance for new construction, shall adopt  
22 rules excluding from the inventory of available educational space those  
23 spaces that have been constructed for educational and community  
24 activities from grants received from other public or private entities.

25 **Sec. 12.** RCW 79.24.580 and 1993 sp.s. c 24 s 927 are each amended  
26 to read as follows:

27 After deduction for management costs as provided in RCW 79.64.040  
28 and payments to towns under RCW 79.92.110(2), all moneys received by  
29 the state from the sale or lease of state-owned aquatic lands and from  
30 the sale of valuable material from state-owned aquatic lands shall be  
31 (~~distributed as follows:—(1) To the state building bond redemption~~  
32 ~~fund such amounts necessary to retire bonds issued pursuant to RCW~~  
33 ~~79.24.630 through 79.24.647 prior to January 1, 1987, and for which~~  
34 ~~tidal and harbor area revenues have been pledged, and (2) all moneys not~~  
35 ~~deposited for the purposes of subsection (1) of this section shall be))  
36 deposited in the aquatic lands enhancement account which is hereby~~

1 created in the state treasury. After appropriation, these funds shall  
2 be used solely for aquatic lands enhancement projects; for the  
3 purchase, improvement, or protection of aquatic lands for public  
4 purposes; for providing and improving access to such lands; and for  
5 volunteer cooperative fish and game projects. During the fiscal  
6 biennium ending June 30, 1995, the funds may be appropriated for  
7 shellfish management, enforcement, and enhancement and for developing  
8 and implementing plans for population monitoring and restoration of  
9 native wild salmon stock.

10 **Sec. 13.** RCW 43.82.110 and 1969 c 121 s 2 are each amended to read  
11 as follows:

12 All office or other space made available through the provisions of  
13 this chapter shall be leased by the director to such state or federal  
14 agencies, for such rental, and on such terms and conditions as he or  
15 she deems advisable: PROVIDED, HOWEVER, If space becomes surplus, the  
16 director is authorized to lease office or other space in any project to  
17 any person, corporation or body politic, for such period as the  
18 director shall determine said space is surplus, and upon such other  
19 terms and conditions as he or she may prescribe.

20 ~~((There is hereby created within the treasury a special fund to be  
21 known as the "general administration bond redemption fund" in which all  
22 pledged rentals shall be deposited. In the event bonds are issued for  
23 more than one project, the rentals from each project will be maintained  
24 as separate accounts. The funds in this account or accounts shall be  
25 used to meet principal and interest payments when due on the bonds  
26 issued to finance the specific project for which each such account was  
27 created until all of such bonds and interest thereon have been paid.~~

28 ~~The bonds shall include a covenant that the payment or redemption  
29 thereof and the interest thereon are secured by a first and direct  
30 charge and lien on the rentals deposited in the general administration  
31 bond redemption fund, as aforesaid, and received from the project for  
32 which the bonds were issued. Such rentals shall be pledged by the  
33 state for such purpose.))~~

34 **Sec. 14.** RCW 43.82.120 and 1965 c 8 s 43.82.120 are each amended  
35 to read as follows:

36 ~~((There is hereby established within the state treasury a reserve  
37 fund to be known as the "general administration bond redemption~~

1 ~~guarantee fund.")) All ((unpledged)) rental income collected by the~~  
2 ~~department of general administration from rental of state buildings~~  
3 ~~shall be deposited in the ((general administration bond redemption~~  
4 ~~guarantee fund until a total of two hundred thousand dollars is on~~  
5 ~~deposit in said fund after which all unpledged rental income shall be~~  
6 ~~deposited in the)) general administration management fund, the creation~~  
7 of which is hereby authorized. ((In the event the general  
8 ~~administration bond redemption guarantee fund is diminished, it shall~~  
9 ~~be replenished in the same manner.~~

10 ~~If at any time there is insufficient money in the general~~  
11 ~~administration bond redemption fund to make any payments of interest or~~  
12 ~~principal due on any bonds payable from such fund, the state treasurer~~  
13 ~~shall transfer from such general administration bond redemption~~  
14 ~~guarantee fund to the general administration bond redemption fund an~~  
15 ~~amount sufficient to meet such payments.))~~

16 NEW SECTION. **Sec. 15.** The legislature finds that there is  
17 inequitable distribution among state programs of capital costs  
18 associated with maintaining and rehabilitating state facilities. The  
19 legislature finds that there are insufficient available resources to  
20 support even minor capital improvements other than debt financing. The  
21 legislature further finds that little attention is focused on efficient  
22 facility management because in many cases capital costs are not  
23 factored into the ongoing process of allocating state resources. The  
24 purpose of sections 16 through 18 of this act is to create a mechanism  
25 to distribute capital costs among the agencies and programs occupying  
26 facilities owned and managed by the department of general  
27 administration in Thurston county that will foster increased  
28 accountability for facility decisions and more efficient use of the  
29 facilities.

30 **Sec. 16.** RCW 43.01.090 and 1991 sp.s. c 31 s 10 are each amended  
31 to read as follows:

32 The director of general administration may assess a charge or rent  
33 against each state board, commission, agency, office, department,  
34 activity, or other occupant or user for payment of a proportionate  
35 share of costs for occupancy of buildings, structures, or facilities  
36 including but not limited to all costs of acquiring, constructing,  
37 operating, and maintaining such buildings, structures, or facilities



1 and the repair, remodeling, or furnishing thereof and for the rendering  
2 of any service or the furnishing or providing of any supplies,  
3 equipment, or materials.

4 The director of general administration may recover the full costs  
5 including appropriate overhead charges of the foregoing by periodic  
6 billings as determined by the director including but not limited to  
7 transfers upon accounts and advancements into the general  
8 administration facilities and services revolving fund. Charges related  
9 to the rendering of real estate services under RCW 43.82.010 and to the  
10 operation of nonassigned public spaces in Thurston county shall be  
11 allocated separately from other charges assessed under this section.  
12 Rates shall be established by the director of general administration  
13 after consultation with the director of financial management. The  
14 director of general administration may allot, provide, or furnish any  
15 of such facilities, structures, services, equipment, supplies, or  
16 materials to any other public service type occupant or user at such  
17 rates or charges as are equitable and reasonably reflect the actual  
18 costs of the services provided: PROVIDED, HOWEVER, That the  
19 legislature, its duly constituted committees, interim committees and  
20 other committees shall be exempted from the provisions of this section.

21 Upon receipt of such bill, each entity, occupant, or user shall  
22 cause a warrant or check in the amount thereof to be drawn in favor of  
23 the department of general administration which shall be deposited in  
24 the state treasury to the credit of the general administration  
25 facilities and services revolving fund established in RCW 43.19.500  
26 unless the director of financial management has authorized another  
27 method for payment of costs.

28 Beginning July 1, 1995, the director of general administration  
29 shall assess a capital projects surcharge upon each agency or other  
30 user occupying a facility owned and managed by the department of  
31 general administration in Thurston county. The capital projects  
32 surcharge does not apply to agencies or users that agree to pay all  
33 future repairs, improvements, and renovations to the buildings they  
34 occupy and a proportional share, as determined by the office of  
35 financial management, of all other campus repairs, installations,  
36 improvements, and renovations that provide a benefit to the buildings  
37 they occupy or that have an agreement with the department of general  
38 administration that contains a charge for a similar purpose, including  
39 but not limited to section 19 of this act, in an amount greater than

1 the capital projects surcharge. The director, after consultation with  
2 the director of financial management, shall adopt differential capital  
3 project surcharge rates to reflect the differences in facility type and  
4 quality. The initial payment structure for this surcharge shall be one  
5 dollar per square foot per year. The surcharge shall increase over  
6 time to an amount that when combined with the facilities and service  
7 charge equals the market rate for similar types of lease space in the  
8 area or equals five dollars per square foot per year, whichever is  
9 less. The capital projects surcharge shall be in addition to other  
10 charges assessed under this section. Proceeds from the capital  
11 projects surcharge shall be deposited into the Thurston county capital  
12 facilities account created in section 18 of this act.

13 **Sec. 17.** RCW 43.19.500 and 1982 c 41 s 2 are each amended to read  
14 as follows:

15 There is hereby created a fund within the state treasury designated  
16 as the "department of general administration facilities and services  
17 revolving fund". Such revolving fund shall be used by the department  
18 of general administration for the payment of certain costs, expenses,  
19 and charges, as ((hereinafter)) specified in this section, incurred by  
20 it in the operation and administration of the department in the  
21 rendering of services, the furnishing or supplying of equipment,  
22 supplies and materials, and for providing or allocating facilities,  
23 including the operation, maintenance, rehabilitation, or furnishings  
24 thereof to other agencies, offices, departments, activities, and other  
25 entities enumerated in RCW 43.01.090 and including the rendering of  
26 services in acquiring real estate under RCW 43.82.010 and the operation  
27 and maintenance of nonassigned public spaces in Thurston county. The  
28 department shall treat the rendering of services in acquiring real  
29 estate and the operation and maintenance of nonassigned public spaces  
30 as ((a)) separate operating ((entity)) entities within the fund for  
31 financial accounting and control.

32 The schedule of services, facilities, equipment, supplies,  
33 materials, maintenance, rehabilitation, furnishings, operations, and  
34 administration to be so financed and recovered shall be determined  
35 jointly by the director of general administration and the director of  
36 financial management, in equitable amounts which, together with any  
37 other income or appropriation, will provide the department of general

1 administration with funds to meet its anticipated expenditures during  
2 any allotment period.

3 The director of general administration may (~~promulgate~~) adopt  
4 rules (~~and regulations~~) governing the provisions of RCW 43.01.090 and  
5 this section and the relationships and procedures between the  
6 department of general administration and such other entities.

7 NEW SECTION. Sec. 18. A new section is added to chapter 43.19 RCW  
8 to read as follows:

9 The Thurston county capital facilities account is created in the  
10 state treasury. The account is subject to the appropriation and  
11 allotment procedures under chapter 43.88 RCW. Moneys in the account  
12 may be expended for capital projects in facilities owned and managed by  
13 the department of general administration in Thurston county.

14 NEW SECTION. Sec. 19. It is hereby declared to be the policy of  
15 the state of Washington that each agency or other occupant of newly  
16 constructed or substantially renovated facilities owned and operated by  
17 the department of general administration in Thurston county shall  
18 proportionally share the debt service costs associated with the  
19 original construction or substantial renovation of the facility.  
20 Beginning July 1, 1995, each state agency or other occupant of a  
21 facility constructed or substantially renovated after July 1, 1992, and  
22 owned and operated by the department of general administration in  
23 Thurston county, shall be assessed a charge to pay the principal and  
24 interest payments on any bonds or other financial contract issued to  
25 finance the construction or renovation or an equivalent charge for  
26 similar projects financed by cash sources. In recognition that full  
27 payment of debt service costs may be higher than market rates for  
28 similar types of facilities or higher than existing agreements for  
29 similar charges entered into prior to the effective date of this  
30 section, the initial charge may be less than the full cost of principal  
31 and interest payments. The charge shall be assessed to all occupants  
32 of the facility on a proportional basis based on the amount of occupied  
33 space or any unique construction requirements. The office of financial  
34 management, in consultation with the department of general  
35 administration, shall develop procedures to implement this section and  
36 report to the legislative fiscal committees, by October 1994, their  
37 recommendations for implementing this section. The office of financial

1 management shall separately identify in the budget document all  
2 payments and the documentation for determining the payments required by  
3 this section for each agency and fund source during the current and the  
4 two past and future fiscal biennia. The charge authorized in this  
5 section is subject to annual audit by the state auditor.

6 NEW SECTION. **Sec. 20.** The following acts or parts of acts are  
7 each repealed:

- 8 (1) RCW 43.82.040 and 1965 c 8 s 43.82.040;
- 9 (2) RCW 43.82.050 and 1965 c 8 s 43.82.050;
- 10 (3) RCW 43.82.060 and 1965 c 8 s 43.82.060;
- 11 (4) RCW 43.82.070 and 1965 c 8 s 43.82.070;
- 12 (5) RCW 43.82.080 and 1965 c 8 s 43.82.080; and
- 13 (6) RCW 43.82.090 and 1979 ex.s. c 67 s 4 & 1965 c 8 s 43.82.090.

14 NEW SECTION. **Sec. 21.** The following acts or parts of acts are  
15 each repealed:

- 16 (1) RCW 79.24.630 and 1970 ex.s. c 14 s 1;
- 17 (2) RCW 79.24.632 and 1969 ex.s. c 273 s 4 & 1967 ex.s. c 105 s 5;
- 18 (3) RCW 79.24.634 and 1969 ex.s. c 273 s 5 & 1967 ex.s. c 105 s 6;
- 19 (4) RCW 79.24.636 and 1969 ex.s. c 273 s 6 & 1967 ex.s. c 105 s 7;
- 20 (5) RCW 79.24.638 and 1982 2nd ex.s. c 8 s 5, 1969 ex.s. c 273 s 7,  
21 & 1967 ex.s. c 105 s 8;
- 22 (6) RCW 79.24.640 and 1969 ex.s. c 273 s 8 & 1967 ex.s. c 105 s 9;
- 23 (7) RCW 79.24.642 and 1969 ex.s. c 273 s 9 & 1967 ex.s. c 105 s 10;
- 24 (8) RCW 79.24.6421 and 1969 ex.s. c 273 s 1;
- 25 (9) RCW 79.24.6422 and 1969 ex.s. c 273 s 2;
- 26 (10) RCW 79.24.644 and 1967 ex.s. c 105 s 11;
- 27 (11) RCW 79.24.645 and 1969 ex.s. c 273 s 10;
- 28 (12) RCW 79.24.646 and 1967 ex.s. c 105 s 12; and
- 29 (13) RCW 79.24.647 and 1969 ex.s. c 273 s 13.

30 NEW SECTION. **Sec. 22.** (1) For the purposes of RCW 43.82.010, "the  
31 department of fish and wildlife" means "the department of fisheries and  
32 the department of wildlife" until July 1, 1994.

33 (2) This section expires July 1, 1994.

34 NEW SECTION. **Sec. 23.** Sections 8 and 9 of this act are necessary  
35 for the immediate preservation of the public peace, health, or safety,

1 or support of the state government and its existing public  
2 institutions, and shall take effect immediately."

3 **ESHB 2237** - CONF REPT  
4 By Conference Committee

5

6 On page 1, line 1 of the title, after "facilities;" strike the  
7 remainder of the title and insert "amending RCW 43.88A.020, 43.88.032,  
8 43.82.010, 79.24.580, 43.82.110, and 43.82.120; reenacting and amending  
9 RCW 43.88.030, 43.88.110, 43.01.090, and 43.19.500; adding a new  
10 section to chapter 43.88 RCW; adding a new section to chapter 28A.525  
11 RCW; adding a new section to chapter 43.19 RCW; creating new sections;  
12 repealing RCW 43.82.040, 43.82.050, 43.82.060, 43.82.070, 43.82.080,  
13 43.82.090, 79.24.630, 79.24.632, 79.24.634, 79.24.636, 79.24.638,  
14 79.24.640, 79.24.642, 79.24.6421, 79.24.6422, 79.24.644, 79.24.645,  
15 79.24.646, and 79.24.647; and declaring an emergency."

--- END ---

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**BILL REQUEST - CODE REVISER'S OFFICE**

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BILL REQ. #: H-4564.1/94

ATTY/TYPIST: RJS:cls

BRIEF TITLE:

2 **ESHB 2237** - CONF REPT  
3 By Conference Committee

4

5 Strike everything after the enacting clause and insert the  
6 following:

7 "NEW SECTION. **Sec. 1.** The legislature finds that the acquisition,  
8 construction, and management of state-owned and leased facilities has  
9 a profound and long-range effect upon the delivery and cost of state  
10 programs, and that there is an increasing need for better facility  
11 planning and management to improve the effectiveness and efficiency of  
12 state facilities.

13 **Sec. 2.** RCW 43.88.030 and 1991 c 358 s 1 and 1991 c 284 s 1 are  
14 each reenacted and amended to read as follows:

15 (1) The director of financial management shall provide all agencies  
16 with a complete set of instructions for submitting biennial budget  
17 requests to the director at least three months before agency budget  
18 documents are due into the office of financial management. The  
19 director shall provide agencies that are required under RCW 44.40.070  
20 to develop comprehensive six-year program and financial plans with a  
21 complete set of instructions for submitting these program and financial  
22 plans at the same time that instructions for submitting other budget  
23 requests are provided. The budget document or documents shall consist  
24 of the governor's budget message which shall be explanatory of the  
25 budget and shall contain an outline of the proposed financial policies  
26 of the state for the ensuing fiscal period, as well as an outline of  
27 the proposed six-year financial policies where applicable, and shall  
28 describe in connection therewith the important features of the budget.  
29 The message shall set forth the reasons for salient changes from the  
30 previous fiscal period in expenditure and revenue items and shall  
31 explain any major changes in financial policy. Attached to the budget  
32 message shall be such supporting schedules, exhibits and other  
33 explanatory material in respect to both current operations and capital  
34 improvements as the governor shall deem to be useful to the  
35 legislature. The budget document or documents shall set forth a

1 proposal for expenditures in the ensuing fiscal period, or six-year  
2 period where applicable, based upon the estimated revenues as approved  
3 by the economic and revenue forecast council or upon the estimated  
4 revenues of the office of financial management for those funds,  
5 accounts, and sources for which the office of the economic and revenue  
6 forecast council does not prepare an official forecast, including those  
7 revenues anticipated to support the six-year programs and financial  
8 plans under RCW 44.40.070. In estimating revenues to support financial  
9 plans under RCW 44.40.070, the office of financial management shall  
10 rely on information and advice from the interagency revenue task force.  
11 Revenues shall be estimated for such fiscal period from the source and  
12 at the rates existing by law at the time of submission of the budget  
13 document, including the supplemental budgets submitted in the even-  
14 numbered years of a biennium. However, the estimated revenues for use  
15 in the governor's budget document may be adjusted to reflect budgetary  
16 revenue transfers and revenue estimates dependent upon budgetary  
17 assumptions of enrollments, workloads, and caseloads. All adjustments  
18 to the approved estimated revenues must be set forth in the budget  
19 document. The governor may additionally submit, as an appendix to each  
20 supplemental, biennial, or six-year agency budget or to the budget  
21 document or documents, a proposal for expenditures in the ensuing  
22 fiscal period from revenue sources derived from proposed changes in  
23 existing statutes.

24 Supplemental and biennial documents shall reflect a six-year  
25 expenditure plan consistent with estimated revenues from existing  
26 sources and at existing rates for those agencies required to submit  
27 six-year program and financial plans under RCW 44.40.070. Any  
28 additional revenue resulting from proposed changes to existing statutes  
29 shall be separately identified within the document as well as related  
30 expenditures for the six-year period.

31 The budget document or documents shall also contain:

32 (a) Revenues classified by fund and source for the immediately past  
33 fiscal period, those received or anticipated for the current fiscal  
34 period, those anticipated for the ensuing biennium, and those  
35 anticipated for the ensuing six-year period to support the six-year  
36 programs and financial plans required under RCW 44.40.070;

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



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

4 (d) Such additional information dealing with revenues and  
5 expenditures as the governor shall deem pertinent and useful to the  
6 legislature;

7 (e) Tabulations showing expenditures classified by fund, function,  
8 activity and object;

9 (f) A delineation of each agency's activities, including those  
10 activities funded from nonbudgeted, nonappropriated sources, including  
11 funds maintained outside the state treasury; and

12 (g) Identification of all proposed direct expenditures to implement  
13 the Puget Sound water quality plan under chapter 90.70 RCW, shown by  
14 agency and in total.

15 (2) The budget document or documents shall include detailed  
16 estimates of all anticipated revenues applicable to proposed operating  
17 or capital expenditures and shall also include all proposed operating  
18 or capital expenditures. The total of beginning undesignated fund  
19 balance and estimated revenues less working capital and other reserves  
20 shall equal or exceed the total of proposed applicable expenditures.  
21 The budget document or documents shall further include:

22 (a) Interest, amortization and redemption charges on the state  
23 debt;

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

25 (c) Other statutory expenditures;

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

27 (e) Revenues derived from agency operations;

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

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

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

37 (i) A showing, by agency, of the value and purpose of financing  
38 contracts for the lease/purchase or acquisition of personal or real  
39 property for the current and ensuing fiscal periods.

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

3 (a) A ~~((capital plan consisting of proposed capital spending for at  
4 least four fiscal periods succeeding the next fiscal period))~~ statement  
5 setting forth a long-range facilities plan for the state that  
6 identifies and includes the highest priority needs within affordable  
7 spending levels;

8 (b) A capital program consisting of proposed capital projects for  
9 ~~((at least))~~ the next biennium and the two ((fiscal periods)) biennia  
10 succeeding the next ((fiscal period)) biennium consistent with the  
11 long-range facilities plan. Inasmuch as is practical, and recognizing  
12 emergent needs, the capital program shall reflect the priorities,  
13 projects, and spending levels proposed in previously submitted capital  
14 budget documents in order to provide a reliable long-range planning  
15 tool for the legislature and state agencies;

16 (c) A capital plan consisting of proposed capital spending for at  
17 least four ~~((fiscal periods))~~ biennia succeeding the next ~~((fiscal~~  
18 ~~period))~~ biennium;

19 (d) A statement of the reason or purpose for a project;

20 (e) Verification that a project is consistent with the provisions  
21 set forth in chapter 36.70A RCW;

22 (f) A statement about the proposed site, size, and estimated life  
23 of the project, if applicable;

24 (g) Estimated total project cost;

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

31 (i) Estimated total project cost for each phase of the project as  
32 defined by the office of financial management;

33 ~~((i))~~ (j) Estimated ensuing biennium costs;

34 ~~((j))~~ (k) Estimated costs beyond the ensuing biennium;

35 ~~((k))~~ (l) Estimated construction start and completion dates;

36 ~~((l))~~ (m) Source and type of funds proposed;

37 ~~((m))~~ (n) Estimated ongoing operating budget costs or savings  
38 resulting from the project, including staffing and maintenance costs;

1       (o) For any capital appropriation requested for a state agency for  
2 the acquisition of land or the capital improvement of land in which the  
3 primary purpose of the acquisition or improvement is recreation or  
4 wildlife habitat conservation, the capital budget document, or an  
5 omnibus list of recreation and habitat acquisitions provided with the  
6 governor's budget document, shall identify the projected costs of  
7 operation and maintenance for at least the two biennia succeeding the  
8 next biennium. Omnibus lists of habitat and recreation land  
9 acquisitions shall include individual project cost estimates for  
10 operation and maintenance as well as a total for all state projects  
11 included in the list. The document shall identify the source of funds  
12 from which the operation and maintenance costs are proposed to be  
13 funded;

14       (p) Such other information bearing upon capital projects as the  
15 governor deems to be useful;

16       ~~((n))~~ (q) Standard terms, including a standard and uniform  
17 definition of maintenance for all capital projects;

18       ~~((o))~~ (r) Such other information as the legislature may direct by  
19 law or concurrent resolution.

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

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

1       **Sec. 3.** RCW 43.88A.020 and 1979 c 151 s 146 are each amended to  
2 read as follows:

3       The office of financial management shall, in cooperation with  
4 appropriate legislative committees and legislative staff, establish a  
5 procedure for the provision of fiscal notes on the expected impact of  
6 bills and resolutions which increase or decrease or tend to increase or  
7 decrease state government revenues or expenditures. Such fiscal notes  
8 shall indicate by fiscal year the impact for the remainder of the  
9 biennium in which the bill or resolution will first take effect as well  
10 as a cumulative forecast of the fiscal impact for the succeeding four  
11 fiscal years. Fiscal notes shall separately identify the fiscal  
12 impacts on the operating and capital budgets. Estimates of fiscal  
13 impacts shall be calculated using the procedures contained in the  
14 fiscal note instructions issued by the office of financial management.

15       In establishing the fiscal impact called for pursuant to this  
16 chapter, the office of financial management shall coordinate the  
17 development of fiscal notes with all state agencies affected.

18       **Sec. 4.** RCW 43.88.032 and 1989 c 311 s 1 are each amended to read  
19 as follows:

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

22       (2) All debt-financed pass-through money to local governments shall  
23 be programmed and separately identified in the (~~capital~~) budget  
24 document.

25       **Sec. 5.** RCW 43.88.110 and 1991 sp.s. c 32 s 27 and 1991 c 358 s 2  
26 are each reenacted and amended to read as follows:

27       This section sets forth the expenditure programs and the allotment  
28 and reserve procedures to be followed by the executive branch for  
29 public funds.

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

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

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

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

9 (a) Appropriations made for capital projects including  
10 transportation projects;

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

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

14 (d) Comparisons of estimated construction start and completion  
15 dates with actual dates;

16 (e) Documentation of fund shifts between projects.

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

20 (5) The office of financial management, prior to approving  
21 allotments for major capital construction projects valued over five  
22 million dollars, shall institute procedures for reviewing such projects  
23 at the predesign stage that will reduce long-term costs and increase  
24 facility efficiency. The procedures shall include, but not be limited  
25 to, the following elements:

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

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

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

32 (6) No expenditure may be incurred or obligation entered into for  
33 such major capital construction projects including, without exception,  
34 land acquisition, site development, predesign, design, construction,  
35 and equipment acquisition and installation, until the allotment of the  
36 funds to be expended has been approved by the office of financial  
37 management. This limitation does not prohibit the continuation of  
38 expenditures and obligations into the succeeding biennium for projects

1 for which allotments have been approved in the immediate prior  
2 biennium.

3 (7) If at any time during the fiscal period the governor projects  
4 a cash deficit in a particular fund or account as defined by RCW  
5 43.88.050, the governor shall make across-the-board reductions in  
6 allotments for that particular fund or account so as to prevent a cash  
7 deficit, unless the legislature has directed the liquidation of the  
8 cash deficit over one or more fiscal periods. Except for the  
9 legislative and judicial branches and other agencies headed by elective  
10 officials, the governor shall review the statement of proposed  
11 operating expenditures for reasonableness and conformance with  
12 legislative intent. Once the governor approves the statements of  
13 proposed operating expenditures, further revisions shall be made only  
14 at the beginning of the second fiscal year and must be initiated by the  
15 governor. However, changes in appropriation level authorized by the  
16 legislature, changes required by across-the-board reductions mandated  
17 by the governor, changes caused by executive increases to spending  
18 authority, and changes caused by executive decreases to spending  
19 authority for failure to comply with the provisions of chapter 36.70A  
20 RCW may require additional revisions. Revisions shall not be made  
21 retroactively. Revisions caused by executive increases to spending  
22 authority shall not be made after June 30, 1987. However, the governor  
23 may assign to a reserve status any portion of an agency appropriation  
24 withheld as part of across-the-board reductions made by the governor  
25 and any portion of an agency appropriation conditioned on a contingent  
26 event by the appropriations act. The governor may remove these amounts  
27 from reserve status if the across-the-board reductions are subsequently  
28 modified or if the contingent event occurs. The director of financial  
29 management shall enter approved statements of proposed expenditures  
30 into the state budgeting, accounting, and reporting system within  
31 forty-five days after receipt of the proposed statements from the  
32 agencies. If an agency or the director of financial management is  
33 unable to meet these requirements, the director of financial management  
34 shall provide a timely explanation in writing to the legislative fiscal  
35 committees.

36 ~~((+6+))~~ (8) It is expressly provided that all agencies shall be  
37 required to maintain accounting records and to report thereon in the  
38 manner prescribed in this chapter and under the regulations issued  
39 pursuant to this chapter. Within ninety days of the end of the fiscal

1 year, all agencies shall submit to the director of financial management  
2 their final adjustments to close their books for the fiscal year.  
3 Prior to submitting fiscal data, written or oral, to committees of the  
4 legislature, it is the responsibility of the agency submitting the data  
5 to reconcile it with the budget and accounting data reported by the  
6 agency to the director of financial management.

7 ~~((+7))~~ (9) The director of financial management shall monitor  
8 agency operating expenditures against the approved statement of  
9 proposed expenditures and shall provide the legislature with quarterly  
10 explanations of major variances.

11 ~~((+8))~~ (10) The director of financial management may exempt  
12 certain public funds from the allotment controls established under this  
13 chapter if it is not practical or necessary to allot the funds.  
14 Allotment control exemptions expire at the end of the fiscal biennium  
15 for which they are granted. The director of financial management shall  
16 report any exemptions granted under this subsection to the legislative  
17 fiscal committees.

18 NEW SECTION. Sec. 6. A new section is added to chapter 43.88 RCW  
19 to read as follows:

20 (1) The capital appropriations act may authorize the governor,  
21 through the director of financial management, to transfer the  
22 appropriation authority for a capital project that is in excess of the  
23 amount required for the completion of the project to another capital  
24 project for which the appropriation is insufficient.

25 (a) No such transfer may be used to expand the capacity or change  
26 the intended use of the project beyond that intended by the legislature  
27 in making the appropriation.

28 (b) The transfer may be effected only between capital projects  
29 within a specific department, commission, agency, or institution of  
30 higher education.

31 (c) The transfer may be effected only if the project from which the  
32 transfer of funds is made is substantially complete and there are funds  
33 remaining, or bids have been let on the project from which the transfer  
34 of funds is made and it appears to a substantial certainty that the  
35 project can be completed within the biennium for less than the amount  
36 appropriated.

37 (2) For the purposes of this section, the legislature intends that  
38 each project be defined as proposed to the legislature in the

1 governor's budget document, unless the legislative history demonstrates  
2 that the legislature intended to define the scope of a project in a  
3 different way.

4 (3) The office of financial management shall notify the legislative  
5 fiscal committees of the senate and the house of representatives at  
6 least thirty days before any transfer is effected under this section  
7 except emergency projects or any transfer under two hundred fifty  
8 thousand dollars, and shall prepare a report to such committees listing  
9 all completed transfers at the close of each fiscal year.

10 **Sec. 7.** RCW 43.82.010 and 1990 c 47 s 1 are each amended to read  
11 as follows:

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

24 (2) Except for real estate occupied by federal agencies, the  
25 director shall determine the location, size, and design of any real  
26 estate or improvements thereon acquired or held pursuant to subsection  
27 (1) of this section. Facilities acquired or held pursuant to this  
28 chapter, and any improvements thereon, shall conform to standards  
29 adopted by the director and approved by the office of financial  
30 management governing facility efficiency unless a specific exemption  
31 from such standards is provided by the director of general  
32 administration. The director of general administration shall report to  
33 the office of financial management annually on any exemptions granted  
34 pursuant to this subsection.

35 (3) The director of general administration may fix the terms and  
36 conditions of each lease entered into under this chapter, except that  
37 no lease shall extend greater than twenty years in duration. The  
38 director of general administration may enter into a long-term lease



1 greater than five years in duration upon a determination by the  
2 director of the office of financial management that the long-term lease  
3 provides a more favorable rate than would otherwise be available, it  
4 appears to a substantial certainty that the facility is necessary for  
5 use by the state for the full length of the lease term, and the  
6 facility meets the standards adopted pursuant to subsection (2) of this  
7 section. The director of general administration may enter into a long-  
8 term lease greater than ten years in duration if an analysis shows that  
9 the life-cycle cost of leasing the facility is less than the life-cycle  
10 cost of purchasing or constructing a facility in lieu of leasing the  
11 facility.

12 (4) It is the policy of the state to encourage the collocation and  
13 consolidation of state services into single or adjacent facilities,  
14 whenever appropriate, to improve public service delivery, minimize  
15 duplication of facilities, increase efficiency of operations, and  
16 promote sound growth management planning.

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

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

1 exceed five percent of the average annual rental, to meet unforeseen  
2 expenses incident to management of the real estate.

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

16 ~~((+5))~~ (8) In order to obtain maximum utilization of space, the  
17 director of general administration shall make space utilization  
18 studies, and shall establish standards for use of space by state  
19 agencies. Such studies shall include the identification of  
20 opportunities for collocation and consolidation of state agency office  
21 and support facilities.

22 ~~((+6))~~ (9) The director of general administration may construct  
23 new buildings on, or improve existing facilities, and furnish and  
24 equip, all real estate under his or her management. Prior to the  
25 construction of new buildings or major improvements to existing  
26 facilities or acquisition of facilities using a lease purchase  
27 contract, the director of general administration shall conduct an  
28 evaluation of the facility design and budget using life-cycle cost  
29 analysis, value-engineering, and other techniques to maximize the long-  
30 term effectiveness and efficiency of the facility or improvement.

31 ~~((+7))~~ (10) All conveyances and contracts to purchase, lease,  
32 rent, transfer, exchange, or sell real estate and to grant and accept  
33 easements shall be approved as to form by the attorney general, signed  
34 by the director of general administration or the director's designee,  
35 and recorded with the county auditor of the county in which the  
36 property is located.

37 ~~((+8))~~ (11) The director of general administration may delegate  
38 any or all of the functions specified in this section to any agency  
39 upon such terms and conditions as the director deems advisable.

1       (~~(9)~~) (12) This section does not apply to the acquisition of real  
2 estate by:

3       (a) The state college and universities for research or experimental  
4 purposes;

5       (b) The state liquor control board for liquor stores and  
6 warehouses; and

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

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

17       NEW SECTION.   **Sec. 8.**   (1) The legislature finds that current  
18 facility planning, budgeting, and management responsibilities are  
19 spread among a number of state agencies, and that there may be a need  
20 to consolidate these functions within a single entity with independent  
21 powers and fiduciary responsibility for state facilities as a whole to  
22 increase the consistency and quality of facility decisions.

23       (2) The office of financial management shall evaluate the need for  
24 and potential responsibilities of a central state facilities authority  
25 to coordinate and manage the design, acquisition, construction, and  
26 utilization of state facilities, including leased facilities. The  
27 evaluation shall include an examination of the current roles and  
28 responsibilities of state agencies including the department of general  
29 administration, the higher education coordinating board, the state  
30 board for community and technical colleges, and the office of financial  
31 management to identify critical areas for improvement and any  
32 overlapping areas of responsibility.

33       (3) The office of financial management shall consider the following  
34 potential responsibilities of a central facilities authority in its  
35 evaluation:

36       (a) Involvement in agency master planning and facility predesign  
37 activities to assist agencies in developing creative alternatives for  
38 meeting program needs;

1 (b) Development of facility performance and cost standards to  
2 assist in facility planning and budget evaluation;

3 (c) Critical evaluation of facility designs and budget requests  
4 through life-cycle cost analysis, value-engineering, and other tools to  
5 maximize the long-term effectiveness and efficiency of state  
6 facilities;

7 (d) Central management of and planning for the state's facility  
8 inventory, including both leased and state-owned facilities, to  
9 maximize agency collocation and consolidation opportunities and create  
10 identifiable state government and education centers;

11 (e) Administration and management of agency capital construction  
12 projects;

13 (f) Development of leasing standards and procedures, including a  
14 methodology for analyzing the costs and benefits of leasing versus  
15 owning facilities, and appropriate procurement of leased, lease-  
16 developed, or lease-purchased facilities;

17 (g) Development of facility operation and maintenance standards or  
18 guidelines;

19 (h) Administration and allocation of centrally pooled  
20 appropriations for projects affecting more than one agency or for which  
21 efficiency can be enhanced by central administration; and

22 (i) Other responsibilities as determined by the office of financial  
23 management.

24 (3) The evaluation shall consider increasing the responsibilities  
25 and powers of an existing agency or agencies, or establishing a new  
26 agency or agencies to accomplish the objectives of this section. The  
27 evaluation shall also estimate the costs and benefits of operating a  
28 central facility authority or authorities.

29 (4) The office of financial management shall convene a steering  
30 committee composed of representatives of affected state agencies and  
31 the private real estate industry to assist in collecting needed  
32 information and conducting the evaluation.

33 (5) The office of financial management shall report on the results  
34 of its evaluation to the appropriate standing committees of the  
35 legislature by January 10, 1995.

36 This section shall expire June 30, 1995.

37 NEW SECTION. **Sec. 9.** The office of financial management shall  
38 conduct a review of the state's bonding requirements under chapter

1 39.08 RCW, shall analyze alternative forms of security, and shall  
2 report its findings and analysis to the appropriate committees of the  
3 senate and the house of representatives no later than January 10, 1995.  
4 The alternative forms of security shall include, but not be limited to,  
5 a bond in an amount less than the full contract price, letter of  
6 credit, certified check, cash escrow, and assets of the contractor.  
7 The purpose of the review is to determine if alternative forms of  
8 security will provide essentially the same level of protection to the  
9 state at a lower cost to the contractor and the state.

10 This section shall expire June 30, 1995.

11 NEW SECTION. **Sec. 10.** (1) The state board of education shall  
12 study the potential for savings by constructing common schools from  
13 prototypical school construction designs. The findings and  
14 recommendations of the board shall be submitted to the senate committee  
15 on ways and means and the house of representatives capital budget  
16 committee by December 15, 1994.

17 (2) This section expires June 30, 1995.

18 NEW SECTION. **Sec. 11.** A new section is added to chapter 28A.525  
19 RCW to read as follows:

20 The state board of education, for purposes of determining  
21 eligibility for state assistance for new construction, shall adopt  
22 rules excluding from the inventory of available educational space those  
23 spaces that have been constructed for educational and community  
24 activities from grants received from other public or private entities.

25 **Sec. 12.** RCW 79.24.580 and 1993 sp.s. c 24 s 927 are each amended  
26 to read as follows:

27 After deduction for management costs as provided in RCW 79.64.040  
28 and payments to towns under RCW 79.92.110(2), all moneys received by  
29 the state from the sale or lease of state-owned aquatic lands and from  
30 the sale of valuable material from state-owned aquatic lands shall be  
31 (~~distributed as follows:—(1) To the state building bond redemption~~  
32 ~~fund such amounts necessary to retire bonds issued pursuant to RCW~~  
33 ~~79.24.630 through 79.24.647 prior to January 1, 1987, and for which~~  
34 ~~tidal and harbor area revenues have been pledged, and (2) all moneys not~~  
35 ~~deposited for the purposes of subsection (1) of this section shall be))  
36 deposited in the aquatic lands enhancement account which is hereby~~

1 created in the state treasury. After appropriation, these funds shall  
2 be used solely for aquatic lands enhancement projects; for the  
3 purchase, improvement, or protection of aquatic lands for public  
4 purposes; for providing and improving access to such lands; and for  
5 volunteer cooperative fish and game projects. During the fiscal  
6 biennium ending June 30, 1995, the funds may be appropriated for  
7 shellfish management, enforcement, and enhancement and for developing  
8 and implementing plans for population monitoring and restoration of  
9 native wild salmon stock.

10 **Sec. 13.** RCW 43.82.110 and 1969 c 121 s 2 are each amended to read  
11 as follows:

12 All office or other space made available through the provisions of  
13 this chapter shall be leased by the director to such state or federal  
14 agencies, for such rental, and on such terms and conditions as he or  
15 she deems advisable: PROVIDED, HOWEVER, If space becomes surplus, the  
16 director is authorized to lease office or other space in any project to  
17 any person, corporation or body politic, for such period as the  
18 director shall determine said space is surplus, and upon such other  
19 terms and conditions as he or she may prescribe.

20 ~~((There is hereby created within the treasury a special fund to be  
21 known as the "general administration bond redemption fund" in which all  
22 pledged rentals shall be deposited. In the event bonds are issued for  
23 more than one project, the rentals from each project will be maintained  
24 as separate accounts. The funds in this account or accounts shall be  
25 used to meet principal and interest payments when due on the bonds  
26 issued to finance the specific project for which each such account was  
27 created until all of such bonds and interest thereon have been paid.~~

28 ~~The bonds shall include a covenant that the payment or redemption  
29 thereof and the interest thereon are secured by a first and direct  
30 charge and lien on the rentals deposited in the general administration  
31 bond redemption fund, as aforesaid, and received from the project for  
32 which the bonds were issued. Such rentals shall be pledged by the  
33 state for such purpose.))~~

34 **Sec. 14.** RCW 43.82.120 and 1965 c 8 s 43.82.120 are each amended  
35 to read as follows:

36 ~~((There is hereby established within the state treasury a reserve  
37 fund to be known as the "general administration bond redemption~~

1 ~~guarantee fund.")) All ((unpledged)) rental income collected by the~~  
2 ~~department of general administration from rental of state buildings~~  
3 ~~shall be deposited in the ((general administration bond redemption~~  
4 ~~guarantee fund until a total of two hundred thousand dollars is on~~  
5 ~~deposit in said fund after which all unpledged rental income shall be~~  
6 ~~deposited in the)) general administration management fund, the creation~~  
7 ~~of which is hereby authorized. ((In the event the general~~  
8 ~~administration bond redemption guarantee fund is diminished, it shall~~  
9 ~~be replenished in the same manner.~~

10 ~~If at any time there is insufficient money in the general~~  
11 ~~administration bond redemption fund to make any payments of interest or~~  
12 ~~principal due on any bonds payable from such fund, the state treasurer~~  
13 ~~shall transfer from such general administration bond redemption~~  
14 ~~guarantee fund to the general administration bond redemption fund an~~  
15 ~~amount sufficient to meet such payments.))~~

16 NEW SECTION. **Sec. 15.** The legislature finds that there is  
17 inequitable distribution among state programs of capital costs  
18 associated with maintaining and rehabilitating state facilities. The  
19 legislature finds that there are insufficient available resources to  
20 support even minor capital improvements other than debt financing. The  
21 legislature further finds that little attention is focused on efficient  
22 facility management because in many cases capital costs are not  
23 factored into the ongoing process of allocating state resources. The  
24 purpose of sections 16 through 18 of this act is to create a mechanism  
25 to distribute capital costs among the agencies and programs occupying  
26 facilities owned and managed by the department of general  
27 administration in Thurston county that will foster increased  
28 accountability for facility decisions and more efficient use of the  
29 facilities.

30 **Sec. 16.** RCW 43.01.090 and 1991 sp.s. c 31 s 10 are each amended  
31 to read as follows:

32 The director of general administration may assess a charge or rent  
33 against each state board, commission, agency, office, department,  
34 activity, or other occupant or user for payment of a proportionate  
35 share of costs for occupancy of buildings, structures, or facilities  
36 including but not limited to all costs of acquiring, constructing,  
37 operating, and maintaining such buildings, structures, or facilities

1 and the repair, remodeling, or furnishing thereof and for the rendering  
2 of any service or the furnishing or providing of any supplies,  
3 equipment, or materials.

4 The director of general administration may recover the full costs  
5 including appropriate overhead charges of the foregoing by periodic  
6 billings as determined by the director including but not limited to  
7 transfers upon accounts and advancements into the general  
8 administration facilities and services revolving fund. Charges related  
9 to the rendering of real estate services under RCW 43.82.010 and to the  
10 operation of nonassigned public spaces in Thurston county shall be  
11 allocated separately from other charges assessed under this section.  
12 Rates shall be established by the director of general administration  
13 after consultation with the director of financial management. The  
14 director of general administration may allot, provide, or furnish any  
15 of such facilities, structures, services, equipment, supplies, or  
16 materials to any other public service type occupant or user at such  
17 rates or charges as are equitable and reasonably reflect the actual  
18 costs of the services provided: PROVIDED, HOWEVER, That the  
19 legislature, its duly constituted committees, interim committees and  
20 other committees shall be exempted from the provisions of this section.

21 Upon receipt of such bill, each entity, occupant, or user shall  
22 cause a warrant or check in the amount thereof to be drawn in favor of  
23 the department of general administration which shall be deposited in  
24 the state treasury to the credit of the general administration  
25 facilities and services revolving fund established in RCW 43.19.500  
26 unless the director of financial management has authorized another  
27 method for payment of costs.

28 Beginning July 1, 1995, the director of general administration  
29 shall assess a capital projects surcharge upon each agency or other  
30 user occupying a facility owned and managed by the department of  
31 general administration in Thurston county. The capital projects  
32 surcharge does not apply to agencies or users that agree to pay all  
33 future repairs, improvements, and renovations to the buildings they  
34 occupy and a proportional share, as determined by the office of  
35 financial management, of all other campus repairs, installations,  
36 improvements, and renovations that provide a benefit to the buildings  
37 they occupy or that have an agreement with the department of general  
38 administration that contains a charge for a similar purpose, including  
39 but not limited to section 19 of this act, in an amount greater than



1 the capital projects surcharge. The director, after consultation with  
2 the director of financial management, shall adopt differential capital  
3 project surcharge rates to reflect the differences in facility type and  
4 quality. The initial payment structure for this surcharge shall be one  
5 dollar per square foot per year. The surcharge shall increase over  
6 time to an amount that when combined with the facilities and service  
7 charge equals the market rate for similar types of lease space in the  
8 area or equals five dollars per square foot per year, whichever is  
9 less. The capital projects surcharge shall be in addition to other  
10 charges assessed under this section. Proceeds from the capital  
11 projects surcharge shall be deposited into the Thurston county capital  
12 facilities account created in section 18 of this act.

13 **Sec. 17.** RCW 43.19.500 and 1982 c 41 s 2 are each amended to read  
14 as follows:

15 There is hereby created a fund within the state treasury designated  
16 as the "department of general administration facilities and services  
17 revolving fund". Such revolving fund shall be used by the department  
18 of general administration for the payment of certain costs, expenses,  
19 and charges, as (~~hereinafter~~) specified in this section, incurred by  
20 it in the operation and administration of the department in the  
21 rendering of services, the furnishing or supplying of equipment,  
22 supplies and materials, and for providing or allocating facilities,  
23 including the operation, maintenance, rehabilitation, or furnishings  
24 thereof to other agencies, offices, departments, activities, and other  
25 entities enumerated in RCW 43.01.090 and including the rendering of  
26 services in acquiring real estate under RCW 43.82.010 and the operation  
27 and maintenance of nonassigned public spaces in Thurston county. The  
28 department shall treat the rendering of services in acquiring real  
29 estate and the operation and maintenance of nonassigned public spaces  
30 as ((a)) separate operating ((entity)) entities within the fund for  
31 financial accounting and control.

32 The schedule of services, facilities, equipment, supplies,  
33 materials, maintenance, rehabilitation, furnishings, operations, and  
34 administration to be so financed and recovered shall be determined  
35 jointly by the director of general administration and the director of  
36 financial management, in equitable amounts which, together with any  
37 other income or appropriation, will provide the department of general

1 administration with funds to meet its anticipated expenditures during  
2 any allotment period.

3 The director of general administration may (~~promulgate~~) adopt  
4 rules (~~and regulations~~) governing the provisions of RCW 43.01.090 and  
5 this section and the relationships and procedures between the  
6 department of general administration and such other entities.

7 NEW SECTION. Sec. 18. A new section is added to chapter 43.19 RCW  
8 to read as follows:

9 The Thurston county capital facilities account is created in the  
10 state treasury. The account is subject to the appropriation and  
11 allotment procedures under chapter 43.88 RCW. Moneys in the account  
12 may be expended for capital projects in facilities owned and managed by  
13 the department of general administration in Thurston county.

14 NEW SECTION. Sec. 19. It is hereby declared to be the policy of  
15 the state of Washington that each agency or other occupant of newly  
16 constructed or substantially renovated facilities owned and operated by  
17 the department of general administration in Thurston county shall  
18 proportionally share the debt service costs associated with the  
19 original construction or substantial renovation of the facility.  
20 Beginning July 1, 1995, each state agency or other occupant of a  
21 facility constructed or substantially renovated after July 1, 1992, and  
22 owned and operated by the department of general administration in  
23 Thurston county, shall be assessed a charge to pay the principal and  
24 interest payments on any bonds or other financial contract issued to  
25 finance the construction or renovation or an equivalent charge for  
26 similar projects financed by cash sources. In recognition that full  
27 payment of debt service costs may be higher than market rates for  
28 similar types of facilities or higher than existing agreements for  
29 similar charges entered into prior to the effective date of this  
30 section, the initial charge may be less than the full cost of principal  
31 and interest payments. The charge shall be assessed to all occupants  
32 of the facility on a proportional basis based on the amount of occupied  
33 space or any unique construction requirements. The office of financial  
34 management, in consultation with the department of general  
35 administration, shall develop procedures to implement this section and  
36 report to the legislative fiscal committees, by October 1994, their  
37 recommendations for implementing this section. The office of financial

1 management shall separately identify in the budget document all  
2 payments and the documentation for determining the payments required by  
3 this section for each agency and fund source during the current and the  
4 two past and future fiscal biennia. The charge authorized in this  
5 section is subject to annual audit by the state auditor.

6 NEW SECTION. **Sec. 20.** The following acts or parts of acts are  
7 each repealed:

- 8 (1) RCW 43.82.040 and 1965 c 8 s 43.82.040;
- 9 (2) RCW 43.82.050 and 1965 c 8 s 43.82.050;
- 10 (3) RCW 43.82.060 and 1965 c 8 s 43.82.060;
- 11 (4) RCW 43.82.070 and 1965 c 8 s 43.82.070;
- 12 (5) RCW 43.82.080 and 1965 c 8 s 43.82.080; and
- 13 (6) RCW 43.82.090 and 1979 ex.s. c 67 s 4 & 1965 c 8 s 43.82.090.

14 NEW SECTION. **Sec. 21.** The following acts or parts of acts are  
15 each repealed:

- 16 (1) RCW 79.24.630 and 1970 ex.s. c 14 s 1;
- 17 (2) RCW 79.24.632 and 1969 ex.s. c 273 s 4 & 1967 ex.s. c 105 s 5;
- 18 (3) RCW 79.24.634 and 1969 ex.s. c 273 s 5 & 1967 ex.s. c 105 s 6;
- 19 (4) RCW 79.24.636 and 1969 ex.s. c 273 s 6 & 1967 ex.s. c 105 s 7;
- 20 (5) RCW 79.24.638 and 1982 2nd ex.s. c 8 s 5, 1969 ex.s. c 273 s 7,  
21 & 1967 ex.s. c 105 s 8;
- 22 (6) RCW 79.24.640 and 1969 ex.s. c 273 s 8 & 1967 ex.s. c 105 s 9;
- 23 (7) RCW 79.24.642 and 1969 ex.s. c 273 s 9 & 1967 ex.s. c 105 s 10;
- 24 (8) RCW 79.24.6421 and 1969 ex.s. c 273 s 1;
- 25 (9) RCW 79.24.6422 and 1969 ex.s. c 273 s 2;
- 26 (10) RCW 79.24.644 and 1967 ex.s. c 105 s 11;
- 27 (11) RCW 79.24.645 and 1969 ex.s. c 273 s 10;
- 28 (12) RCW 79.24.646 and 1967 ex.s. c 105 s 12; and
- 29 (13) RCW 79.24.647 and 1969 ex.s. c 273 s 13.

30 NEW SECTION. **Sec. 22.** (1) For the purposes of RCW 43.82.010, "the  
31 department of fish and wildlife" means "the department of fisheries and  
32 the department of wildlife" until July 1, 1994.

33 (2) This section expires July 1, 1994.

34 NEW SECTION. **Sec. 23.** Sections 8 and 9 of this act are necessary  
35 for the immediate preservation of the public peace, health, or safety,

1 or support of the state government and its existing public  
2 institutions, and shall take effect immediately."

3 **ESHB 2237** - CONF REPT  
4 By Conference Committee

5

6 On page 1, line 1 of the title, after "facilities;" strike the  
7 remainder of the title and insert "amending RCW 43.88A.020, 43.88.032,  
8 43.82.010, 79.24.580, 43.82.110, and 43.82.120; reenacting and amending  
9 RCW 43.88.030, 43.88.110, 43.01.090, and 43.19.500; adding a new  
10 section to chapter 43.88 RCW; adding a new section to chapter 28A.525  
11 RCW; adding a new section to chapter 43.19 RCW; creating new sections;  
12 repealing RCW 43.82.040, 43.82.050, 43.82.060, 43.82.070, 43.82.080,  
13 43.82.090, 79.24.630, 79.24.632, 79.24.634, 79.24.636, 79.24.638,  
14 79.24.640, 79.24.642, 79.24.6421, 79.24.6422, 79.24.644, 79.24.645,  
15 79.24.646, and 79.24.647; and declaring an emergency."

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**BILL REQUEST - CODE REVISER'S OFFICE**

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BILL REQ. #: H-4564.1/94

ATTY/TYPIST: RJS:cls

BRIEF TITLE:

2 **ESHB 2237** - CONF REPT  
3 By Conference Committee

4

5 Strike everything after the enacting clause and insert the  
6 following:

7 "NEW SECTION. **Sec. 1.** The legislature finds that the acquisition,  
8 construction, and management of state-owned and leased facilities has  
9 a profound and long-range effect upon the delivery and cost of state  
10 programs, and that there is an increasing need for better facility  
11 planning and management to improve the effectiveness and efficiency of  
12 state facilities.

13 **Sec. 2.** RCW 43.88.030 and 1991 c 358 s 1 and 1991 c 284 s 1 are  
14 each reenacted and amended to read as follows:

15 (1) The director of financial management shall provide all agencies  
16 with a complete set of instructions for submitting biennial budget  
17 requests to the director at least three months before agency budget  
18 documents are due into the office of financial management. The  
19 director shall provide agencies that are required under RCW 44.40.070  
20 to develop comprehensive six-year program and financial plans with a  
21 complete set of instructions for submitting these program and financial  
22 plans at the same time that instructions for submitting other budget  
23 requests are provided. The budget document or documents shall consist  
24 of the governor's budget message which shall be explanatory of the  
25 budget and shall contain an outline of the proposed financial policies  
26 of the state for the ensuing fiscal period, as well as an outline of  
27 the proposed six-year financial policies where applicable, and shall  
28 describe in connection therewith the important features of the budget.  
29 The message shall set forth the reasons for salient changes from the  
30 previous fiscal period in expenditure and revenue items and shall  
31 explain any major changes in financial policy. Attached to the budget  
32 message shall be such supporting schedules, exhibits and other  
33 explanatory material in respect to both current operations and capital  
34 improvements as the governor shall deem to be useful to the  
35 legislature. The budget document or documents shall set forth a

1 proposal for expenditures in the ensuing fiscal period, or six-year  
2 period where applicable, based upon the estimated revenues as approved  
3 by the economic and revenue forecast council or upon the estimated  
4 revenues of the office of financial management for those funds,  
5 accounts, and sources for which the office of the economic and revenue  
6 forecast council does not prepare an official forecast, including those  
7 revenues anticipated to support the six-year programs and financial  
8 plans under RCW 44.40.070. In estimating revenues to support financial  
9 plans under RCW 44.40.070, the office of financial management shall  
10 rely on information and advice from the interagency revenue task force.  
11 Revenues shall be estimated for such fiscal period from the source and  
12 at the rates existing by law at the time of submission of the budget  
13 document, including the supplemental budgets submitted in the even-  
14 numbered years of a biennium. However, the estimated revenues for use  
15 in the governor's budget document may be adjusted to reflect budgetary  
16 revenue transfers and revenue estimates dependent upon budgetary  
17 assumptions of enrollments, workloads, and caseloads. All adjustments  
18 to the approved estimated revenues must be set forth in the budget  
19 document. The governor may additionally submit, as an appendix to each  
20 supplemental, biennial, or six-year agency budget or to the budget  
21 document or documents, a proposal for expenditures in the ensuing  
22 fiscal period from revenue sources derived from proposed changes in  
23 existing statutes.

24 Supplemental and biennial documents shall reflect a six-year  
25 expenditure plan consistent with estimated revenues from existing  
26 sources and at existing rates for those agencies required to submit  
27 six-year program and financial plans under RCW 44.40.070. Any  
28 additional revenue resulting from proposed changes to existing statutes  
29 shall be separately identified within the document as well as related  
30 expenditures for the six-year period.

31 The budget document or documents shall also contain:

32 (a) Revenues classified by fund and source for the immediately past  
33 fiscal period, those received or anticipated for the current fiscal  
34 period, those anticipated for the ensuing biennium, and those  
35 anticipated for the ensuing six-year period to support the six-year  
36 programs and financial plans required under RCW 44.40.070;

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

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

4 (d) Such additional information dealing with revenues and  
5 expenditures as the governor shall deem pertinent and useful to the  
6 legislature;

7 (e) Tabulations showing expenditures classified by fund, function,  
8 activity and object;

9 (f) A delineation of each agency's activities, including those  
10 activities funded from nonbudgeted, nonappropriated sources, including  
11 funds maintained outside the state treasury; and

12 (g) Identification of all proposed direct expenditures to implement  
13 the Puget Sound water quality plan under chapter 90.70 RCW, shown by  
14 agency and in total.

15 (2) The budget document or documents shall include detailed  
16 estimates of all anticipated revenues applicable to proposed operating  
17 or capital expenditures and shall also include all proposed operating  
18 or capital expenditures. The total of beginning undesignated fund  
19 balance and estimated revenues less working capital and other reserves  
20 shall equal or exceed the total of proposed applicable expenditures.  
21 The budget document or documents shall further include:

22 (a) Interest, amortization and redemption charges on the state  
23 debt;

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

25 (c) Other statutory expenditures;

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

27 (e) Revenues derived from agency operations;

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

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

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

37 (i) A showing, by agency, of the value and purpose of financing  
38 contracts for the lease/purchase or acquisition of personal or real  
39 property for the current and ensuing fiscal periods.



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

3 (a) A ~~((capital plan consisting of proposed capital spending for at  
4 least four fiscal periods succeeding the next fiscal period))~~ statement  
5 setting forth a long-range facilities plan for the state that  
6 identifies and includes the highest priority needs within affordable  
7 spending levels;

8 (b) A capital program consisting of proposed capital projects for  
9 ~~((at least))~~ the next biennium and the two ((fiscal periods)) biennia  
10 succeeding the next ((fiscal period)) biennium consistent with the  
11 long-range facilities plan. Inasmuch as is practical, and recognizing  
12 emergent needs, the capital program shall reflect the priorities,  
13 projects, and spending levels proposed in previously submitted capital  
14 budget documents in order to provide a reliable long-range planning  
15 tool for the legislature and state agencies;

16 (c) A capital plan consisting of proposed capital spending for at  
17 least four ~~((fiscal periods))~~ biennia succeeding the next ~~((fiscal~~  
18 ~~period))~~ biennium;

19 (d) A statement of the reason or purpose for a project;

20 (e) Verification that a project is consistent with the provisions  
21 set forth in chapter 36.70A RCW;

22 (f) A statement about the proposed site, size, and estimated life  
23 of the project, if applicable;

24 (g) Estimated total project cost;

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

31 (i) Estimated total project cost for each phase of the project as  
32 defined by the office of financial management;

33 ~~((i))~~ (j) Estimated ensuing biennium costs;

34 ~~((j))~~ (k) Estimated costs beyond the ensuing biennium;

35 ~~((k))~~ (l) Estimated construction start and completion dates;

36 ~~((l))~~ (m) Source and type of funds proposed;

37 ~~((m))~~ (n) Estimated ongoing operating budget costs or savings  
38 resulting from the project, including staffing and maintenance costs;

1       (o) For any capital appropriation requested for a state agency for  
2 the acquisition of land or the capital improvement of land in which the  
3 primary purpose of the acquisition or improvement is recreation or  
4 wildlife habitat conservation, the capital budget document, or an  
5 omnibus list of recreation and habitat acquisitions provided with the  
6 governor's budget document, shall identify the projected costs of  
7 operation and maintenance for at least the two biennia succeeding the  
8 next biennium. Omnibus lists of habitat and recreation land  
9 acquisitions shall include individual project cost estimates for  
10 operation and maintenance as well as a total for all state projects  
11 included in the list. The document shall identify the source of funds  
12 from which the operation and maintenance costs are proposed to be  
13 funded;

14       (p) Such other information bearing upon capital projects as the  
15 governor deems to be useful;

16       ~~((n))~~ (q) Standard terms, including a standard and uniform  
17 definition of maintenance for all capital projects;

18       ~~((o))~~ (r) Such other information as the legislature may direct by  
19 law or concurrent resolution.

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

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

1       **Sec. 3.** RCW 43.88A.020 and 1979 c 151 s 146 are each amended to  
2 read as follows:

3       The office of financial management shall, in cooperation with  
4 appropriate legislative committees and legislative staff, establish a  
5 procedure for the provision of fiscal notes on the expected impact of  
6 bills and resolutions which increase or decrease or tend to increase or  
7 decrease state government revenues or expenditures. Such fiscal notes  
8 shall indicate by fiscal year the impact for the remainder of the  
9 biennium in which the bill or resolution will first take effect as well  
10 as a cumulative forecast of the fiscal impact for the succeeding four  
11 fiscal years. Fiscal notes shall separately identify the fiscal  
12 impacts on the operating and capital budgets. Estimates of fiscal  
13 impacts shall be calculated using the procedures contained in the  
14 fiscal note instructions issued by the office of financial management.

15       In establishing the fiscal impact called for pursuant to this  
16 chapter, the office of financial management shall coordinate the  
17 development of fiscal notes with all state agencies affected.

18       **Sec. 4.** RCW 43.88.032 and 1989 c 311 s 1 are each amended to read  
19 as follows:

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

22       (2) All debt-financed pass-through money to local governments shall  
23 be programmed and separately identified in the (~~capital~~) budget  
24 document.

25       **Sec. 5.** RCW 43.88.110 and 1991 sp.s. c 32 s 27 and 1991 c 358 s 2  
26 are each reenacted and amended to read as follows:

27       This section sets forth the expenditure programs and the allotment  
28 and reserve procedures to be followed by the executive branch for  
29 public funds.

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

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

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

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

9 (a) Appropriations made for capital projects including  
10 transportation projects;

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

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

14 (d) Comparisons of estimated construction start and completion  
15 dates with actual dates;

16 (e) Documentation of fund shifts between projects.

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

20 (5) The office of financial management, prior to approving  
21 allotments for major capital construction projects valued over five  
22 million dollars, shall institute procedures for reviewing such projects  
23 at the predesign stage that will reduce long-term costs and increase  
24 facility efficiency. The procedures shall include, but not be limited  
25 to, the following elements:

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

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

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

32 (6) No expenditure may be incurred or obligation entered into for  
33 such major capital construction projects including, without exception,  
34 land acquisition, site development, predesign, design, construction,  
35 and equipment acquisition and installation, until the allotment of the  
36 funds to be expended has been approved by the office of financial  
37 management. This limitation does not prohibit the continuation of  
38 expenditures and obligations into the succeeding biennium for projects

1 for which allotments have been approved in the immediate prior  
2 biennium.

3       (7) If at any time during the fiscal period the governor projects  
4 a cash deficit in a particular fund or account as defined by RCW  
5 43.88.050, the governor shall make across-the-board reductions in  
6 allotments for that particular fund or account so as to prevent a cash  
7 deficit, unless the legislature has directed the liquidation of the  
8 cash deficit over one or more fiscal periods. Except for the  
9 legislative and judicial branches and other agencies headed by elective  
10 officials, the governor shall review the statement of proposed  
11 operating expenditures for reasonableness and conformance with  
12 legislative intent. Once the governor approves the statements of  
13 proposed operating expenditures, further revisions shall be made only  
14 at the beginning of the second fiscal year and must be initiated by the  
15 governor. However, changes in appropriation level authorized by the  
16 legislature, changes required by across-the-board reductions mandated  
17 by the governor, changes caused by executive increases to spending  
18 authority, and changes caused by executive decreases to spending  
19 authority for failure to comply with the provisions of chapter 36.70A  
20 RCW may require additional revisions. Revisions shall not be made  
21 retroactively. Revisions caused by executive increases to spending  
22 authority shall not be made after June 30, 1987. However, the governor  
23 may assign to a reserve status any portion of an agency appropriation  
24 withheld as part of across-the-board reductions made by the governor  
25 and any portion of an agency appropriation conditioned on a contingent  
26 event by the appropriations act. The governor may remove these amounts  
27 from reserve status if the across-the-board reductions are subsequently  
28 modified or if the contingent event occurs. The director of financial  
29 management shall enter approved statements of proposed expenditures  
30 into the state budgeting, accounting, and reporting system within  
31 forty-five days after receipt of the proposed statements from the  
32 agencies. If an agency or the director of financial management is  
33 unable to meet these requirements, the director of financial management  
34 shall provide a timely explanation in writing to the legislative fiscal  
35 committees.

36       (~~(6)~~) (8) It is expressly provided that all agencies shall be  
37 required to maintain accounting records and to report thereon in the  
38 manner prescribed in this chapter and under the regulations issued  
39 pursuant to this chapter. Within ninety days of the end of the fiscal

1 year, all agencies shall submit to the director of financial management  
2 their final adjustments to close their books for the fiscal year.  
3 Prior to submitting fiscal data, written or oral, to committees of the  
4 legislature, it is the responsibility of the agency submitting the data  
5 to reconcile it with the budget and accounting data reported by the  
6 agency to the director of financial management.

7 ~~((+7))~~ (9) The director of financial management shall monitor  
8 agency operating expenditures against the approved statement of  
9 proposed expenditures and shall provide the legislature with quarterly  
10 explanations of major variances.

11 ~~((+8))~~ (10) The director of financial management may exempt  
12 certain public funds from the allotment controls established under this  
13 chapter if it is not practical or necessary to allot the funds.  
14 Allotment control exemptions expire at the end of the fiscal biennium  
15 for which they are granted. The director of financial management shall  
16 report any exemptions granted under this subsection to the legislative  
17 fiscal committees.

18 NEW SECTION. Sec. 6. A new section is added to chapter 43.88 RCW  
19 to read as follows:

20 (1) The capital appropriations act may authorize the governor,  
21 through the director of financial management, to transfer the  
22 appropriation authority for a capital project that is in excess of the  
23 amount required for the completion of the project to another capital  
24 project for which the appropriation is insufficient.

25 (a) No such transfer may be used to expand the capacity or change  
26 the intended use of the project beyond that intended by the legislature  
27 in making the appropriation.

28 (b) The transfer may be effected only between capital projects  
29 within a specific department, commission, agency, or institution of  
30 higher education.

31 (c) The transfer may be effected only if the project from which the  
32 transfer of funds is made is substantially complete and there are funds  
33 remaining, or bids have been let on the project from which the transfer  
34 of funds is made and it appears to a substantial certainty that the  
35 project can be completed within the biennium for less than the amount  
36 appropriated.

37 (2) For the purposes of this section, the legislature intends that  
38 each project be defined as proposed to the legislature in the

1 governor's budget document, unless the legislative history demonstrates  
2 that the legislature intended to define the scope of a project in a  
3 different way.

4 (3) The office of financial management shall notify the legislative  
5 fiscal committees of the senate and the house of representatives at  
6 least thirty days before any transfer is effected under this section  
7 except emergency projects or any transfer under two hundred fifty  
8 thousand dollars, and shall prepare a report to such committees listing  
9 all completed transfers at the close of each fiscal year.

10 **Sec. 7.** RCW 43.82.010 and 1990 c 47 s 1 are each amended to read  
11 as follows:

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

24 (2) Except for real estate occupied by federal agencies, the  
25 director shall determine the location, size, and design of any real  
26 estate or improvements thereon acquired or held pursuant to subsection  
27 (1) of this section. Facilities acquired or held pursuant to this  
28 chapter, and any improvements thereon, shall conform to standards  
29 adopted by the director and approved by the office of financial  
30 management governing facility efficiency unless a specific exemption  
31 from such standards is provided by the director of general  
32 administration. The director of general administration shall report to  
33 the office of financial management annually on any exemptions granted  
34 pursuant to this subsection.

35 (3) The director of general administration may fix the terms and  
36 conditions of each lease entered into under this chapter, except that  
37 no lease shall extend greater than twenty years in duration. The  
38 director of general administration may enter into a long-term lease

1 greater than five years in duration upon a determination by the  
2 director of the office of financial management that the long-term lease  
3 provides a more favorable rate than would otherwise be available, it  
4 appears to a substantial certainty that the facility is necessary for  
5 use by the state for the full length of the lease term, and the  
6 facility meets the standards adopted pursuant to subsection (2) of this  
7 section. The director of general administration may enter into a long-  
8 term lease greater than ten years in duration if an analysis shows that  
9 the life-cycle cost of leasing the facility is less than the life-cycle  
10 cost of purchasing or constructing a facility in lieu of leasing the  
11 facility.

12 (4) It is the policy of the state to encourage the collocation and  
13 consolidation of state services into single or adjacent facilities,  
14 whenever appropriate, to improve public service delivery, minimize  
15 duplication of facilities, increase efficiency of operations, and  
16 promote sound growth management planning.

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

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



1 exceed five percent of the average annual rental, to meet unforeseen  
2 expenses incident to management of the real estate.

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

16 ~~((+5))~~ (8) In order to obtain maximum utilization of space, the  
17 director of general administration shall make space utilization  
18 studies, and shall establish standards for use of space by state  
19 agencies. Such studies shall include the identification of  
20 opportunities for collocation and consolidation of state agency office  
21 and support facilities.

22 ~~((+6))~~ (9) The director of general administration may construct  
23 new buildings on, or improve existing facilities, and furnish and  
24 equip, all real estate under his or her management. Prior to the  
25 construction of new buildings or major improvements to existing  
26 facilities or acquisition of facilities using a lease purchase  
27 contract, the director of general administration shall conduct an  
28 evaluation of the facility design and budget using life-cycle cost  
29 analysis, value-engineering, and other techniques to maximize the long-  
30 term effectiveness and efficiency of the facility or improvement.

31 ~~((+7))~~ (10) All conveyances and contracts to purchase, lease,  
32 rent, transfer, exchange, or sell real estate and to grant and accept  
33 easements shall be approved as to form by the attorney general, signed  
34 by the director of general administration or the director's designee,  
35 and recorded with the county auditor of the county in which the  
36 property is located.

37 ~~((+8))~~ (11) The director of general administration may delegate  
38 any or all of the functions specified in this section to any agency  
39 upon such terms and conditions as the director deems advisable.

1       (~~(9)~~) (12) This section does not apply to the acquisition of real  
2 estate by:

3       (a) The state college and universities for research or experimental  
4 purposes;

5       (b) The state liquor control board for liquor stores and  
6 warehouses; and

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

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

17       NEW SECTION.   **Sec. 8.**   (1) The legislature finds that current  
18 facility planning, budgeting, and management responsibilities are  
19 spread among a number of state agencies, and that there may be a need  
20 to consolidate these functions within a single entity with independent  
21 powers and fiduciary responsibility for state facilities as a whole to  
22 increase the consistency and quality of facility decisions.

23       (2) The office of financial management shall evaluate the need for  
24 and potential responsibilities of a central state facilities authority  
25 to coordinate and manage the design, acquisition, construction, and  
26 utilization of state facilities, including leased facilities. The  
27 evaluation shall include an examination of the current roles and  
28 responsibilities of state agencies including the department of general  
29 administration, the higher education coordinating board, the state  
30 board for community and technical colleges, and the office of financial  
31 management to identify critical areas for improvement and any  
32 overlapping areas of responsibility.

33       (3) The office of financial management shall consider the following  
34 potential responsibilities of a central facilities authority in its  
35 evaluation:

36       (a) Involvement in agency master planning and facility predesign  
37 activities to assist agencies in developing creative alternatives for  
38 meeting program needs;

1 (b) Development of facility performance and cost standards to  
2 assist in facility planning and budget evaluation;

3 (c) Critical evaluation of facility designs and budget requests  
4 through life-cycle cost analysis, value-engineering, and other tools to  
5 maximize the long-term effectiveness and efficiency of state  
6 facilities;

7 (d) Central management of and planning for the state's facility  
8 inventory, including both leased and state-owned facilities, to  
9 maximize agency collocation and consolidation opportunities and create  
10 identifiable state government and education centers;

11 (e) Administration and management of agency capital construction  
12 projects;

13 (f) Development of leasing standards and procedures, including a  
14 methodology for analyzing the costs and benefits of leasing versus  
15 owning facilities, and appropriate procurement of leased, lease-  
16 developed, or lease-purchased facilities;

17 (g) Development of facility operation and maintenance standards or  
18 guidelines;

19 (h) Administration and allocation of centrally pooled  
20 appropriations for projects affecting more than one agency or for which  
21 efficiency can be enhanced by central administration; and

22 (i) Other responsibilities as determined by the office of financial  
23 management.

24 (3) The evaluation shall consider increasing the responsibilities  
25 and powers of an existing agency or agencies, or establishing a new  
26 agency or agencies to accomplish the objectives of this section. The  
27 evaluation shall also estimate the costs and benefits of operating a  
28 central facility authority or authorities.

29 (4) The office of financial management shall convene a steering  
30 committee composed of representatives of affected state agencies and  
31 the private real estate industry to assist in collecting needed  
32 information and conducting the evaluation.

33 (5) The office of financial management shall report on the results  
34 of its evaluation to the appropriate standing committees of the  
35 legislature by January 10, 1995.

36 This section shall expire June 30, 1995.

37 NEW SECTION. **Sec. 9.** The office of financial management shall  
38 conduct a review of the state's bonding requirements under chapter

1 39.08 RCW, shall analyze alternative forms of security, and shall  
2 report its findings and analysis to the appropriate committees of the  
3 senate and the house of representatives no later than January 10, 1995.  
4 The alternative forms of security shall include, but not be limited to,  
5 a bond in an amount less than the full contract price, letter of  
6 credit, certified check, cash escrow, and assets of the contractor.  
7 The purpose of the review is to determine if alternative forms of  
8 security will provide essentially the same level of protection to the  
9 state at a lower cost to the contractor and the state.

10 This section shall expire June 30, 1995.

11 NEW SECTION. **Sec. 10.** (1) The state board of education shall  
12 study the potential for savings by constructing common schools from  
13 prototypical school construction designs. The findings and  
14 recommendations of the board shall be submitted to the senate committee  
15 on ways and means and the house of representatives capital budget  
16 committee by December 15, 1994.

17 (2) This section expires June 30, 1995.

18 NEW SECTION. **Sec. 11.** A new section is added to chapter 28A.525  
19 RCW to read as follows:

20 The state board of education, for purposes of determining  
21 eligibility for state assistance for new construction, shall adopt  
22 rules excluding from the inventory of available educational space those  
23 spaces that have been constructed for educational and community  
24 activities from grants received from other public or private entities.

25 **Sec. 12.** RCW 79.24.580 and 1993 sp.s. c 24 s 927 are each amended  
26 to read as follows:

27 After deduction for management costs as provided in RCW 79.64.040  
28 and payments to towns under RCW 79.92.110(2), all moneys received by  
29 the state from the sale or lease of state-owned aquatic lands and from  
30 the sale of valuable material from state-owned aquatic lands shall be  
31 (~~distributed as follows:—(1) To the state building bond redemption~~  
32 ~~fund such amounts necessary to retire bonds issued pursuant to RCW~~  
33 ~~79.24.630 through 79.24.647 prior to January 1, 1987, and for which~~  
34 ~~tidal and harbor area revenues have been pledged, and (2) all moneys not~~  
35 ~~deposited for the purposes of subsection (1) of this section shall be))  
36 deposited in the aquatic lands enhancement account which is hereby~~

1 created in the state treasury. After appropriation, these funds shall  
2 be used solely for aquatic lands enhancement projects; for the  
3 purchase, improvement, or protection of aquatic lands for public  
4 purposes; for providing and improving access to such lands; and for  
5 volunteer cooperative fish and game projects. During the fiscal  
6 biennium ending June 30, 1995, the funds may be appropriated for  
7 shellfish management, enforcement, and enhancement and for developing  
8 and implementing plans for population monitoring and restoration of  
9 native wild salmon stock.

10 **Sec. 13.** RCW 43.82.110 and 1969 c 121 s 2 are each amended to read  
11 as follows:

12 All office or other space made available through the provisions of  
13 this chapter shall be leased by the director to such state or federal  
14 agencies, for such rental, and on such terms and conditions as he or  
15 she deems advisable: PROVIDED, HOWEVER, If space becomes surplus, the  
16 director is authorized to lease office or other space in any project to  
17 any person, corporation or body politic, for such period as the  
18 director shall determine said space is surplus, and upon such other  
19 terms and conditions as he or she may prescribe.

20 ~~((There is hereby created within the treasury a special fund to be  
21 known as the "general administration bond redemption fund" in which all  
22 pledged rentals shall be deposited. In the event bonds are issued for  
23 more than one project, the rentals from each project will be maintained  
24 as separate accounts. The funds in this account or accounts shall be  
25 used to meet principal and interest payments when due on the bonds  
26 issued to finance the specific project for which each such account was  
27 created until all of such bonds and interest thereon have been paid.~~

28 ~~The bonds shall include a covenant that the payment or redemption  
29 thereof and the interest thereon are secured by a first and direct  
30 charge and lien on the rentals deposited in the general administration  
31 bond redemption fund, as aforesaid, and received from the project for  
32 which the bonds were issued. Such rentals shall be pledged by the  
33 state for such purpose.))~~

34 **Sec. 14.** RCW 43.82.120 and 1965 c 8 s 43.82.120 are each amended  
35 to read as follows:

36 ~~((There is hereby established within the state treasury a reserve  
37 fund to be known as the "general administration bond redemption~~

1 ~~guarantee fund."~~) All ~~((unpledged))~~ rental income collected by the  
2 department of general administration from rental of state buildings  
3 shall be deposited in the ~~((general administration bond redemption~~  
4 ~~guarantee fund until a total of two hundred thousand dollars is on~~  
5 ~~deposit in said fund after which all unpledged rental income shall be~~  
6 ~~deposited in the))~~ general administration management fund, the creation  
7 of which is hereby authorized. ~~((In the event the general~~  
8 ~~administration bond redemption guarantee fund is diminished, it shall~~  
9 ~~be replenished in the same manner.~~

10 If at any time there is insufficient money in the general  
11 administration bond redemption fund to make any payments of interest or  
12 principal due on any bonds payable from such fund, the state treasurer  
13 shall transfer from such general administration bond redemption  
14 guarantee fund to the general administration bond redemption fund an  
15 amount sufficient to meet such payments.))

16 NEW SECTION. **Sec. 15.** The legislature finds that there is  
17 inequitable distribution among state programs of capital costs  
18 associated with maintaining and rehabilitating state facilities. The  
19 legislature finds that there are insufficient available resources to  
20 support even minor capital improvements other than debt financing. The  
21 legislature further finds that little attention is focused on efficient  
22 facility management because in many cases capital costs are not  
23 factored into the ongoing process of allocating state resources. The  
24 purpose of sections 16 through 18 of this act is to create a mechanism  
25 to distribute capital costs among the agencies and programs occupying  
26 facilities owned and managed by the department of general  
27 administration in Thurston county that will foster increased  
28 accountability for facility decisions and more efficient use of the  
29 facilities.

30 **Sec. 16.** RCW 43.01.090 and 1991 sp.s. c 31 s 10 are each amended  
31 to read as follows:

32 The director of general administration may assess a charge or rent  
33 against each state board, commission, agency, office, department,  
34 activity, or other occupant or user for payment of a proportionate  
35 share of costs for occupancy of buildings, structures, or facilities  
36 including but not limited to all costs of acquiring, constructing,  
37 operating, and maintaining such buildings, structures, or facilities

1 and the repair, remodeling, or furnishing thereof and for the rendering  
2 of any service or the furnishing or providing of any supplies,  
3 equipment, or materials.

4 The director of general administration may recover the full costs  
5 including appropriate overhead charges of the foregoing by periodic  
6 billings as determined by the director including but not limited to  
7 transfers upon accounts and advancements into the general  
8 administration facilities and services revolving fund. Charges related  
9 to the rendering of real estate services under RCW 43.82.010 and to the  
10 operation of nonassigned public spaces in Thurston county shall be  
11 allocated separately from other charges assessed under this section.  
12 Rates shall be established by the director of general administration  
13 after consultation with the director of financial management. The  
14 director of general administration may allot, provide, or furnish any  
15 of such facilities, structures, services, equipment, supplies, or  
16 materials to any other public service type occupant or user at such  
17 rates or charges as are equitable and reasonably reflect the actual  
18 costs of the services provided: PROVIDED, HOWEVER, That the  
19 legislature, its duly constituted committees, interim committees and  
20 other committees shall be exempted from the provisions of this section.

21 Upon receipt of such bill, each entity, occupant, or user shall  
22 cause a warrant or check in the amount thereof to be drawn in favor of  
23 the department of general administration which shall be deposited in  
24 the state treasury to the credit of the general administration  
25 facilities and services revolving fund established in RCW 43.19.500  
26 unless the director of financial management has authorized another  
27 method for payment of costs.

28 Beginning July 1, 1995, the director of general administration  
29 shall assess a capital projects surcharge upon each agency or other  
30 user occupying a facility owned and managed by the department of  
31 general administration in Thurston county. The capital projects  
32 surcharge does not apply to agencies or users that agree to pay all  
33 future repairs, improvements, and renovations to the buildings they  
34 occupy and a proportional share, as determined by the office of  
35 financial management, of all other campus repairs, installations,  
36 improvements, and renovations that provide a benefit to the buildings  
37 they occupy or that have an agreement with the department of general  
38 administration that contains a charge for a similar purpose, including  
39 but not limited to section 19 of this act, in an amount greater than

1 the capital projects surcharge. The director, after consultation with  
2 the director of financial management, shall adopt differential capital  
3 project surcharge rates to reflect the differences in facility type and  
4 quality. The initial payment structure for this surcharge shall be one  
5 dollar per square foot per year. The surcharge shall increase over  
6 time to an amount that when combined with the facilities and service  
7 charge equals the market rate for similar types of lease space in the  
8 area or equals five dollars per square foot per year, whichever is  
9 less. The capital projects surcharge shall be in addition to other  
10 charges assessed under this section. Proceeds from the capital  
11 projects surcharge shall be deposited into the Thurston county capital  
12 facilities account created in section 18 of this act.

13 **Sec. 17.** RCW 43.19.500 and 1982 c 41 s 2 are each amended to read  
14 as follows:

15 There is hereby created a fund within the state treasury designated  
16 as the "department of general administration facilities and services  
17 revolving fund". Such revolving fund shall be used by the department  
18 of general administration for the payment of certain costs, expenses,  
19 and charges, as (~~hereinafter~~) specified in this section, incurred by  
20 it in the operation and administration of the department in the  
21 rendering of services, the furnishing or supplying of equipment,  
22 supplies and materials, and for providing or allocating facilities,  
23 including the operation, maintenance, rehabilitation, or furnishings  
24 thereof to other agencies, offices, departments, activities, and other  
25 entities enumerated in RCW 43.01.090 and including the rendering of  
26 services in acquiring real estate under RCW 43.82.010 and the operation  
27 and maintenance of nonassigned public spaces in Thurston county. The  
28 department shall treat the rendering of services in acquiring real  
29 estate and the operation and maintenance of nonassigned public spaces  
30 as ((a)) separate operating ((entity)) entities within the fund for  
31 financial accounting and control.

32 The schedule of services, facilities, equipment, supplies,  
33 materials, maintenance, rehabilitation, furnishings, operations, and  
34 administration to be so financed and recovered shall be determined  
35 jointly by the director of general administration and the director of  
36 financial management, in equitable amounts which, together with any  
37 other income or appropriation, will provide the department of general



1 administration with funds to meet its anticipated expenditures during  
2 any allotment period.

3 The director of general administration may (~~promulgate~~) adopt  
4 rules (~~and regulations~~) governing the provisions of RCW 43.01.090 and  
5 this section and the relationships and procedures between the  
6 department of general administration and such other entities.

7 NEW SECTION. **Sec. 18.** A new section is added to chapter 43.19 RCW  
8 to read as follows:

9 The Thurston county capital facilities account is created in the  
10 state treasury. The account is subject to the appropriation and  
11 allotment procedures under chapter 43.88 RCW. Moneys in the account  
12 may be expended for capital projects in facilities owned and managed by  
13 the department of general administration in Thurston county.

14 NEW SECTION. **Sec. 19.** It is hereby declared to be the policy of  
15 the state of Washington that each agency or other occupant of newly  
16 constructed or substantially renovated facilities owned and operated by  
17 the department of general administration in Thurston county shall  
18 proportionally share the debt service costs associated with the  
19 original construction or substantial renovation of the facility.  
20 Beginning July 1, 1995, each state agency or other occupant of a  
21 facility constructed or substantially renovated after July 1, 1992, and  
22 owned and operated by the department of general administration in  
23 Thurston county, shall be assessed a charge to pay the principal and  
24 interest payments on any bonds or other financial contract issued to  
25 finance the construction or renovation or an equivalent charge for  
26 similar projects financed by cash sources. In recognition that full  
27 payment of debt service costs may be higher than market rates for  
28 similar types of facilities or higher than existing agreements for  
29 similar charges entered into prior to the effective date of this  
30 section, the initial charge may be less than the full cost of principal  
31 and interest payments. The charge shall be assessed to all occupants  
32 of the facility on a proportional basis based on the amount of occupied  
33 space or any unique construction requirements. The office of financial  
34 management, in consultation with the department of general  
35 administration, shall develop procedures to implement this section and  
36 report to the legislative fiscal committees, by October 1994, their  
37 recommendations for implementing this section. The office of financial

1 management shall separately identify in the budget document all  
2 payments and the documentation for determining the payments required by  
3 this section for each agency and fund source during the current and the  
4 two past and future fiscal biennia. The charge authorized in this  
5 section is subject to annual audit by the state auditor.

6 NEW SECTION. **Sec. 20.** The following acts or parts of acts are  
7 each repealed:

- 8 (1) RCW 43.82.040 and 1965 c 8 s 43.82.040;
- 9 (2) RCW 43.82.050 and 1965 c 8 s 43.82.050;
- 10 (3) RCW 43.82.060 and 1965 c 8 s 43.82.060;
- 11 (4) RCW 43.82.070 and 1965 c 8 s 43.82.070;
- 12 (5) RCW 43.82.080 and 1965 c 8 s 43.82.080; and
- 13 (6) RCW 43.82.090 and 1979 ex.s. c 67 s 4 & 1965 c 8 s 43.82.090.

14 NEW SECTION. **Sec. 21.** The following acts or parts of acts are  
15 each repealed:

- 16 (1) RCW 79.24.630 and 1970 ex.s. c 14 s 1;
- 17 (2) RCW 79.24.632 and 1969 ex.s. c 273 s 4 & 1967 ex.s. c 105 s 5;
- 18 (3) RCW 79.24.634 and 1969 ex.s. c 273 s 5 & 1967 ex.s. c 105 s 6;
- 19 (4) RCW 79.24.636 and 1969 ex.s. c 273 s 6 & 1967 ex.s. c 105 s 7;
- 20 (5) RCW 79.24.638 and 1982 2nd ex.s. c 8 s 5, 1969 ex.s. c 273 s 7,  
21 & 1967 ex.s. c 105 s 8;
- 22 (6) RCW 79.24.640 and 1969 ex.s. c 273 s 8 & 1967 ex.s. c 105 s 9;
- 23 (7) RCW 79.24.642 and 1969 ex.s. c 273 s 9 & 1967 ex.s. c 105 s 10;
- 24 (8) RCW 79.24.6421 and 1969 ex.s. c 273 s 1;
- 25 (9) RCW 79.24.6422 and 1969 ex.s. c 273 s 2;
- 26 (10) RCW 79.24.644 and 1967 ex.s. c 105 s 11;
- 27 (11) RCW 79.24.645 and 1969 ex.s. c 273 s 10;
- 28 (12) RCW 79.24.646 and 1967 ex.s. c 105 s 12; and
- 29 (13) RCW 79.24.647 and 1969 ex.s. c 273 s 13.

30 NEW SECTION. **Sec. 22.** (1) For the purposes of RCW 43.82.010, "the  
31 department of fish and wildlife" means "the department of fisheries and  
32 the department of wildlife" until July 1, 1994.

33 (2) This section expires July 1, 1994.

34 NEW SECTION. **Sec. 23.** Sections 8 and 9 of this act are necessary  
35 for the immediate preservation of the public peace, health, or safety,

1 or support of the state government and its existing public  
2 institutions, and shall take effect immediately."

3 **ESHB 2237** - CONF REPT  
4 By Conference Committee

5

6 On page 1, line 1 of the title, after "facilities;" strike the  
7 remainder of the title and insert "amending RCW 43.88A.020, 43.88.032,  
8 43.82.010, 79.24.580, 43.82.110, and 43.82.120; reenacting and amending  
9 RCW 43.88.030, 43.88.110, 43.01.090, and 43.19.500; adding a new  
10 section to chapter 43.88 RCW; adding a new section to chapter 28A.525  
11 RCW; adding a new section to chapter 43.19 RCW; creating new sections;  
12 repealing RCW 43.82.040, 43.82.050, 43.82.060, 43.82.070, 43.82.080,  
13 43.82.090, 79.24.630, 79.24.632, 79.24.634, 79.24.636, 79.24.638,  
14 79.24.640, 79.24.642, 79.24.6421, 79.24.6422, 79.24.644, 79.24.645,  
15 79.24.646, and 79.24.647; and declaring an emergency."

--- END ---

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**BILL REQUEST - CODE REVISER'S OFFICE**

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BILL REQ. #: H-4564.1/94

ATTY/TYPIST: RJS:cls

BRIEF TITLE:

2 **ESHB 2237** - CONF REPT  
3 By Conference Committee

4

5 Strike everything after the enacting clause and insert the  
6 following:

7 "NEW SECTION. **Sec. 1.** The legislature finds that the acquisition,  
8 construction, and management of state-owned and leased facilities has  
9 a profound and long-range effect upon the delivery and cost of state  
10 programs, and that there is an increasing need for better facility  
11 planning and management to improve the effectiveness and efficiency of  
12 state facilities.

13 **Sec. 2.** RCW 43.88.030 and 1991 c 358 s 1 and 1991 c 284 s 1 are  
14 each reenacted and amended to read as follows:

15 (1) The director of financial management shall provide all agencies  
16 with a complete set of instructions for submitting biennial budget  
17 requests to the director at least three months before agency budget  
18 documents are due into the office of financial management. The  
19 director shall provide agencies that are required under RCW 44.40.070  
20 to develop comprehensive six-year program and financial plans with a  
21 complete set of instructions for submitting these program and financial  
22 plans at the same time that instructions for submitting other budget  
23 requests are provided. The budget document or documents shall consist  
24 of the governor's budget message which shall be explanatory of the  
25 budget and shall contain an outline of the proposed financial policies  
26 of the state for the ensuing fiscal period, as well as an outline of  
27 the proposed six-year financial policies where applicable, and shall  
28 describe in connection therewith the important features of the budget.  
29 The message shall set forth the reasons for salient changes from the  
30 previous fiscal period in expenditure and revenue items and shall  
31 explain any major changes in financial policy. Attached to the budget  
32 message shall be such supporting schedules, exhibits and other  
33 explanatory material in respect to both current operations and capital  
34 improvements as the governor shall deem to be useful to the  
35 legislature. The budget document or documents shall set forth a

1 proposal for expenditures in the ensuing fiscal period, or six-year  
2 period where applicable, based upon the estimated revenues as approved  
3 by the economic and revenue forecast council or upon the estimated  
4 revenues of the office of financial management for those funds,  
5 accounts, and sources for which the office of the economic and revenue  
6 forecast council does not prepare an official forecast, including those  
7 revenues anticipated to support the six-year programs and financial  
8 plans under RCW 44.40.070. In estimating revenues to support financial  
9 plans under RCW 44.40.070, the office of financial management shall  
10 rely on information and advice from the interagency revenue task force.  
11 Revenues shall be estimated for such fiscal period from the source and  
12 at the rates existing by law at the time of submission of the budget  
13 document, including the supplemental budgets submitted in the even-  
14 numbered years of a biennium. However, the estimated revenues for use  
15 in the governor's budget document may be adjusted to reflect budgetary  
16 revenue transfers and revenue estimates dependent upon budgetary  
17 assumptions of enrollments, workloads, and caseloads. All adjustments  
18 to the approved estimated revenues must be set forth in the budget  
19 document. The governor may additionally submit, as an appendix to each  
20 supplemental, biennial, or six-year agency budget or to the budget  
21 document or documents, a proposal for expenditures in the ensuing  
22 fiscal period from revenue sources derived from proposed changes in  
23 existing statutes.

24 Supplemental and biennial documents shall reflect a six-year  
25 expenditure plan consistent with estimated revenues from existing  
26 sources and at existing rates for those agencies required to submit  
27 six-year program and financial plans under RCW 44.40.070. Any  
28 additional revenue resulting from proposed changes to existing statutes  
29 shall be separately identified within the document as well as related  
30 expenditures for the six-year period.

31 The budget document or documents shall also contain:

32 (a) Revenues classified by fund and source for the immediately past  
33 fiscal period, those received or anticipated for the current fiscal  
34 period, those anticipated for the ensuing biennium, and those  
35 anticipated for the ensuing six-year period to support the six-year  
36 programs and financial plans required under RCW 44.40.070;

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

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

4 (d) Such additional information dealing with revenues and  
5 expenditures as the governor shall deem pertinent and useful to the  
6 legislature;

7 (e) Tabulations showing expenditures classified by fund, function,  
8 activity and object;

9 (f) A delineation of each agency's activities, including those  
10 activities funded from nonbudgeted, nonappropriated sources, including  
11 funds maintained outside the state treasury; and

12 (g) Identification of all proposed direct expenditures to implement  
13 the Puget Sound water quality plan under chapter 90.70 RCW, shown by  
14 agency and in total.

15 (2) The budget document or documents shall include detailed  
16 estimates of all anticipated revenues applicable to proposed operating  
17 or capital expenditures and shall also include all proposed operating  
18 or capital expenditures. The total of beginning undesignated fund  
19 balance and estimated revenues less working capital and other reserves  
20 shall equal or exceed the total of proposed applicable expenditures.  
21 The budget document or documents shall further include:

22 (a) Interest, amortization and redemption charges on the state  
23 debt;

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

25 (c) Other statutory expenditures;

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

27 (e) Revenues derived from agency operations;

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

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

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

37 (i) A showing, by agency, of the value and purpose of financing  
38 contracts for the lease/purchase or acquisition of personal or real  
39 property for the current and ensuing fiscal periods.

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

3 (a) A ~~((capital plan consisting of proposed capital spending for at  
4 least four fiscal periods succeeding the next fiscal period))~~ statement  
5 setting forth a long-range facilities plan for the state that  
6 identifies and includes the highest priority needs within affordable  
7 spending levels;

8 (b) A capital program consisting of proposed capital projects for  
9 ~~((at least))~~ the next biennium and the two ((fiscal periods)) biennia  
10 succeeding the next ((fiscal period)) biennium consistent with the  
11 long-range facilities plan. Inasmuch as is practical, and recognizing  
12 emergent needs, the capital program shall reflect the priorities,  
13 projects, and spending levels proposed in previously submitted capital  
14 budget documents in order to provide a reliable long-range planning  
15 tool for the legislature and state agencies;

16 (c) A capital plan consisting of proposed capital spending for at  
17 least four ~~((fiscal periods))~~ biennia succeeding the next ~~((fiscal~~  
18 ~~period))~~ biennium;

19 (d) A statement of the reason or purpose for a project;

20 (e) Verification that a project is consistent with the provisions  
21 set forth in chapter 36.70A RCW;

22 (f) A statement about the proposed site, size, and estimated life  
23 of the project, if applicable;

24 (g) Estimated total project cost;

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

31 (i) Estimated total project cost for each phase of the project as  
32 defined by the office of financial management;

33 ~~((i))~~ (j) Estimated ensuing biennium costs;

34 ~~((j))~~ (k) Estimated costs beyond the ensuing biennium;

35 ~~((k))~~ (l) Estimated construction start and completion dates;

36 ~~((l))~~ (m) Source and type of funds proposed;

37 ~~((m))~~ (n) Estimated ongoing operating budget costs or savings  
38 resulting from the project, including staffing and maintenance costs;



1       (o) For any capital appropriation requested for a state agency for  
2 the acquisition of land or the capital improvement of land in which the  
3 primary purpose of the acquisition or improvement is recreation or  
4 wildlife habitat conservation, the capital budget document, or an  
5 omnibus list of recreation and habitat acquisitions provided with the  
6 governor's budget document, shall identify the projected costs of  
7 operation and maintenance for at least the two biennia succeeding the  
8 next biennium. Omnibus lists of habitat and recreation land  
9 acquisitions shall include individual project cost estimates for  
10 operation and maintenance as well as a total for all state projects  
11 included in the list. The document shall identify the source of funds  
12 from which the operation and maintenance costs are proposed to be  
13 funded;

14       (p) Such other information bearing upon capital projects as the  
15 governor deems to be useful;

16       ~~((n))~~ (q) Standard terms, including a standard and uniform  
17 definition of maintenance for all capital projects;

18       ~~((o))~~ (r) Such other information as the legislature may direct by  
19 law or concurrent resolution.

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

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

1       **Sec. 3.** RCW 43.88A.020 and 1979 c 151 s 146 are each amended to  
2 read as follows:

3       The office of financial management shall, in cooperation with  
4 appropriate legislative committees and legislative staff, establish a  
5 procedure for the provision of fiscal notes on the expected impact of  
6 bills and resolutions which increase or decrease or tend to increase or  
7 decrease state government revenues or expenditures. Such fiscal notes  
8 shall indicate by fiscal year the impact for the remainder of the  
9 biennium in which the bill or resolution will first take effect as well  
10 as a cumulative forecast of the fiscal impact for the succeeding four  
11 fiscal years. Fiscal notes shall separately identify the fiscal  
12 impacts on the operating and capital budgets. Estimates of fiscal  
13 impacts shall be calculated using the procedures contained in the  
14 fiscal note instructions issued by the office of financial management.

15       In establishing the fiscal impact called for pursuant to this  
16 chapter, the office of financial management shall coordinate the  
17 development of fiscal notes with all state agencies affected.

18       **Sec. 4.** RCW 43.88.032 and 1989 c 311 s 1 are each amended to read  
19 as follows:

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

22       (2) All debt-financed pass-through money to local governments shall  
23 be programmed and separately identified in the (~~capital~~) budget  
24 document.

25       **Sec. 5.** RCW 43.88.110 and 1991 sp.s. c 32 s 27 and 1991 c 358 s 2  
26 are each reenacted and amended to read as follows:

27       This section sets forth the expenditure programs and the allotment  
28 and reserve procedures to be followed by the executive branch for  
29 public funds.

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

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

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

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

9 (a) Appropriations made for capital projects including  
10 transportation projects;

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

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

14 (d) Comparisons of estimated construction start and completion  
15 dates with actual dates;

16 (e) Documentation of fund shifts between projects.

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

20 (5) The office of financial management, prior to approving  
21 allotments for major capital construction projects valued over five  
22 million dollars, shall institute procedures for reviewing such projects  
23 at the predesign stage that will reduce long-term costs and increase  
24 facility efficiency. The procedures shall include, but not be limited  
25 to, the following elements:

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

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

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

32 (6) No expenditure may be incurred or obligation entered into for  
33 such major capital construction projects including, without exception,  
34 land acquisition, site development, predesign, design, construction,  
35 and equipment acquisition and installation, until the allotment of the  
36 funds to be expended has been approved by the office of financial  
37 management. This limitation does not prohibit the continuation of  
38 expenditures and obligations into the succeeding biennium for projects

1 for which allotments have been approved in the immediate prior  
2 biennium.

3 (7) If at any time during the fiscal period the governor projects  
4 a cash deficit in a particular fund or account as defined by RCW  
5 43.88.050, the governor shall make across-the-board reductions in  
6 allotments for that particular fund or account so as to prevent a cash  
7 deficit, unless the legislature has directed the liquidation of the  
8 cash deficit over one or more fiscal periods. Except for the  
9 legislative and judicial branches and other agencies headed by elective  
10 officials, the governor shall review the statement of proposed  
11 operating expenditures for reasonableness and conformance with  
12 legislative intent. Once the governor approves the statements of  
13 proposed operating expenditures, further revisions shall be made only  
14 at the beginning of the second fiscal year and must be initiated by the  
15 governor. However, changes in appropriation level authorized by the  
16 legislature, changes required by across-the-board reductions mandated  
17 by the governor, changes caused by executive increases to spending  
18 authority, and changes caused by executive decreases to spending  
19 authority for failure to comply with the provisions of chapter 36.70A  
20 RCW may require additional revisions. Revisions shall not be made  
21 retroactively. Revisions caused by executive increases to spending  
22 authority shall not be made after June 30, 1987. However, the governor  
23 may assign to a reserve status any portion of an agency appropriation  
24 withheld as part of across-the-board reductions made by the governor  
25 and any portion of an agency appropriation conditioned on a contingent  
26 event by the appropriations act. The governor may remove these amounts  
27 from reserve status if the across-the-board reductions are subsequently  
28 modified or if the contingent event occurs. The director of financial  
29 management shall enter approved statements of proposed expenditures  
30 into the state budgeting, accounting, and reporting system within  
31 forty-five days after receipt of the proposed statements from the  
32 agencies. If an agency or the director of financial management is  
33 unable to meet these requirements, the director of financial management  
34 shall provide a timely explanation in writing to the legislative fiscal  
35 committees.

36 ~~((+6+))~~ (8) It is expressly provided that all agencies shall be  
37 required to maintain accounting records and to report thereon in the  
38 manner prescribed in this chapter and under the regulations issued  
39 pursuant to this chapter. Within ninety days of the end of the fiscal

1 year, all agencies shall submit to the director of financial management  
2 their final adjustments to close their books for the fiscal year.  
3 Prior to submitting fiscal data, written or oral, to committees of the  
4 legislature, it is the responsibility of the agency submitting the data  
5 to reconcile it with the budget and accounting data reported by the  
6 agency to the director of financial management.

7 ~~((+7))~~ (9) The director of financial management shall monitor  
8 agency operating expenditures against the approved statement of  
9 proposed expenditures and shall provide the legislature with quarterly  
10 explanations of major variances.

11 ~~((+8))~~ (10) The director of financial management may exempt  
12 certain public funds from the allotment controls established under this  
13 chapter if it is not practical or necessary to allot the funds.  
14 Allotment control exemptions expire at the end of the fiscal biennium  
15 for which they are granted. The director of financial management shall  
16 report any exemptions granted under this subsection to the legislative  
17 fiscal committees.

18 NEW SECTION. Sec. 6. A new section is added to chapter 43.88 RCW  
19 to read as follows:

20 (1) The capital appropriations act may authorize the governor,  
21 through the director of financial management, to transfer the  
22 appropriation authority for a capital project that is in excess of the  
23 amount required for the completion of the project to another capital  
24 project for which the appropriation is insufficient.

25 (a) No such transfer may be used to expand the capacity or change  
26 the intended use of the project beyond that intended by the legislature  
27 in making the appropriation.

28 (b) The transfer may be effected only between capital projects  
29 within a specific department, commission, agency, or institution of  
30 higher education.

31 (c) The transfer may be effected only if the project from which the  
32 transfer of funds is made is substantially complete and there are funds  
33 remaining, or bids have been let on the project from which the transfer  
34 of funds is made and it appears to a substantial certainty that the  
35 project can be completed within the biennium for less than the amount  
36 appropriated.

37 (2) For the purposes of this section, the legislature intends that  
38 each project be defined as proposed to the legislature in the

1 governor's budget document, unless the legislative history demonstrates  
2 that the legislature intended to define the scope of a project in a  
3 different way.

4 (3) The office of financial management shall notify the legislative  
5 fiscal committees of the senate and the house of representatives at  
6 least thirty days before any transfer is effected under this section  
7 except emergency projects or any transfer under two hundred fifty  
8 thousand dollars, and shall prepare a report to such committees listing  
9 all completed transfers at the close of each fiscal year.

10 **Sec. 7.** RCW 43.82.010 and 1990 c 47 s 1 are each amended to read  
11 as follows:

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

24 (2) Except for real estate occupied by federal agencies, the  
25 director shall determine the location, size, and design of any real  
26 estate or improvements thereon acquired or held pursuant to subsection  
27 (1) of this section. Facilities acquired or held pursuant to this  
28 chapter, and any improvements thereon, shall conform to standards  
29 adopted by the director and approved by the office of financial  
30 management governing facility efficiency unless a specific exemption  
31 from such standards is provided by the director of general  
32 administration. The director of general administration shall report to  
33 the office of financial management annually on any exemptions granted  
34 pursuant to this subsection.

35 (3) The director of general administration may fix the terms and  
36 conditions of each lease entered into under this chapter, except that  
37 no lease shall extend greater than twenty years in duration. The  
38 director of general administration may enter into a long-term lease

1 greater than five years in duration upon a determination by the  
2 director of the office of financial management that the long-term lease  
3 provides a more favorable rate than would otherwise be available, it  
4 appears to a substantial certainty that the facility is necessary for  
5 use by the state for the full length of the lease term, and the  
6 facility meets the standards adopted pursuant to subsection (2) of this  
7 section. The director of general administration may enter into a long-  
8 term lease greater than ten years in duration if an analysis shows that  
9 the life-cycle cost of leasing the facility is less than the life-cycle  
10 cost of purchasing or constructing a facility in lieu of leasing the  
11 facility.

12 (4) It is the policy of the state to encourage the collocation and  
13 consolidation of state services into single or adjacent facilities,  
14 whenever appropriate, to improve public service delivery, minimize  
15 duplication of facilities, increase efficiency of operations, and  
16 promote sound growth management planning.

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

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

1 exceed five percent of the average annual rental, to meet unforeseen  
2 expenses incident to management of the real estate.

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

16 ~~((+5))~~ (8) In order to obtain maximum utilization of space, the  
17 director of general administration shall make space utilization  
18 studies, and shall establish standards for use of space by state  
19 agencies. Such studies shall include the identification of  
20 opportunities for collocation and consolidation of state agency office  
21 and support facilities.

22 ~~((+6))~~ (9) The director of general administration may construct  
23 new buildings on, or improve existing facilities, and furnish and  
24 equip, all real estate under his or her management. Prior to the  
25 construction of new buildings or major improvements to existing  
26 facilities or acquisition of facilities using a lease purchase  
27 contract, the director of general administration shall conduct an  
28 evaluation of the facility design and budget using life-cycle cost  
29 analysis, value-engineering, and other techniques to maximize the long-  
30 term effectiveness and efficiency of the facility or improvement.

31 ~~((+7))~~ (10) All conveyances and contracts to purchase, lease,  
32 rent, transfer, exchange, or sell real estate and to grant and accept  
33 easements shall be approved as to form by the attorney general, signed  
34 by the director of general administration or the director's designee,  
35 and recorded with the county auditor of the county in which the  
36 property is located.

37 ~~((+8))~~ (11) The director of general administration may delegate  
38 any or all of the functions specified in this section to any agency  
39 upon such terms and conditions as the director deems advisable.



1       (~~(9)~~) (12) This section does not apply to the acquisition of real  
2 estate by:

3       (a) The state college and universities for research or experimental  
4 purposes;

5       (b) The state liquor control board for liquor stores and  
6 warehouses; and

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

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

17       NEW SECTION.   **Sec. 8.**   (1) The legislature finds that current  
18 facility planning, budgeting, and management responsibilities are  
19 spread among a number of state agencies, and that there may be a need  
20 to consolidate these functions within a single entity with independent  
21 powers and fiduciary responsibility for state facilities as a whole to  
22 increase the consistency and quality of facility decisions.

23       (2) The office of financial management shall evaluate the need for  
24 and potential responsibilities of a central state facilities authority  
25 to coordinate and manage the design, acquisition, construction, and  
26 utilization of state facilities, including leased facilities. The  
27 evaluation shall include an examination of the current roles and  
28 responsibilities of state agencies including the department of general  
29 administration, the higher education coordinating board, the state  
30 board for community and technical colleges, and the office of financial  
31 management to identify critical areas for improvement and any  
32 overlapping areas of responsibility.

33       (3) The office of financial management shall consider the following  
34 potential responsibilities of a central facilities authority in its  
35 evaluation:

36       (a) Involvement in agency master planning and facility predesign  
37 activities to assist agencies in developing creative alternatives for  
38 meeting program needs;

1 (b) Development of facility performance and cost standards to  
2 assist in facility planning and budget evaluation;

3 (c) Critical evaluation of facility designs and budget requests  
4 through life-cycle cost analysis, value-engineering, and other tools to  
5 maximize the long-term effectiveness and efficiency of state  
6 facilities;

7 (d) Central management of and planning for the state's facility  
8 inventory, including both leased and state-owned facilities, to  
9 maximize agency collocation and consolidation opportunities and create  
10 identifiable state government and education centers;

11 (e) Administration and management of agency capital construction  
12 projects;

13 (f) Development of leasing standards and procedures, including a  
14 methodology for analyzing the costs and benefits of leasing versus  
15 owning facilities, and appropriate procurement of leased, lease-  
16 developed, or lease-purchased facilities;

17 (g) Development of facility operation and maintenance standards or  
18 guidelines;

19 (h) Administration and allocation of centrally pooled  
20 appropriations for projects affecting more than one agency or for which  
21 efficiency can be enhanced by central administration; and

22 (i) Other responsibilities as determined by the office of financial  
23 management.

24 (3) The evaluation shall consider increasing the responsibilities  
25 and powers of an existing agency or agencies, or establishing a new  
26 agency or agencies to accomplish the objectives of this section. The  
27 evaluation shall also estimate the costs and benefits of operating a  
28 central facility authority or authorities.

29 (4) The office of financial management shall convene a steering  
30 committee composed of representatives of affected state agencies and  
31 the private real estate industry to assist in collecting needed  
32 information and conducting the evaluation.

33 (5) The office of financial management shall report on the results  
34 of its evaluation to the appropriate standing committees of the  
35 legislature by January 10, 1995.

36 This section shall expire June 30, 1995.

37 NEW SECTION. **Sec. 9.** The office of financial management shall  
38 conduct a review of the state's bonding requirements under chapter

1 39.08 RCW, shall analyze alternative forms of security, and shall  
2 report its findings and analysis to the appropriate committees of the  
3 senate and the house of representatives no later than January 10, 1995.  
4 The alternative forms of security shall include, but not be limited to,  
5 a bond in an amount less than the full contract price, letter of  
6 credit, certified check, cash escrow, and assets of the contractor.  
7 The purpose of the review is to determine if alternative forms of  
8 security will provide essentially the same level of protection to the  
9 state at a lower cost to the contractor and the state.

10 This section shall expire June 30, 1995.

11 NEW SECTION. **Sec. 10.** (1) The state board of education shall  
12 study the potential for savings by constructing common schools from  
13 prototypical school construction designs. The findings and  
14 recommendations of the board shall be submitted to the senate committee  
15 on ways and means and the house of representatives capital budget  
16 committee by December 15, 1994.

17 (2) This section expires June 30, 1995.

18 NEW SECTION. **Sec. 11.** A new section is added to chapter 28A.525  
19 RCW to read as follows:

20 The state board of education, for purposes of determining  
21 eligibility for state assistance for new construction, shall adopt  
22 rules excluding from the inventory of available educational space those  
23 spaces that have been constructed for educational and community  
24 activities from grants received from other public or private entities.

25 **Sec. 12.** RCW 79.24.580 and 1993 sp.s. c 24 s 927 are each amended  
26 to read as follows:

27 After deduction for management costs as provided in RCW 79.64.040  
28 and payments to towns under RCW 79.92.110(2), all moneys received by  
29 the state from the sale or lease of state-owned aquatic lands and from  
30 the sale of valuable material from state-owned aquatic lands shall be  
31 (~~distributed as follows:—(1) To the state building bond redemption~~  
32 ~~fund such amounts necessary to retire bonds issued pursuant to RCW~~  
33 ~~79.24.630 through 79.24.647 prior to January 1, 1987, and for which~~  
34 ~~tidal and harbor area revenues have been pledged, and (2) all moneys not~~  
35 ~~deposited for the purposes of subsection (1) of this section shall be))  
36 deposited in the aquatic lands enhancement account which is hereby~~

1 created in the state treasury. After appropriation, these funds shall  
2 be used solely for aquatic lands enhancement projects; for the  
3 purchase, improvement, or protection of aquatic lands for public  
4 purposes; for providing and improving access to such lands; and for  
5 volunteer cooperative fish and game projects. During the fiscal  
6 biennium ending June 30, 1995, the funds may be appropriated for  
7 shellfish management, enforcement, and enhancement and for developing  
8 and implementing plans for population monitoring and restoration of  
9 native wild salmon stock.

10 **Sec. 13.** RCW 43.82.110 and 1969 c 121 s 2 are each amended to read  
11 as follows:

12 All office or other space made available through the provisions of  
13 this chapter shall be leased by the director to such state or federal  
14 agencies, for such rental, and on such terms and conditions as he or  
15 she deems advisable: PROVIDED, HOWEVER, If space becomes surplus, the  
16 director is authorized to lease office or other space in any project to  
17 any person, corporation or body politic, for such period as the  
18 director shall determine said space is surplus, and upon such other  
19 terms and conditions as he or she may prescribe.

20 ~~((There is hereby created within the treasury a special fund to be  
21 known as the "general administration bond redemption fund" in which all  
22 pledged rentals shall be deposited. In the event bonds are issued for  
23 more than one project, the rentals from each project will be maintained  
24 as separate accounts. The funds in this account or accounts shall be  
25 used to meet principal and interest payments when due on the bonds  
26 issued to finance the specific project for which each such account was  
27 created until all of such bonds and interest thereon have been paid.~~

28 ~~The bonds shall include a covenant that the payment or redemption  
29 thereof and the interest thereon are secured by a first and direct  
30 charge and lien on the rentals deposited in the general administration  
31 bond redemption fund, as aforesaid, and received from the project for  
32 which the bonds were issued. Such rentals shall be pledged by the  
33 state for such purpose.))~~

34 **Sec. 14.** RCW 43.82.120 and 1965 c 8 s 43.82.120 are each amended  
35 to read as follows:

36 ~~((There is hereby established within the state treasury a reserve  
37 fund to be known as the "general administration bond redemption~~

1 ~~guarantee fund."~~) All ~~((unpledged))~~ rental income collected by the  
2 department of general administration from rental of state buildings  
3 shall be deposited in the ~~((general administration bond redemption~~  
4 ~~guarantee fund until a total of two hundred thousand dollars is on~~  
5 ~~deposit in said fund after which all unpledged rental income shall be~~  
6 ~~deposited in the))~~ general administration management fund, the creation  
7 of which is hereby authorized. ~~((In the event the general~~  
8 ~~administration bond redemption guarantee fund is diminished, it shall~~  
9 ~~be replenished in the same manner.~~

10 If at any time there is insufficient money in the general  
11 administration bond redemption fund to make any payments of interest or  
12 principal due on any bonds payable from such fund, the state treasurer  
13 shall transfer from such general administration bond redemption  
14 guarantee fund to the general administration bond redemption fund an  
15 amount sufficient to meet such payments.))

16 NEW SECTION. **Sec. 15.** The legislature finds that there is  
17 inequitable distribution among state programs of capital costs  
18 associated with maintaining and rehabilitating state facilities. The  
19 legislature finds that there are insufficient available resources to  
20 support even minor capital improvements other than debt financing. The  
21 legislature further finds that little attention is focused on efficient  
22 facility management because in many cases capital costs are not  
23 factored into the ongoing process of allocating state resources. The  
24 purpose of sections 16 through 18 of this act is to create a mechanism  
25 to distribute capital costs among the agencies and programs occupying  
26 facilities owned and managed by the department of general  
27 administration in Thurston county that will foster increased  
28 accountability for facility decisions and more efficient use of the  
29 facilities.

30 **Sec. 16.** RCW 43.01.090 and 1991 sp.s. c 31 s 10 are each amended  
31 to read as follows:

32 The director of general administration may assess a charge or rent  
33 against each state board, commission, agency, office, department,  
34 activity, or other occupant or user for payment of a proportionate  
35 share of costs for occupancy of buildings, structures, or facilities  
36 including but not limited to all costs of acquiring, constructing,  
37 operating, and maintaining such buildings, structures, or facilities

1 and the repair, remodeling, or furnishing thereof and for the rendering  
2 of any service or the furnishing or providing of any supplies,  
3 equipment, or materials.

4 The director of general administration may recover the full costs  
5 including appropriate overhead charges of the foregoing by periodic  
6 billings as determined by the director including but not limited to  
7 transfers upon accounts and advancements into the general  
8 administration facilities and services revolving fund. Charges related  
9 to the rendering of real estate services under RCW 43.82.010 and to the  
10 operation of nonassigned public spaces in Thurston county shall be  
11 allocated separately from other charges assessed under this section.  
12 Rates shall be established by the director of general administration  
13 after consultation with the director of financial management. The  
14 director of general administration may allot, provide, or furnish any  
15 of such facilities, structures, services, equipment, supplies, or  
16 materials to any other public service type occupant or user at such  
17 rates or charges as are equitable and reasonably reflect the actual  
18 costs of the services provided: PROVIDED, HOWEVER, That the  
19 legislature, its duly constituted committees, interim committees and  
20 other committees shall be exempted from the provisions of this section.

21 Upon receipt of such bill, each entity, occupant, or user shall  
22 cause a warrant or check in the amount thereof to be drawn in favor of  
23 the department of general administration which shall be deposited in  
24 the state treasury to the credit of the general administration  
25 facilities and services revolving fund established in RCW 43.19.500  
26 unless the director of financial management has authorized another  
27 method for payment of costs.

28 Beginning July 1, 1995, the director of general administration  
29 shall assess a capital projects surcharge upon each agency or other  
30 user occupying a facility owned and managed by the department of  
31 general administration in Thurston county. The capital projects  
32 surcharge does not apply to agencies or users that agree to pay all  
33 future repairs, improvements, and renovations to the buildings they  
34 occupy and a proportional share, as determined by the office of  
35 financial management, of all other campus repairs, installations,  
36 improvements, and renovations that provide a benefit to the buildings  
37 they occupy or that have an agreement with the department of general  
38 administration that contains a charge for a similar purpose, including  
39 but not limited to section 19 of this act, in an amount greater than

1 the capital projects surcharge. The director, after consultation with  
2 the director of financial management, shall adopt differential capital  
3 project surcharge rates to reflect the differences in facility type and  
4 quality. The initial payment structure for this surcharge shall be one  
5 dollar per square foot per year. The surcharge shall increase over  
6 time to an amount that when combined with the facilities and service  
7 charge equals the market rate for similar types of lease space in the  
8 area or equals five dollars per square foot per year, whichever is  
9 less. The capital projects surcharge shall be in addition to other  
10 charges assessed under this section. Proceeds from the capital  
11 projects surcharge shall be deposited into the Thurston county capital  
12 facilities account created in section 18 of this act.

13 **Sec. 17.** RCW 43.19.500 and 1982 c 41 s 2 are each amended to read  
14 as follows:

15 There is hereby created a fund within the state treasury designated  
16 as the "department of general administration facilities and services  
17 revolving fund". Such revolving fund shall be used by the department  
18 of general administration for the payment of certain costs, expenses,  
19 and charges, as (~~hereinafter~~) specified in this section, incurred by  
20 it in the operation and administration of the department in the  
21 rendering of services, the furnishing or supplying of equipment,  
22 supplies and materials, and for providing or allocating facilities,  
23 including the operation, maintenance, rehabilitation, or furnishings  
24 thereof to other agencies, offices, departments, activities, and other  
25 entities enumerated in RCW 43.01.090 and including the rendering of  
26 services in acquiring real estate under RCW 43.82.010 and the operation  
27 and maintenance of nonassigned public spaces in Thurston county. The  
28 department shall treat the rendering of services in acquiring real  
29 estate and the operation and maintenance of nonassigned public spaces  
30 as (~~a~~) separate operating (~~entity~~) entities within the fund for  
31 financial accounting and control.

32 The schedule of services, facilities, equipment, supplies,  
33 materials, maintenance, rehabilitation, furnishings, operations, and  
34 administration to be so financed and recovered shall be determined  
35 jointly by the director of general administration and the director of  
36 financial management, in equitable amounts which, together with any  
37 other income or appropriation, will provide the department of general

1 administration with funds to meet its anticipated expenditures during  
2 any allotment period.

3 The director of general administration may (~~promulgate~~) adopt  
4 rules (~~and regulations~~) governing the provisions of RCW 43.01.090 and  
5 this section and the relationships and procedures between the  
6 department of general administration and such other entities.

7 NEW SECTION. **Sec. 18.** A new section is added to chapter 43.19 RCW  
8 to read as follows:

9 The Thurston county capital facilities account is created in the  
10 state treasury. The account is subject to the appropriation and  
11 allotment procedures under chapter 43.88 RCW. Moneys in the account  
12 may be expended for capital projects in facilities owned and managed by  
13 the department of general administration in Thurston county.

14 NEW SECTION. **Sec. 19.** It is hereby declared to be the policy of  
15 the state of Washington that each agency or other occupant of newly  
16 constructed or substantially renovated facilities owned and operated by  
17 the department of general administration in Thurston county shall  
18 proportionally share the debt service costs associated with the  
19 original construction or substantial renovation of the facility.  
20 Beginning July 1, 1995, each state agency or other occupant of a  
21 facility constructed or substantially renovated after July 1, 1992, and  
22 owned and operated by the department of general administration in  
23 Thurston county, shall be assessed a charge to pay the principal and  
24 interest payments on any bonds or other financial contract issued to  
25 finance the construction or renovation or an equivalent charge for  
26 similar projects financed by cash sources. In recognition that full  
27 payment of debt service costs may be higher than market rates for  
28 similar types of facilities or higher than existing agreements for  
29 similar charges entered into prior to the effective date of this  
30 section, the initial charge may be less than the full cost of principal  
31 and interest payments. The charge shall be assessed to all occupants  
32 of the facility on a proportional basis based on the amount of occupied  
33 space or any unique construction requirements. The office of financial  
34 management, in consultation with the department of general  
35 administration, shall develop procedures to implement this section and  
36 report to the legislative fiscal committees, by October 1994, their  
37 recommendations for implementing this section. The office of financial



1 management shall separately identify in the budget document all  
2 payments and the documentation for determining the payments required by  
3 this section for each agency and fund source during the current and the  
4 two past and future fiscal biennia. The charge authorized in this  
5 section is subject to annual audit by the state auditor.

6 NEW SECTION. **Sec. 20.** The following acts or parts of acts are  
7 each repealed:

- 8 (1) RCW 43.82.040 and 1965 c 8 s 43.82.040;
- 9 (2) RCW 43.82.050 and 1965 c 8 s 43.82.050;
- 10 (3) RCW 43.82.060 and 1965 c 8 s 43.82.060;
- 11 (4) RCW 43.82.070 and 1965 c 8 s 43.82.070;
- 12 (5) RCW 43.82.080 and 1965 c 8 s 43.82.080; and
- 13 (6) RCW 43.82.090 and 1979 ex.s. c 67 s 4 & 1965 c 8 s 43.82.090.

14 NEW SECTION. **Sec. 21.** The following acts or parts of acts are  
15 each repealed:

- 16 (1) RCW 79.24.630 and 1970 ex.s. c 14 s 1;
- 17 (2) RCW 79.24.632 and 1969 ex.s. c 273 s 4 & 1967 ex.s. c 105 s 5;
- 18 (3) RCW 79.24.634 and 1969 ex.s. c 273 s 5 & 1967 ex.s. c 105 s 6;
- 19 (4) RCW 79.24.636 and 1969 ex.s. c 273 s 6 & 1967 ex.s. c 105 s 7;
- 20 (5) RCW 79.24.638 and 1982 2nd ex.s. c 8 s 5, 1969 ex.s. c 273 s 7,  
21 & 1967 ex.s. c 105 s 8;
- 22 (6) RCW 79.24.640 and 1969 ex.s. c 273 s 8 & 1967 ex.s. c 105 s 9;
- 23 (7) RCW 79.24.642 and 1969 ex.s. c 273 s 9 & 1967 ex.s. c 105 s 10;
- 24 (8) RCW 79.24.6421 and 1969 ex.s. c 273 s 1;
- 25 (9) RCW 79.24.6422 and 1969 ex.s. c 273 s 2;
- 26 (10) RCW 79.24.644 and 1967 ex.s. c 105 s 11;
- 27 (11) RCW 79.24.645 and 1969 ex.s. c 273 s 10;
- 28 (12) RCW 79.24.646 and 1967 ex.s. c 105 s 12; and
- 29 (13) RCW 79.24.647 and 1969 ex.s. c 273 s 13.

30 NEW SECTION. **Sec. 22.** (1) For the purposes of RCW 43.82.010, "the  
31 department of fish and wildlife" means "the department of fisheries and  
32 the department of wildlife" until July 1, 1994.

33 (2) This section expires July 1, 1994.

34 NEW SECTION. **Sec. 23.** Sections 8 and 9 of this act are necessary  
35 for the immediate preservation of the public peace, health, or safety,

1 or support of the state government and its existing public  
2 institutions, and shall take effect immediately."

3 **ESHB 2237** - CONF REPT  
4 By Conference Committee

5

6 On page 1, line 1 of the title, after "facilities;" strike the  
7 remainder of the title and insert "amending RCW 43.88A.020, 43.88.032,  
8 43.82.010, 79.24.580, 43.82.110, and 43.82.120; reenacting and amending  
9 RCW 43.88.030, 43.88.110, 43.01.090, and 43.19.500; adding a new  
10 section to chapter 43.88 RCW; adding a new section to chapter 28A.525  
11 RCW; adding a new section to chapter 43.19 RCW; creating new sections;  
12 repealing RCW 43.82.040, 43.82.050, 43.82.060, 43.82.070, 43.82.080,  
13 43.82.090, 79.24.630, 79.24.632, 79.24.634, 79.24.636, 79.24.638,  
14 79.24.640, 79.24.642, 79.24.6421, 79.24.6422, 79.24.644, 79.24.645,  
15 79.24.646, and 79.24.647; and declaring an emergency."

--- END ---

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**BILL REQUEST - CODE REVISER'S OFFICE**

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BILL REQ. #: H-4564.1/94

ATTY/TYPIST: RJS:cls

BRIEF TITLE:

2 **ESHB 2237** - CONF REPT  
3 By Conference Committee

4

5 Strike everything after the enacting clause and insert the  
6 following:

7 "NEW SECTION. **Sec. 1.** The legislature finds that the acquisition,  
8 construction, and management of state-owned and leased facilities has  
9 a profound and long-range effect upon the delivery and cost of state  
10 programs, and that there is an increasing need for better facility  
11 planning and management to improve the effectiveness and efficiency of  
12 state facilities.

13 **Sec. 2.** RCW 43.88.030 and 1991 c 358 s 1 and 1991 c 284 s 1 are  
14 each reenacted and amended to read as follows:

15 (1) The director of financial management shall provide all agencies  
16 with a complete set of instructions for submitting biennial budget  
17 requests to the director at least three months before agency budget  
18 documents are due into the office of financial management. The  
19 director shall provide agencies that are required under RCW 44.40.070  
20 to develop comprehensive six-year program and financial plans with a  
21 complete set of instructions for submitting these program and financial  
22 plans at the same time that instructions for submitting other budget  
23 requests are provided. The budget document or documents shall consist  
24 of the governor's budget message which shall be explanatory of the  
25 budget and shall contain an outline of the proposed financial policies  
26 of the state for the ensuing fiscal period, as well as an outline of  
27 the proposed six-year financial policies where applicable, and shall  
28 describe in connection therewith the important features of the budget.  
29 The message shall set forth the reasons for salient changes from the  
30 previous fiscal period in expenditure and revenue items and shall  
31 explain any major changes in financial policy. Attached to the budget  
32 message shall be such supporting schedules, exhibits and other  
33 explanatory material in respect to both current operations and capital  
34 improvements as the governor shall deem to be useful to the  
35 legislature. The budget document or documents shall set forth a

1 proposal for expenditures in the ensuing fiscal period, or six-year  
2 period where applicable, based upon the estimated revenues as approved  
3 by the economic and revenue forecast council or upon the estimated  
4 revenues of the office of financial management for those funds,  
5 accounts, and sources for which the office of the economic and revenue  
6 forecast council does not prepare an official forecast, including those  
7 revenues anticipated to support the six-year programs and financial  
8 plans under RCW 44.40.070. In estimating revenues to support financial  
9 plans under RCW 44.40.070, the office of financial management shall  
10 rely on information and advice from the interagency revenue task force.  
11 Revenues shall be estimated for such fiscal period from the source and  
12 at the rates existing by law at the time of submission of the budget  
13 document, including the supplemental budgets submitted in the even-  
14 numbered years of a biennium. However, the estimated revenues for use  
15 in the governor's budget document may be adjusted to reflect budgetary  
16 revenue transfers and revenue estimates dependent upon budgetary  
17 assumptions of enrollments, workloads, and caseloads. All adjustments  
18 to the approved estimated revenues must be set forth in the budget  
19 document. The governor may additionally submit, as an appendix to each  
20 supplemental, biennial, or six-year agency budget or to the budget  
21 document or documents, a proposal for expenditures in the ensuing  
22 fiscal period from revenue sources derived from proposed changes in  
23 existing statutes.

24 Supplemental and biennial documents shall reflect a six-year  
25 expenditure plan consistent with estimated revenues from existing  
26 sources and at existing rates for those agencies required to submit  
27 six-year program and financial plans under RCW 44.40.070. Any  
28 additional revenue resulting from proposed changes to existing statutes  
29 shall be separately identified within the document as well as related  
30 expenditures for the six-year period.

31 The budget document or documents shall also contain:

32 (a) Revenues classified by fund and source for the immediately past  
33 fiscal period, those received or anticipated for the current fiscal  
34 period, those anticipated for the ensuing biennium, and those  
35 anticipated for the ensuing six-year period to support the six-year  
36 programs and financial plans required under RCW 44.40.070;

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

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

4 (d) Such additional information dealing with revenues and  
5 expenditures as the governor shall deem pertinent and useful to the  
6 legislature;

7 (e) Tabulations showing expenditures classified by fund, function,  
8 activity and object;

9 (f) A delineation of each agency's activities, including those  
10 activities funded from nonbudgeted, nonappropriated sources, including  
11 funds maintained outside the state treasury; and

12 (g) Identification of all proposed direct expenditures to implement  
13 the Puget Sound water quality plan under chapter 90.70 RCW, shown by  
14 agency and in total.

15 (2) The budget document or documents shall include detailed  
16 estimates of all anticipated revenues applicable to proposed operating  
17 or capital expenditures and shall also include all proposed operating  
18 or capital expenditures. The total of beginning undesignated fund  
19 balance and estimated revenues less working capital and other reserves  
20 shall equal or exceed the total of proposed applicable expenditures.  
21 The budget document or documents shall further include:

22 (a) Interest, amortization and redemption charges on the state  
23 debt;

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

25 (c) Other statutory expenditures;

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

27 (e) Revenues derived from agency operations;

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

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

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

37 (i) A showing, by agency, of the value and purpose of financing  
38 contracts for the lease/purchase or acquisition of personal or real  
39 property for the current and ensuing fiscal periods.

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

3 (a) A ~~((capital plan consisting of proposed capital spending for at  
4 least four fiscal periods succeeding the next fiscal period))~~ statement  
5 setting forth a long-range facilities plan for the state that  
6 identifies and includes the highest priority needs within affordable  
7 spending levels;

8 (b) A capital program consisting of proposed capital projects for  
9 ~~((at least))~~ the next biennium and the two ((fiscal periods)) biennia  
10 succeeding the next ((fiscal period)) biennium consistent with the  
11 long-range facilities plan. Inasmuch as is practical, and recognizing  
12 emergent needs, the capital program shall reflect the priorities,  
13 projects, and spending levels proposed in previously submitted capital  
14 budget documents in order to provide a reliable long-range planning  
15 tool for the legislature and state agencies;

16 (c) A capital plan consisting of proposed capital spending for at  
17 least four ~~((fiscal periods))~~ biennia succeeding the next ~~((fiscal~~  
18 ~~period))~~ biennium;

19 (d) A statement of the reason or purpose for a project;

20 (e) Verification that a project is consistent with the provisions  
21 set forth in chapter 36.70A RCW;

22 (f) A statement about the proposed site, size, and estimated life  
23 of the project, if applicable;

24 (g) Estimated total project cost;

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

31 (i) Estimated total project cost for each phase of the project as  
32 defined by the office of financial management;

33 ~~((i))~~ (j) Estimated ensuing biennium costs;

34 ~~((j))~~ (k) Estimated costs beyond the ensuing biennium;

35 ~~((k))~~ (l) Estimated construction start and completion dates;

36 ~~((l))~~ (m) Source and type of funds proposed;

37 ~~((m))~~ (n) Estimated ongoing operating budget costs or savings  
38 resulting from the project, including staffing and maintenance costs;

1       (o) For any capital appropriation requested for a state agency for  
2 the acquisition of land or the capital improvement of land in which the  
3 primary purpose of the acquisition or improvement is recreation or  
4 wildlife habitat conservation, the capital budget document, or an  
5 omnibus list of recreation and habitat acquisitions provided with the  
6 governor's budget document, shall identify the projected costs of  
7 operation and maintenance for at least the two biennia succeeding the  
8 next biennium. Omnibus lists of habitat and recreation land  
9 acquisitions shall include individual project cost estimates for  
10 operation and maintenance as well as a total for all state projects  
11 included in the list. The document shall identify the source of funds  
12 from which the operation and maintenance costs are proposed to be  
13 funded;

14       (p) Such other information bearing upon capital projects as the  
15 governor deems to be useful;

16       ~~((n))~~ (q) Standard terms, including a standard and uniform  
17 definition of maintenance for all capital projects;

18       ~~((o))~~ (r) Such other information as the legislature may direct by  
19 law or concurrent resolution.

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

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



1       **Sec. 3.** RCW 43.88A.020 and 1979 c 151 s 146 are each amended to  
2 read as follows:

3       The office of financial management shall, in cooperation with  
4 appropriate legislative committees and legislative staff, establish a  
5 procedure for the provision of fiscal notes on the expected impact of  
6 bills and resolutions which increase or decrease or tend to increase or  
7 decrease state government revenues or expenditures. Such fiscal notes  
8 shall indicate by fiscal year the impact for the remainder of the  
9 biennium in which the bill or resolution will first take effect as well  
10 as a cumulative forecast of the fiscal impact for the succeeding four  
11 fiscal years. Fiscal notes shall separately identify the fiscal  
12 impacts on the operating and capital budgets. Estimates of fiscal  
13 impacts shall be calculated using the procedures contained in the  
14 fiscal note instructions issued by the office of financial management.

15       In establishing the fiscal impact called for pursuant to this  
16 chapter, the office of financial management shall coordinate the  
17 development of fiscal notes with all state agencies affected.

18       **Sec. 4.** RCW 43.88.032 and 1989 c 311 s 1 are each amended to read  
19 as follows:

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

22       (2) All debt-financed pass-through money to local governments shall  
23 be programmed and separately identified in the (~~capital~~) budget  
24 document.

25       **Sec. 5.** RCW 43.88.110 and 1991 sp.s. c 32 s 27 and 1991 c 358 s 2  
26 are each reenacted and amended to read as follows:

27       This section sets forth the expenditure programs and the allotment  
28 and reserve procedures to be followed by the executive branch for  
29 public funds.

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

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

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

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

9 (a) Appropriations made for capital projects including  
10 transportation projects;

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

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

14 (d) Comparisons of estimated construction start and completion  
15 dates with actual dates;

16 (e) Documentation of fund shifts between projects.

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

20 (5) The office of financial management, prior to approving  
21 allotments for major capital construction projects valued over five  
22 million dollars, shall institute procedures for reviewing such projects  
23 at the predesign stage that will reduce long-term costs and increase  
24 facility efficiency. The procedures shall include, but not be limited  
25 to, the following elements:

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

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

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

32 (6) No expenditure may be incurred or obligation entered into for  
33 such major capital construction projects including, without exception,  
34 land acquisition, site development, predesign, design, construction,  
35 and equipment acquisition and installation, until the allotment of the  
36 funds to be expended has been approved by the office of financial  
37 management. This limitation does not prohibit the continuation of  
38 expenditures and obligations into the succeeding biennium for projects

1 for which allotments have been approved in the immediate prior  
2 biennium.

3 (7) If at any time during the fiscal period the governor projects  
4 a cash deficit in a particular fund or account as defined by RCW  
5 43.88.050, the governor shall make across-the-board reductions in  
6 allotments for that particular fund or account so as to prevent a cash  
7 deficit, unless the legislature has directed the liquidation of the  
8 cash deficit over one or more fiscal periods. Except for the  
9 legislative and judicial branches and other agencies headed by elective  
10 officials, the governor shall review the statement of proposed  
11 operating expenditures for reasonableness and conformance with  
12 legislative intent. Once the governor approves the statements of  
13 proposed operating expenditures, further revisions shall be made only  
14 at the beginning of the second fiscal year and must be initiated by the  
15 governor. However, changes in appropriation level authorized by the  
16 legislature, changes required by across-the-board reductions mandated  
17 by the governor, changes caused by executive increases to spending  
18 authority, and changes caused by executive decreases to spending  
19 authority for failure to comply with the provisions of chapter 36.70A  
20 RCW may require additional revisions. Revisions shall not be made  
21 retroactively. Revisions caused by executive increases to spending  
22 authority shall not be made after June 30, 1987. However, the governor  
23 may assign to a reserve status any portion of an agency appropriation  
24 withheld as part of across-the-board reductions made by the governor  
25 and any portion of an agency appropriation conditioned on a contingent  
26 event by the appropriations act. The governor may remove these amounts  
27 from reserve status if the across-the-board reductions are subsequently  
28 modified or if the contingent event occurs. The director of financial  
29 management shall enter approved statements of proposed expenditures  
30 into the state budgeting, accounting, and reporting system within  
31 forty-five days after receipt of the proposed statements from the  
32 agencies. If an agency or the director of financial management is  
33 unable to meet these requirements, the director of financial management  
34 shall provide a timely explanation in writing to the legislative fiscal  
35 committees.

36 ((+6)) (8) It is expressly provided that all agencies shall be  
37 required to maintain accounting records and to report thereon in the  
38 manner prescribed in this chapter and under the regulations issued  
39 pursuant to this chapter. Within ninety days of the end of the fiscal

1 year, all agencies shall submit to the director of financial management  
2 their final adjustments to close their books for the fiscal year.  
3 Prior to submitting fiscal data, written or oral, to committees of the  
4 legislature, it is the responsibility of the agency submitting the data  
5 to reconcile it with the budget and accounting data reported by the  
6 agency to the director of financial management.

7 ~~((+7))~~ (9) The director of financial management shall monitor  
8 agency operating expenditures against the approved statement of  
9 proposed expenditures and shall provide the legislature with quarterly  
10 explanations of major variances.

11 ~~((+8))~~ (10) The director of financial management may exempt  
12 certain public funds from the allotment controls established under this  
13 chapter if it is not practical or necessary to allot the funds.  
14 Allotment control exemptions expire at the end of the fiscal biennium  
15 for which they are granted. The director of financial management shall  
16 report any exemptions granted under this subsection to the legislative  
17 fiscal committees.

18 NEW SECTION. Sec. 6. A new section is added to chapter 43.88 RCW  
19 to read as follows:

20 (1) The capital appropriations act may authorize the governor,  
21 through the director of financial management, to transfer the  
22 appropriation authority for a capital project that is in excess of the  
23 amount required for the completion of the project to another capital  
24 project for which the appropriation is insufficient.

25 (a) No such transfer may be used to expand the capacity or change  
26 the intended use of the project beyond that intended by the legislature  
27 in making the appropriation.

28 (b) The transfer may be effected only between capital projects  
29 within a specific department, commission, agency, or institution of  
30 higher education.

31 (c) The transfer may be effected only if the project from which the  
32 transfer of funds is made is substantially complete and there are funds  
33 remaining, or bids have been let on the project from which the transfer  
34 of funds is made and it appears to a substantial certainty that the  
35 project can be completed within the biennium for less than the amount  
36 appropriated.

37 (2) For the purposes of this section, the legislature intends that  
38 each project be defined as proposed to the legislature in the

1 governor's budget document, unless the legislative history demonstrates  
2 that the legislature intended to define the scope of a project in a  
3 different way.

4 (3) The office of financial management shall notify the legislative  
5 fiscal committees of the senate and the house of representatives at  
6 least thirty days before any transfer is effected under this section  
7 except emergency projects or any transfer under two hundred fifty  
8 thousand dollars, and shall prepare a report to such committees listing  
9 all completed transfers at the close of each fiscal year.

10 **Sec. 7.** RCW 43.82.010 and 1990 c 47 s 1 are each amended to read  
11 as follows:

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

24 (2) Except for real estate occupied by federal agencies, the  
25 director shall determine the location, size, and design of any real  
26 estate or improvements thereon acquired or held pursuant to subsection  
27 (1) of this section. Facilities acquired or held pursuant to this  
28 chapter, and any improvements thereon, shall conform to standards  
29 adopted by the director and approved by the office of financial  
30 management governing facility efficiency unless a specific exemption  
31 from such standards is provided by the director of general  
32 administration. The director of general administration shall report to  
33 the office of financial management annually on any exemptions granted  
34 pursuant to this subsection.

35 (3) The director of general administration may fix the terms and  
36 conditions of each lease entered into under this chapter, except that  
37 no lease shall extend greater than twenty years in duration. The  
38 director of general administration may enter into a long-term lease

1 greater than five years in duration upon a determination by the  
2 director of the office of financial management that the long-term lease  
3 provides a more favorable rate than would otherwise be available, it  
4 appears to a substantial certainty that the facility is necessary for  
5 use by the state for the full length of the lease term, and the  
6 facility meets the standards adopted pursuant to subsection (2) of this  
7 section. The director of general administration may enter into a long-  
8 term lease greater than ten years in duration if an analysis shows that  
9 the life-cycle cost of leasing the facility is less than the life-cycle  
10 cost of purchasing or constructing a facility in lieu of leasing the  
11 facility.

12 (4) It is the policy of the state to encourage the collocation and  
13 consolidation of state services into single or adjacent facilities,  
14 whenever appropriate, to improve public service delivery, minimize  
15 duplication of facilities, increase efficiency of operations, and  
16 promote sound growth management planning.

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

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

1 exceed five percent of the average annual rental, to meet unforeseen  
2 expenses incident to management of the real estate.

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

16 ~~((+5))~~ (8) In order to obtain maximum utilization of space, the  
17 director of general administration shall make space utilization  
18 studies, and shall establish standards for use of space by state  
19 agencies. Such studies shall include the identification of  
20 opportunities for collocation and consolidation of state agency office  
21 and support facilities.

22 ~~((+6))~~ (9) The director of general administration may construct  
23 new buildings on, or improve existing facilities, and furnish and  
24 equip, all real estate under his or her management. Prior to the  
25 construction of new buildings or major improvements to existing  
26 facilities or acquisition of facilities using a lease purchase  
27 contract, the director of general administration shall conduct an  
28 evaluation of the facility design and budget using life-cycle cost  
29 analysis, value-engineering, and other techniques to maximize the long-  
30 term effectiveness and efficiency of the facility or improvement.

31 ~~((+7))~~ (10) All conveyances and contracts to purchase, lease,  
32 rent, transfer, exchange, or sell real estate and to grant and accept  
33 easements shall be approved as to form by the attorney general, signed  
34 by the director of general administration or the director's designee,  
35 and recorded with the county auditor of the county in which the  
36 property is located.

37 ~~((+8))~~ (11) The director of general administration may delegate  
38 any or all of the functions specified in this section to any agency  
39 upon such terms and conditions as the director deems advisable.

1       (~~(9)~~) (12) This section does not apply to the acquisition of real  
2 estate by:

3       (a) The state college and universities for research or experimental  
4 purposes;

5       (b) The state liquor control board for liquor stores and  
6 warehouses; and

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

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

17       NEW SECTION.   **Sec. 8.**   (1) The legislature finds that current  
18 facility planning, budgeting, and management responsibilities are  
19 spread among a number of state agencies, and that there may be a need  
20 to consolidate these functions within a single entity with independent  
21 powers and fiduciary responsibility for state facilities as a whole to  
22 increase the consistency and quality of facility decisions.

23       (2) The office of financial management shall evaluate the need for  
24 and potential responsibilities of a central state facilities authority  
25 to coordinate and manage the design, acquisition, construction, and  
26 utilization of state facilities, including leased facilities. The  
27 evaluation shall include an examination of the current roles and  
28 responsibilities of state agencies including the department of general  
29 administration, the higher education coordinating board, the state  
30 board for community and technical colleges, and the office of financial  
31 management to identify critical areas for improvement and any  
32 overlapping areas of responsibility.

33       (3) The office of financial management shall consider the following  
34 potential responsibilities of a central facilities authority in its  
35 evaluation:

36       (a) Involvement in agency master planning and facility predesign  
37 activities to assist agencies in developing creative alternatives for  
38 meeting program needs;



1 (b) Development of facility performance and cost standards to  
2 assist in facility planning and budget evaluation;

3 (c) Critical evaluation of facility designs and budget requests  
4 through life-cycle cost analysis, value-engineering, and other tools to  
5 maximize the long-term effectiveness and efficiency of state  
6 facilities;

7 (d) Central management of and planning for the state's facility  
8 inventory, including both leased and state-owned facilities, to  
9 maximize agency collocation and consolidation opportunities and create  
10 identifiable state government and education centers;

11 (e) Administration and management of agency capital construction  
12 projects;

13 (f) Development of leasing standards and procedures, including a  
14 methodology for analyzing the costs and benefits of leasing versus  
15 owning facilities, and appropriate procurement of leased, lease-  
16 developed, or lease-purchased facilities;

17 (g) Development of facility operation and maintenance standards or  
18 guidelines;

19 (h) Administration and allocation of centrally pooled  
20 appropriations for projects affecting more than one agency or for which  
21 efficiency can be enhanced by central administration; and

22 (i) Other responsibilities as determined by the office of financial  
23 management.

24 (3) The evaluation shall consider increasing the responsibilities  
25 and powers of an existing agency or agencies, or establishing a new  
26 agency or agencies to accomplish the objectives of this section. The  
27 evaluation shall also estimate the costs and benefits of operating a  
28 central facility authority or authorities.

29 (4) The office of financial management shall convene a steering  
30 committee composed of representatives of affected state agencies and  
31 the private real estate industry to assist in collecting needed  
32 information and conducting the evaluation.

33 (5) The office of financial management shall report on the results  
34 of its evaluation to the appropriate standing committees of the  
35 legislature by January 10, 1995.

36 This section shall expire June 30, 1995.

37 NEW SECTION. **Sec. 9.** The office of financial management shall  
38 conduct a review of the state's bonding requirements under chapter

1 39.08 RCW, shall analyze alternative forms of security, and shall  
2 report its findings and analysis to the appropriate committees of the  
3 senate and the house of representatives no later than January 10, 1995.  
4 The alternative forms of security shall include, but not be limited to,  
5 a bond in an amount less than the full contract price, letter of  
6 credit, certified check, cash escrow, and assets of the contractor.  
7 The purpose of the review is to determine if alternative forms of  
8 security will provide essentially the same level of protection to the  
9 state at a lower cost to the contractor and the state.

10 This section shall expire June 30, 1995.

11 NEW SECTION. **Sec. 10.** (1) The state board of education shall  
12 study the potential for savings by constructing common schools from  
13 prototypical school construction designs. The findings and  
14 recommendations of the board shall be submitted to the senate committee  
15 on ways and means and the house of representatives capital budget  
16 committee by December 15, 1994.

17 (2) This section expires June 30, 1995.

18 NEW SECTION. **Sec. 11.** A new section is added to chapter 28A.525  
19 RCW to read as follows:

20 The state board of education, for purposes of determining  
21 eligibility for state assistance for new construction, shall adopt  
22 rules excluding from the inventory of available educational space those  
23 spaces that have been constructed for educational and community  
24 activities from grants received from other public or private entities.

25 **Sec. 12.** RCW 79.24.580 and 1993 sp.s. c 24 s 927 are each amended  
26 to read as follows:

27 After deduction for management costs as provided in RCW 79.64.040  
28 and payments to towns under RCW 79.92.110(2), all moneys received by  
29 the state from the sale or lease of state-owned aquatic lands and from  
30 the sale of valuable material from state-owned aquatic lands shall be  
31 (~~distributed as follows:—(1) To the state building bond redemption~~  
32 ~~fund such amounts necessary to retire bonds issued pursuant to RCW~~  
33 ~~79.24.630 through 79.24.647 prior to January 1, 1987, and for which~~  
34 ~~tidal and harbor area revenues have been pledged, and (2) all moneys not~~  
35 ~~deposited for the purposes of subsection (1) of this section shall be))  
36 deposited in the aquatic lands enhancement account which is hereby~~

1 created in the state treasury. After appropriation, these funds shall  
2 be used solely for aquatic lands enhancement projects; for the  
3 purchase, improvement, or protection of aquatic lands for public  
4 purposes; for providing and improving access to such lands; and for  
5 volunteer cooperative fish and game projects. During the fiscal  
6 biennium ending June 30, 1995, the funds may be appropriated for  
7 shellfish management, enforcement, and enhancement and for developing  
8 and implementing plans for population monitoring and restoration of  
9 native wild salmon stock.

10 **Sec. 13.** RCW 43.82.110 and 1969 c 121 s 2 are each amended to read  
11 as follows:

12 All office or other space made available through the provisions of  
13 this chapter shall be leased by the director to such state or federal  
14 agencies, for such rental, and on such terms and conditions as he or  
15 she deems advisable: PROVIDED, HOWEVER, If space becomes surplus, the  
16 director is authorized to lease office or other space in any project to  
17 any person, corporation or body politic, for such period as the  
18 director shall determine said space is surplus, and upon such other  
19 terms and conditions as he or she may prescribe.

20 ~~((There is hereby created within the treasury a special fund to be  
21 known as the "general administration bond redemption fund" in which all  
22 pledged rentals shall be deposited. In the event bonds are issued for  
23 more than one project, the rentals from each project will be maintained  
24 as separate accounts. The funds in this account or accounts shall be  
25 used to meet principal and interest payments when due on the bonds  
26 issued to finance the specific project for which each such account was  
27 created until all of such bonds and interest thereon have been paid.~~

28 ~~The bonds shall include a covenant that the payment or redemption  
29 thereof and the interest thereon are secured by a first and direct  
30 charge and lien on the rentals deposited in the general administration  
31 bond redemption fund, as aforesaid, and received from the project for  
32 which the bonds were issued. Such rentals shall be pledged by the  
33 state for such purpose.))~~

34 **Sec. 14.** RCW 43.82.120 and 1965 c 8 s 43.82.120 are each amended  
35 to read as follows:

36 ~~((There is hereby established within the state treasury a reserve  
37 fund to be known as the "general administration bond redemption~~

1 ~~guarantee fund.")) All ((unpledged)) rental income collected by the~~  
2 ~~department of general administration from rental of state buildings~~  
3 ~~shall be deposited in the ((general administration bond redemption~~  
4 ~~guarantee fund until a total of two hundred thousand dollars is on~~  
5 ~~deposit in said fund after which all unpledged rental income shall be~~  
6 ~~deposited in the)) general administration management fund, the creation~~  
7 ~~of which is hereby authorized. ((In the event the general~~  
8 ~~administration bond redemption guarantee fund is diminished, it shall~~  
9 ~~be replenished in the same manner.~~

10 ~~If at any time there is insufficient money in the general~~  
11 ~~administration bond redemption fund to make any payments of interest or~~  
12 ~~principal due on any bonds payable from such fund, the state treasurer~~  
13 ~~shall transfer from such general administration bond redemption~~  
14 ~~guarantee fund to the general administration bond redemption fund an~~  
15 ~~amount sufficient to meet such payments.))~~

16 NEW SECTION. **Sec. 15.** The legislature finds that there is  
17 inequitable distribution among state programs of capital costs  
18 associated with maintaining and rehabilitating state facilities. The  
19 legislature finds that there are insufficient available resources to  
20 support even minor capital improvements other than debt financing. The  
21 legislature further finds that little attention is focused on efficient  
22 facility management because in many cases capital costs are not  
23 factored into the ongoing process of allocating state resources. The  
24 purpose of sections 16 through 18 of this act is to create a mechanism  
25 to distribute capital costs among the agencies and programs occupying  
26 facilities owned and managed by the department of general  
27 administration in Thurston county that will foster increased  
28 accountability for facility decisions and more efficient use of the  
29 facilities.

30 **Sec. 16.** RCW 43.01.090 and 1991 sp.s. c 31 s 10 are each amended  
31 to read as follows:

32 The director of general administration may assess a charge or rent  
33 against each state board, commission, agency, office, department,  
34 activity, or other occupant or user for payment of a proportionate  
35 share of costs for occupancy of buildings, structures, or facilities  
36 including but not limited to all costs of acquiring, constructing,  
37 operating, and maintaining such buildings, structures, or facilities

1 and the repair, remodeling, or furnishing thereof and for the rendering  
2 of any service or the furnishing or providing of any supplies,  
3 equipment, or materials.

4 The director of general administration may recover the full costs  
5 including appropriate overhead charges of the foregoing by periodic  
6 billings as determined by the director including but not limited to  
7 transfers upon accounts and advancements into the general  
8 administration facilities and services revolving fund. Charges related  
9 to the rendering of real estate services under RCW 43.82.010 and to the  
10 operation of nonassigned public spaces in Thurston county shall be  
11 allocated separately from other charges assessed under this section.  
12 Rates shall be established by the director of general administration  
13 after consultation with the director of financial management. The  
14 director of general administration may allot, provide, or furnish any  
15 of such facilities, structures, services, equipment, supplies, or  
16 materials to any other public service type occupant or user at such  
17 rates or charges as are equitable and reasonably reflect the actual  
18 costs of the services provided: PROVIDED, HOWEVER, That the  
19 legislature, its duly constituted committees, interim committees and  
20 other committees shall be exempted from the provisions of this section.

21 Upon receipt of such bill, each entity, occupant, or user shall  
22 cause a warrant or check in the amount thereof to be drawn in favor of  
23 the department of general administration which shall be deposited in  
24 the state treasury to the credit of the general administration  
25 facilities and services revolving fund established in RCW 43.19.500  
26 unless the director of financial management has authorized another  
27 method for payment of costs.

28 Beginning July 1, 1995, the director of general administration  
29 shall assess a capital projects surcharge upon each agency or other  
30 user occupying a facility owned and managed by the department of  
31 general administration in Thurston county. The capital projects  
32 surcharge does not apply to agencies or users that agree to pay all  
33 future repairs, improvements, and renovations to the buildings they  
34 occupy and a proportional share, as determined by the office of  
35 financial management, of all other campus repairs, installations,  
36 improvements, and renovations that provide a benefit to the buildings  
37 they occupy or that have an agreement with the department of general  
38 administration that contains a charge for a similar purpose, including  
39 but not limited to section 19 of this act, in an amount greater than

1 the capital projects surcharge. The director, after consultation with  
2 the director of financial management, shall adopt differential capital  
3 project surcharge rates to reflect the differences in facility type and  
4 quality. The initial payment structure for this surcharge shall be one  
5 dollar per square foot per year. The surcharge shall increase over  
6 time to an amount that when combined with the facilities and service  
7 charge equals the market rate for similar types of lease space in the  
8 area or equals five dollars per square foot per year, whichever is  
9 less. The capital projects surcharge shall be in addition to other  
10 charges assessed under this section. Proceeds from the capital  
11 projects surcharge shall be deposited into the Thurston county capital  
12 facilities account created in section 18 of this act.

13 **Sec. 17.** RCW 43.19.500 and 1982 c 41 s 2 are each amended to read  
14 as follows:

15 There is hereby created a fund within the state treasury designated  
16 as the "department of general administration facilities and services  
17 revolving fund". Such revolving fund shall be used by the department  
18 of general administration for the payment of certain costs, expenses,  
19 and charges, as (~~hereinafter~~) specified in this section, incurred by  
20 it in the operation and administration of the department in the  
21 rendering of services, the furnishing or supplying of equipment,  
22 supplies and materials, and for providing or allocating facilities,  
23 including the operation, maintenance, rehabilitation, or furnishings  
24 thereof to other agencies, offices, departments, activities, and other  
25 entities enumerated in RCW 43.01.090 and including the rendering of  
26 services in acquiring real estate under RCW 43.82.010 and the operation  
27 and maintenance of nonassigned public spaces in Thurston county. The  
28 department shall treat the rendering of services in acquiring real  
29 estate and the operation and maintenance of nonassigned public spaces  
30 as (~~a~~) separate operating (~~entity~~) entities within the fund for  
31 financial accounting and control.

32 The schedule of services, facilities, equipment, supplies,  
33 materials, maintenance, rehabilitation, furnishings, operations, and  
34 administration to be so financed and recovered shall be determined  
35 jointly by the director of general administration and the director of  
36 financial management, in equitable amounts which, together with any  
37 other income or appropriation, will provide the department of general

1 administration with funds to meet its anticipated expenditures during  
2 any allotment period.

3 The director of general administration may (~~promulgate~~) adopt  
4 rules (~~and regulations~~) governing the provisions of RCW 43.01.090 and  
5 this section and the relationships and procedures between the  
6 department of general administration and such other entities.

7 NEW SECTION. Sec. 18. A new section is added to chapter 43.19 RCW  
8 to read as follows:

9 The Thurston county capital facilities account is created in the  
10 state treasury. The account is subject to the appropriation and  
11 allotment procedures under chapter 43.88 RCW. Moneys in the account  
12 may be expended for capital projects in facilities owned and managed by  
13 the department of general administration in Thurston county.

14 NEW SECTION. Sec. 19. It is hereby declared to be the policy of  
15 the state of Washington that each agency or other occupant of newly  
16 constructed or substantially renovated facilities owned and operated by  
17 the department of general administration in Thurston county shall  
18 proportionally share the debt service costs associated with the  
19 original construction or substantial renovation of the facility.  
20 Beginning July 1, 1995, each state agency or other occupant of a  
21 facility constructed or substantially renovated after July 1, 1992, and  
22 owned and operated by the department of general administration in  
23 Thurston county, shall be assessed a charge to pay the principal and  
24 interest payments on any bonds or other financial contract issued to  
25 finance the construction or renovation or an equivalent charge for  
26 similar projects financed by cash sources. In recognition that full  
27 payment of debt service costs may be higher than market rates for  
28 similar types of facilities or higher than existing agreements for  
29 similar charges entered into prior to the effective date of this  
30 section, the initial charge may be less than the full cost of principal  
31 and interest payments. The charge shall be assessed to all occupants  
32 of the facility on a proportional basis based on the amount of occupied  
33 space or any unique construction requirements. The office of financial  
34 management, in consultation with the department of general  
35 administration, shall develop procedures to implement this section and  
36 report to the legislative fiscal committees, by October 1994, their  
37 recommendations for implementing this section. The office of financial

1 management shall separately identify in the budget document all  
2 payments and the documentation for determining the payments required by  
3 this section for each agency and fund source during the current and the  
4 two past and future fiscal biennia. The charge authorized in this  
5 section is subject to annual audit by the state auditor.

6 NEW SECTION. **Sec. 20.** The following acts or parts of acts are  
7 each repealed:

- 8 (1) RCW 43.82.040 and 1965 c 8 s 43.82.040;
- 9 (2) RCW 43.82.050 and 1965 c 8 s 43.82.050;
- 10 (3) RCW 43.82.060 and 1965 c 8 s 43.82.060;
- 11 (4) RCW 43.82.070 and 1965 c 8 s 43.82.070;
- 12 (5) RCW 43.82.080 and 1965 c 8 s 43.82.080; and
- 13 (6) RCW 43.82.090 and 1979 ex.s. c 67 s 4 & 1965 c 8 s 43.82.090.

14 NEW SECTION. **Sec. 21.** The following acts or parts of acts are  
15 each repealed:

- 16 (1) RCW 79.24.630 and 1970 ex.s. c 14 s 1;
- 17 (2) RCW 79.24.632 and 1969 ex.s. c 273 s 4 & 1967 ex.s. c 105 s 5;
- 18 (3) RCW 79.24.634 and 1969 ex.s. c 273 s 5 & 1967 ex.s. c 105 s 6;
- 19 (4) RCW 79.24.636 and 1969 ex.s. c 273 s 6 & 1967 ex.s. c 105 s 7;
- 20 (5) RCW 79.24.638 and 1982 2nd ex.s. c 8 s 5, 1969 ex.s. c 273 s 7,  
21 & 1967 ex.s. c 105 s 8;
- 22 (6) RCW 79.24.640 and 1969 ex.s. c 273 s 8 & 1967 ex.s. c 105 s 9;
- 23 (7) RCW 79.24.642 and 1969 ex.s. c 273 s 9 & 1967 ex.s. c 105 s 10;
- 24 (8) RCW 79.24.6421 and 1969 ex.s. c 273 s 1;
- 25 (9) RCW 79.24.6422 and 1969 ex.s. c 273 s 2;
- 26 (10) RCW 79.24.644 and 1967 ex.s. c 105 s 11;
- 27 (11) RCW 79.24.645 and 1969 ex.s. c 273 s 10;
- 28 (12) RCW 79.24.646 and 1967 ex.s. c 105 s 12; and
- 29 (13) RCW 79.24.647 and 1969 ex.s. c 273 s 13.

30 NEW SECTION. **Sec. 22.** (1) For the purposes of RCW 43.82.010, "the  
31 department of fish and wildlife" means "the department of fisheries and  
32 the department of wildlife" until July 1, 1994.

33 (2) This section expires July 1, 1994.

34 NEW SECTION. **Sec. 23.** Sections 8 and 9 of this act are necessary  
35 for the immediate preservation of the public peace, health, or safety,



1 or support of the state government and its existing public  
2 institutions, and shall take effect immediately."

3 **ESHB 2237** - CONF REPT  
4 By Conference Committee

5

6 On page 1, line 1 of the title, after "facilities;" strike the  
7 remainder of the title and insert "amending RCW 43.88A.020, 43.88.032,  
8 43.82.010, 79.24.580, 43.82.110, and 43.82.120; reenacting and amending  
9 RCW 43.88.030, 43.88.110, 43.01.090, and 43.19.500; adding a new  
10 section to chapter 43.88 RCW; adding a new section to chapter 28A.525  
11 RCW; adding a new section to chapter 43.19 RCW; creating new sections;  
12 repealing RCW 43.82.040, 43.82.050, 43.82.060, 43.82.070, 43.82.080,  
13 43.82.090, 79.24.630, 79.24.632, 79.24.634, 79.24.636, 79.24.638,  
14 79.24.640, 79.24.642, 79.24.6421, 79.24.6422, 79.24.644, 79.24.645,  
15 79.24.646, and 79.24.647; and declaring an emergency."

--- END ---

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**BILL REQUEST - CODE REVISER'S OFFICE**

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BILL REQ. #: H-4564.1/94

ATTY/TYPIST: RJS:cls

BRIEF TITLE:

2 **ESHB 2237** - CONF REPT  
3 By Conference Committee

4

5 Strike everything after the enacting clause and insert the  
6 following:

7 "NEW SECTION. **Sec. 1.** The legislature finds that the acquisition,  
8 construction, and management of state-owned and leased facilities has  
9 a profound and long-range effect upon the delivery and cost of state  
10 programs, and that there is an increasing need for better facility  
11 planning and management to improve the effectiveness and efficiency of  
12 state facilities.

13 **Sec. 2.** RCW 43.88.030 and 1991 c 358 s 1 and 1991 c 284 s 1 are  
14 each reenacted and amended to read as follows:

15 (1) The director of financial management shall provide all agencies  
16 with a complete set of instructions for submitting biennial budget  
17 requests to the director at least three months before agency budget  
18 documents are due into the office of financial management. The  
19 director shall provide agencies that are required under RCW 44.40.070  
20 to develop comprehensive six-year program and financial plans with a  
21 complete set of instructions for submitting these program and financial  
22 plans at the same time that instructions for submitting other budget  
23 requests are provided. The budget document or documents shall consist  
24 of the governor's budget message which shall be explanatory of the  
25 budget and shall contain an outline of the proposed financial policies  
26 of the state for the ensuing fiscal period, as well as an outline of  
27 the proposed six-year financial policies where applicable, and shall  
28 describe in connection therewith the important features of the budget.  
29 The message shall set forth the reasons for salient changes from the  
30 previous fiscal period in expenditure and revenue items and shall  
31 explain any major changes in financial policy. Attached to the budget  
32 message shall be such supporting schedules, exhibits and other  
33 explanatory material in respect to both current operations and capital  
34 improvements as the governor shall deem to be useful to the  
35 legislature. The budget document or documents shall set forth a

1 proposal for expenditures in the ensuing fiscal period, or six-year  
2 period where applicable, based upon the estimated revenues as approved  
3 by the economic and revenue forecast council or upon the estimated  
4 revenues of the office of financial management for those funds,  
5 accounts, and sources for which the office of the economic and revenue  
6 forecast council does not prepare an official forecast, including those  
7 revenues anticipated to support the six-year programs and financial  
8 plans under RCW 44.40.070. In estimating revenues to support financial  
9 plans under RCW 44.40.070, the office of financial management shall  
10 rely on information and advice from the interagency revenue task force.  
11 Revenues shall be estimated for such fiscal period from the source and  
12 at the rates existing by law at the time of submission of the budget  
13 document, including the supplemental budgets submitted in the even-  
14 numbered years of a biennium. However, the estimated revenues for use  
15 in the governor's budget document may be adjusted to reflect budgetary  
16 revenue transfers and revenue estimates dependent upon budgetary  
17 assumptions of enrollments, workloads, and caseloads. All adjustments  
18 to the approved estimated revenues must be set forth in the budget  
19 document. The governor may additionally submit, as an appendix to each  
20 supplemental, biennial, or six-year agency budget or to the budget  
21 document or documents, a proposal for expenditures in the ensuing  
22 fiscal period from revenue sources derived from proposed changes in  
23 existing statutes.

24 Supplemental and biennial documents shall reflect a six-year  
25 expenditure plan consistent with estimated revenues from existing  
26 sources and at existing rates for those agencies required to submit  
27 six-year program and financial plans under RCW 44.40.070. Any  
28 additional revenue resulting from proposed changes to existing statutes  
29 shall be separately identified within the document as well as related  
30 expenditures for the six-year period.

31 The budget document or documents shall also contain:

32 (a) Revenues classified by fund and source for the immediately past  
33 fiscal period, those received or anticipated for the current fiscal  
34 period, those anticipated for the ensuing biennium, and those  
35 anticipated for the ensuing six-year period to support the six-year  
36 programs and financial plans required under RCW 44.40.070;

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

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

4 (d) Such additional information dealing with revenues and  
5 expenditures as the governor shall deem pertinent and useful to the  
6 legislature;

7 (e) Tabulations showing expenditures classified by fund, function,  
8 activity and object;

9 (f) A delineation of each agency's activities, including those  
10 activities funded from nonbudgeted, nonappropriated sources, including  
11 funds maintained outside the state treasury; and

12 (g) Identification of all proposed direct expenditures to implement  
13 the Puget Sound water quality plan under chapter 90.70 RCW, shown by  
14 agency and in total.

15 (2) The budget document or documents shall include detailed  
16 estimates of all anticipated revenues applicable to proposed operating  
17 or capital expenditures and shall also include all proposed operating  
18 or capital expenditures. The total of beginning undesignated fund  
19 balance and estimated revenues less working capital and other reserves  
20 shall equal or exceed the total of proposed applicable expenditures.  
21 The budget document or documents shall further include:

22 (a) Interest, amortization and redemption charges on the state  
23 debt;

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

25 (c) Other statutory expenditures;

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

27 (e) Revenues derived from agency operations;

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

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

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

37 (i) A showing, by agency, of the value and purpose of financing  
38 contracts for the lease/purchase or acquisition of personal or real  
39 property for the current and ensuing fiscal periods.

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

3 (a) A ~~((capital plan consisting of proposed capital spending for at  
4 least four fiscal periods succeeding the next fiscal period))~~ statement  
5 setting forth a long-range facilities plan for the state that  
6 identifies and includes the highest priority needs within affordable  
7 spending levels;

8 (b) A capital program consisting of proposed capital projects for  
9 ~~((at least))~~ the next biennium and the two ((fiscal periods)) biennia  
10 succeeding the next ((fiscal period)) biennium consistent with the  
11 long-range facilities plan. Inasmuch as is practical, and recognizing  
12 emergent needs, the capital program shall reflect the priorities,  
13 projects, and spending levels proposed in previously submitted capital  
14 budget documents in order to provide a reliable long-range planning  
15 tool for the legislature and state agencies;

16 (c) A capital plan consisting of proposed capital spending for at  
17 least four ~~((fiscal periods))~~ biennia succeeding the next ~~((fiscal~~  
18 ~~period))~~ biennium;

19 (d) A statement of the reason or purpose for a project;

20 (e) Verification that a project is consistent with the provisions  
21 set forth in chapter 36.70A RCW;

22 (f) A statement about the proposed site, size, and estimated life  
23 of the project, if applicable;

24 (g) Estimated total project cost;

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

31 (i) Estimated total project cost for each phase of the project as  
32 defined by the office of financial management;

33 ~~((i))~~ (j) Estimated ensuing biennium costs;

34 ~~((j))~~ (k) Estimated costs beyond the ensuing biennium;

35 ~~((k))~~ (l) Estimated construction start and completion dates;

36 ~~((l))~~ (m) Source and type of funds proposed;

37 ~~((m))~~ (n) Estimated ongoing operating budget costs or savings  
38 resulting from the project, including staffing and maintenance costs;

1       (o) For any capital appropriation requested for a state agency for  
2 the acquisition of land or the capital improvement of land in which the  
3 primary purpose of the acquisition or improvement is recreation or  
4 wildlife habitat conservation, the capital budget document, or an  
5 omnibus list of recreation and habitat acquisitions provided with the  
6 governor's budget document, shall identify the projected costs of  
7 operation and maintenance for at least the two biennia succeeding the  
8 next biennium. Omnibus lists of habitat and recreation land  
9 acquisitions shall include individual project cost estimates for  
10 operation and maintenance as well as a total for all state projects  
11 included in the list. The document shall identify the source of funds  
12 from which the operation and maintenance costs are proposed to be  
13 funded;

14       (p) Such other information bearing upon capital projects as the  
15 governor deems to be useful;

16       ~~((n))~~ (q) Standard terms, including a standard and uniform  
17 definition of maintenance for all capital projects;

18       ~~((o))~~ (r) Such other information as the legislature may direct by  
19 law or concurrent resolution.

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

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

1       **Sec. 3.** RCW 43.88A.020 and 1979 c 151 s 146 are each amended to  
2 read as follows:

3       The office of financial management shall, in cooperation with  
4 appropriate legislative committees and legislative staff, establish a  
5 procedure for the provision of fiscal notes on the expected impact of  
6 bills and resolutions which increase or decrease or tend to increase or  
7 decrease state government revenues or expenditures. Such fiscal notes  
8 shall indicate by fiscal year the impact for the remainder of the  
9 biennium in which the bill or resolution will first take effect as well  
10 as a cumulative forecast of the fiscal impact for the succeeding four  
11 fiscal years. Fiscal notes shall separately identify the fiscal  
12 impacts on the operating and capital budgets. Estimates of fiscal  
13 impacts shall be calculated using the procedures contained in the  
14 fiscal note instructions issued by the office of financial management.

15       In establishing the fiscal impact called for pursuant to this  
16 chapter, the office of financial management shall coordinate the  
17 development of fiscal notes with all state agencies affected.

18       **Sec. 4.** RCW 43.88.032 and 1989 c 311 s 1 are each amended to read  
19 as follows:

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

22       (2) All debt-financed pass-through money to local governments shall  
23 be programmed and separately identified in the (~~capital~~) budget  
24 document.

25       **Sec. 5.** RCW 43.88.110 and 1991 sp.s. c 32 s 27 and 1991 c 358 s 2  
26 are each reenacted and amended to read as follows:

27       This section sets forth the expenditure programs and the allotment  
28 and reserve procedures to be followed by the executive branch for  
29 public funds.

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

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



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

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

9 (a) Appropriations made for capital projects including  
10 transportation projects;

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

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

14 (d) Comparisons of estimated construction start and completion  
15 dates with actual dates;

16 (e) Documentation of fund shifts between projects.

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

20 (5) The office of financial management, prior to approving  
21 allotments for major capital construction projects valued over five  
22 million dollars, shall institute procedures for reviewing such projects  
23 at the predesign stage that will reduce long-term costs and increase  
24 facility efficiency. The procedures shall include, but not be limited  
25 to, the following elements:

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

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

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

32 (6) No expenditure may be incurred or obligation entered into for  
33 such major capital construction projects including, without exception,  
34 land acquisition, site development, predesign, design, construction,  
35 and equipment acquisition and installation, until the allotment of the  
36 funds to be expended has been approved by the office of financial  
37 management. This limitation does not prohibit the continuation of  
38 expenditures and obligations into the succeeding biennium for projects

1 for which allotments have been approved in the immediate prior  
2 biennium.

3       (7) If at any time during the fiscal period the governor projects  
4 a cash deficit in a particular fund or account as defined by RCW  
5 43.88.050, the governor shall make across-the-board reductions in  
6 allotments for that particular fund or account so as to prevent a cash  
7 deficit, unless the legislature has directed the liquidation of the  
8 cash deficit over one or more fiscal periods. Except for the  
9 legislative and judicial branches and other agencies headed by elective  
10 officials, the governor shall review the statement of proposed  
11 operating expenditures for reasonableness and conformance with  
12 legislative intent. Once the governor approves the statements of  
13 proposed operating expenditures, further revisions shall be made only  
14 at the beginning of the second fiscal year and must be initiated by the  
15 governor. However, changes in appropriation level authorized by the  
16 legislature, changes required by across-the-board reductions mandated  
17 by the governor, changes caused by executive increases to spending  
18 authority, and changes caused by executive decreases to spending  
19 authority for failure to comply with the provisions of chapter 36.70A  
20 RCW may require additional revisions. Revisions shall not be made  
21 retroactively. Revisions caused by executive increases to spending  
22 authority shall not be made after June 30, 1987. However, the governor  
23 may assign to a reserve status any portion of an agency appropriation  
24 withheld as part of across-the-board reductions made by the governor  
25 and any portion of an agency appropriation conditioned on a contingent  
26 event by the appropriations act. The governor may remove these amounts  
27 from reserve status if the across-the-board reductions are subsequently  
28 modified or if the contingent event occurs. The director of financial  
29 management shall enter approved statements of proposed expenditures  
30 into the state budgeting, accounting, and reporting system within  
31 forty-five days after receipt of the proposed statements from the  
32 agencies. If an agency or the director of financial management is  
33 unable to meet these requirements, the director of financial management  
34 shall provide a timely explanation in writing to the legislative fiscal  
35 committees.

36       (~~(6)~~) (8) It is expressly provided that all agencies shall be  
37 required to maintain accounting records and to report thereon in the  
38 manner prescribed in this chapter and under the regulations issued  
39 pursuant to this chapter. Within ninety days of the end of the fiscal

1 year, all agencies shall submit to the director of financial management  
2 their final adjustments to close their books for the fiscal year.  
3 Prior to submitting fiscal data, written or oral, to committees of the  
4 legislature, it is the responsibility of the agency submitting the data  
5 to reconcile it with the budget and accounting data reported by the  
6 agency to the director of financial management.

7 ~~((+7))~~ (9) The director of financial management shall monitor  
8 agency operating expenditures against the approved statement of  
9 proposed expenditures and shall provide the legislature with quarterly  
10 explanations of major variances.

11 ~~((+8))~~ (10) The director of financial management may exempt  
12 certain public funds from the allotment controls established under this  
13 chapter if it is not practical or necessary to allot the funds.  
14 Allotment control exemptions expire at the end of the fiscal biennium  
15 for which they are granted. The director of financial management shall  
16 report any exemptions granted under this subsection to the legislative  
17 fiscal committees.

18 NEW SECTION. Sec. 6. A new section is added to chapter 43.88 RCW  
19 to read as follows:

20 (1) The capital appropriations act may authorize the governor,  
21 through the director of financial management, to transfer the  
22 appropriation authority for a capital project that is in excess of the  
23 amount required for the completion of the project to another capital  
24 project for which the appropriation is insufficient.

25 (a) No such transfer may be used to expand the capacity or change  
26 the intended use of the project beyond that intended by the legislature  
27 in making the appropriation.

28 (b) The transfer may be effected only between capital projects  
29 within a specific department, commission, agency, or institution of  
30 higher education.

31 (c) The transfer may be effected only if the project from which the  
32 transfer of funds is made is substantially complete and there are funds  
33 remaining, or bids have been let on the project from which the transfer  
34 of funds is made and it appears to a substantial certainty that the  
35 project can be completed within the biennium for less than the amount  
36 appropriated.

37 (2) For the purposes of this section, the legislature intends that  
38 each project be defined as proposed to the legislature in the

1 governor's budget document, unless the legislative history demonstrates  
2 that the legislature intended to define the scope of a project in a  
3 different way.

4 (3) The office of financial management shall notify the legislative  
5 fiscal committees of the senate and the house of representatives at  
6 least thirty days before any transfer is effected under this section  
7 except emergency projects or any transfer under two hundred fifty  
8 thousand dollars, and shall prepare a report to such committees listing  
9 all completed transfers at the close of each fiscal year.

10 **Sec. 7.** RCW 43.82.010 and 1990 c 47 s 1 are each amended to read  
11 as follows:

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

24 (2) Except for real estate occupied by federal agencies, the  
25 director shall determine the location, size, and design of any real  
26 estate or improvements thereon acquired or held pursuant to subsection  
27 (1) of this section. Facilities acquired or held pursuant to this  
28 chapter, and any improvements thereon, shall conform to standards  
29 adopted by the director and approved by the office of financial  
30 management governing facility efficiency unless a specific exemption  
31 from such standards is provided by the director of general  
32 administration. The director of general administration shall report to  
33 the office of financial management annually on any exemptions granted  
34 pursuant to this subsection.

35 (3) The director of general administration may fix the terms and  
36 conditions of each lease entered into under this chapter, except that  
37 no lease shall extend greater than twenty years in duration. The  
38 director of general administration may enter into a long-term lease

1 greater than five years in duration upon a determination by the  
2 director of the office of financial management that the long-term lease  
3 provides a more favorable rate than would otherwise be available, it  
4 appears to a substantial certainty that the facility is necessary for  
5 use by the state for the full length of the lease term, and the  
6 facility meets the standards adopted pursuant to subsection (2) of this  
7 section. The director of general administration may enter into a long-  
8 term lease greater than ten years in duration if an analysis shows that  
9 the life-cycle cost of leasing the facility is less than the life-cycle  
10 cost of purchasing or constructing a facility in lieu of leasing the  
11 facility.

12 (4) It is the policy of the state to encourage the collocation and  
13 consolidation of state services into single or adjacent facilities,  
14 whenever appropriate, to improve public service delivery, minimize  
15 duplication of facilities, increase efficiency of operations, and  
16 promote sound growth management planning.

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

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

1 exceed five percent of the average annual rental, to meet unforeseen  
2 expenses incident to management of the real estate.

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

16 ~~((+5))~~ (8) In order to obtain maximum utilization of space, the  
17 director of general administration shall make space utilization  
18 studies, and shall establish standards for use of space by state  
19 agencies. Such studies shall include the identification of  
20 opportunities for collocation and consolidation of state agency office  
21 and support facilities.

22 ~~((+6))~~ (9) The director of general administration may construct  
23 new buildings on, or improve existing facilities, and furnish and  
24 equip, all real estate under his or her management. Prior to the  
25 construction of new buildings or major improvements to existing  
26 facilities or acquisition of facilities using a lease purchase  
27 contract, the director of general administration shall conduct an  
28 evaluation of the facility design and budget using life-cycle cost  
29 analysis, value-engineering, and other techniques to maximize the long-  
30 term effectiveness and efficiency of the facility or improvement.

31 ~~((+7))~~ (10) All conveyances and contracts to purchase, lease,  
32 rent, transfer, exchange, or sell real estate and to grant and accept  
33 easements shall be approved as to form by the attorney general, signed  
34 by the director of general administration or the director's designee,  
35 and recorded with the county auditor of the county in which the  
36 property is located.

37 ~~((+8))~~ (11) The director of general administration may delegate  
38 any or all of the functions specified in this section to any agency  
39 upon such terms and conditions as the director deems advisable.

1       (~~(9)~~) (12) This section does not apply to the acquisition of real  
2 estate by:

3       (a) The state college and universities for research or experimental  
4 purposes;

5       (b) The state liquor control board for liquor stores and  
6 warehouses; and

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

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

17       NEW SECTION.   **Sec. 8.**   (1) The legislature finds that current  
18 facility planning, budgeting, and management responsibilities are  
19 spread among a number of state agencies, and that there may be a need  
20 to consolidate these functions within a single entity with independent  
21 powers and fiduciary responsibility for state facilities as a whole to  
22 increase the consistency and quality of facility decisions.

23       (2) The office of financial management shall evaluate the need for  
24 and potential responsibilities of a central state facilities authority  
25 to coordinate and manage the design, acquisition, construction, and  
26 utilization of state facilities, including leased facilities. The  
27 evaluation shall include an examination of the current roles and  
28 responsibilities of state agencies including the department of general  
29 administration, the higher education coordinating board, the state  
30 board for community and technical colleges, and the office of financial  
31 management to identify critical areas for improvement and any  
32 overlapping areas of responsibility.

33       (3) The office of financial management shall consider the following  
34 potential responsibilities of a central facilities authority in its  
35 evaluation:

36       (a) Involvement in agency master planning and facility predesign  
37 activities to assist agencies in developing creative alternatives for  
38 meeting program needs;

1 (b) Development of facility performance and cost standards to  
2 assist in facility planning and budget evaluation;

3 (c) Critical evaluation of facility designs and budget requests  
4 through life-cycle cost analysis, value-engineering, and other tools to  
5 maximize the long-term effectiveness and efficiency of state  
6 facilities;

7 (d) Central management of and planning for the state's facility  
8 inventory, including both leased and state-owned facilities, to  
9 maximize agency collocation and consolidation opportunities and create  
10 identifiable state government and education centers;

11 (e) Administration and management of agency capital construction  
12 projects;

13 (f) Development of leasing standards and procedures, including a  
14 methodology for analyzing the costs and benefits of leasing versus  
15 owning facilities, and appropriate procurement of leased, lease-  
16 developed, or lease-purchased facilities;

17 (g) Development of facility operation and maintenance standards or  
18 guidelines;

19 (h) Administration and allocation of centrally pooled  
20 appropriations for projects affecting more than one agency or for which  
21 efficiency can be enhanced by central administration; and

22 (i) Other responsibilities as determined by the office of financial  
23 management.

24 (3) The evaluation shall consider increasing the responsibilities  
25 and powers of an existing agency or agencies, or establishing a new  
26 agency or agencies to accomplish the objectives of this section. The  
27 evaluation shall also estimate the costs and benefits of operating a  
28 central facility authority or authorities.

29 (4) The office of financial management shall convene a steering  
30 committee composed of representatives of affected state agencies and  
31 the private real estate industry to assist in collecting needed  
32 information and conducting the evaluation.

33 (5) The office of financial management shall report on the results  
34 of its evaluation to the appropriate standing committees of the  
35 legislature by January 10, 1995.

36 This section shall expire June 30, 1995.

37 NEW SECTION. **Sec. 9.** The office of financial management shall  
38 conduct a review of the state's bonding requirements under chapter



1 39.08 RCW, shall analyze alternative forms of security, and shall  
2 report its findings and analysis to the appropriate committees of the  
3 senate and the house of representatives no later than January 10, 1995.  
4 The alternative forms of security shall include, but not be limited to,  
5 a bond in an amount less than the full contract price, letter of  
6 credit, certified check, cash escrow, and assets of the contractor.  
7 The purpose of the review is to determine if alternative forms of  
8 security will provide essentially the same level of protection to the  
9 state at a lower cost to the contractor and the state.

10 This section shall expire June 30, 1995.

11 NEW SECTION. **Sec. 10.** (1) The state board of education shall  
12 study the potential for savings by constructing common schools from  
13 prototypical school construction designs. The findings and  
14 recommendations of the board shall be submitted to the senate committee  
15 on ways and means and the house of representatives capital budget  
16 committee by December 15, 1994.

17 (2) This section expires June 30, 1995.

18 NEW SECTION. **Sec. 11.** A new section is added to chapter 28A.525  
19 RCW to read as follows:

20 The state board of education, for purposes of determining  
21 eligibility for state assistance for new construction, shall adopt  
22 rules excluding from the inventory of available educational space those  
23 spaces that have been constructed for educational and community  
24 activities from grants received from other public or private entities.

25 **Sec. 12.** RCW 79.24.580 and 1993 sp.s. c 24 s 927 are each amended  
26 to read as follows:

27 After deduction for management costs as provided in RCW 79.64.040  
28 and payments to towns under RCW 79.92.110(2), all moneys received by  
29 the state from the sale or lease of state-owned aquatic lands and from  
30 the sale of valuable material from state-owned aquatic lands shall be  
31 (~~distributed as follows:—(1) To the state building bond redemption~~  
32 ~~fund such amounts necessary to retire bonds issued pursuant to RCW~~  
33 ~~79.24.630 through 79.24.647 prior to January 1, 1987, and for which~~  
34 ~~tidal and harbor area revenues have been pledged, and (2) all moneys not~~  
35 ~~deposited for the purposes of subsection (1) of this section shall be))  
36 deposited in the aquatic lands enhancement account which is hereby~~

1 created in the state treasury. After appropriation, these funds shall  
2 be used solely for aquatic lands enhancement projects; for the  
3 purchase, improvement, or protection of aquatic lands for public  
4 purposes; for providing and improving access to such lands; and for  
5 volunteer cooperative fish and game projects. During the fiscal  
6 biennium ending June 30, 1995, the funds may be appropriated for  
7 shellfish management, enforcement, and enhancement and for developing  
8 and implementing plans for population monitoring and restoration of  
9 native wild salmon stock.

10 **Sec. 13.** RCW 43.82.110 and 1969 c 121 s 2 are each amended to read  
11 as follows:

12 All office or other space made available through the provisions of  
13 this chapter shall be leased by the director to such state or federal  
14 agencies, for such rental, and on such terms and conditions as he or  
15 she deems advisable: PROVIDED, HOWEVER, If space becomes surplus, the  
16 director is authorized to lease office or other space in any project to  
17 any person, corporation or body politic, for such period as the  
18 director shall determine said space is surplus, and upon such other  
19 terms and conditions as he or she may prescribe.

20 ~~((There is hereby created within the treasury a special fund to be  
21 known as the "general administration bond redemption fund" in which all  
22 pledged rentals shall be deposited. In the event bonds are issued for  
23 more than one project, the rentals from each project will be maintained  
24 as separate accounts. The funds in this account or accounts shall be  
25 used to meet principal and interest payments when due on the bonds  
26 issued to finance the specific project for which each such account was  
27 created until all of such bonds and interest thereon have been paid.~~

28 ~~The bonds shall include a covenant that the payment or redemption  
29 thereof and the interest thereon are secured by a first and direct  
30 charge and lien on the rentals deposited in the general administration  
31 bond redemption fund, as aforesaid, and received from the project for  
32 which the bonds were issued. Such rentals shall be pledged by the  
33 state for such purpose.))~~

34 **Sec. 14.** RCW 43.82.120 and 1965 c 8 s 43.82.120 are each amended  
35 to read as follows:

36 ~~((There is hereby established within the state treasury a reserve  
37 fund to be known as the "general administration bond redemption~~

1 ~~guarantee fund."~~) All ~~((unpledged))~~ rental income collected by the  
2 department of general administration from rental of state buildings  
3 shall be deposited in the ~~((general administration bond redemption~~  
4 ~~guarantee fund until a total of two hundred thousand dollars is on~~  
5 ~~deposit in said fund after which all unpledged rental income shall be~~  
6 ~~deposited in the))~~ general administration management fund, the creation  
7 of which is hereby authorized. ~~((In the event the general~~  
8 ~~administration bond redemption guarantee fund is diminished, it shall~~  
9 ~~be replenished in the same manner.~~

10 If at any time there is insufficient money in the general  
11 administration bond redemption fund to make any payments of interest or  
12 principal due on any bonds payable from such fund, the state treasurer  
13 shall transfer from such general administration bond redemption  
14 guarantee fund to the general administration bond redemption fund an  
15 amount sufficient to meet such payments.))

16 NEW SECTION. **Sec. 15.** The legislature finds that there is  
17 inequitable distribution among state programs of capital costs  
18 associated with maintaining and rehabilitating state facilities. The  
19 legislature finds that there are insufficient available resources to  
20 support even minor capital improvements other than debt financing. The  
21 legislature further finds that little attention is focused on efficient  
22 facility management because in many cases capital costs are not  
23 factored into the ongoing process of allocating state resources. The  
24 purpose of sections 16 through 18 of this act is to create a mechanism  
25 to distribute capital costs among the agencies and programs occupying  
26 facilities owned and managed by the department of general  
27 administration in Thurston county that will foster increased  
28 accountability for facility decisions and more efficient use of the  
29 facilities.

30 **Sec. 16.** RCW 43.01.090 and 1991 sp.s. c 31 s 10 are each amended  
31 to read as follows:

32 The director of general administration may assess a charge or rent  
33 against each state board, commission, agency, office, department,  
34 activity, or other occupant or user for payment of a proportionate  
35 share of costs for occupancy of buildings, structures, or facilities  
36 including but not limited to all costs of acquiring, constructing,  
37 operating, and maintaining such buildings, structures, or facilities

1 and the repair, remodeling, or furnishing thereof and for the rendering  
2 of any service or the furnishing or providing of any supplies,  
3 equipment, or materials.

4 The director of general administration may recover the full costs  
5 including appropriate overhead charges of the foregoing by periodic  
6 billings as determined by the director including but not limited to  
7 transfers upon accounts and advancements into the general  
8 administration facilities and services revolving fund. Charges related  
9 to the rendering of real estate services under RCW 43.82.010 and to the  
10 operation of nonassigned public spaces in Thurston county shall be  
11 allocated separately from other charges assessed under this section.  
12 Rates shall be established by the director of general administration  
13 after consultation with the director of financial management. The  
14 director of general administration may allot, provide, or furnish any  
15 of such facilities, structures, services, equipment, supplies, or  
16 materials to any other public service type occupant or user at such  
17 rates or charges as are equitable and reasonably reflect the actual  
18 costs of the services provided: PROVIDED, HOWEVER, That the  
19 legislature, its duly constituted committees, interim committees and  
20 other committees shall be exempted from the provisions of this section.

21 Upon receipt of such bill, each entity, occupant, or user shall  
22 cause a warrant or check in the amount thereof to be drawn in favor of  
23 the department of general administration which shall be deposited in  
24 the state treasury to the credit of the general administration  
25 facilities and services revolving fund established in RCW 43.19.500  
26 unless the director of financial management has authorized another  
27 method for payment of costs.

28 Beginning July 1, 1995, the director of general administration  
29 shall assess a capital projects surcharge upon each agency or other  
30 user occupying a facility owned and managed by the department of  
31 general administration in Thurston county. The capital projects  
32 surcharge does not apply to agencies or users that agree to pay all  
33 future repairs, improvements, and renovations to the buildings they  
34 occupy and a proportional share, as determined by the office of  
35 financial management, of all other campus repairs, installations,  
36 improvements, and renovations that provide a benefit to the buildings  
37 they occupy or that have an agreement with the department of general  
38 administration that contains a charge for a similar purpose, including  
39 but not limited to section 19 of this act, in an amount greater than

1 the capital projects surcharge. The director, after consultation with  
2 the director of financial management, shall adopt differential capital  
3 project surcharge rates to reflect the differences in facility type and  
4 quality. The initial payment structure for this surcharge shall be one  
5 dollar per square foot per year. The surcharge shall increase over  
6 time to an amount that when combined with the facilities and service  
7 charge equals the market rate for similar types of lease space in the  
8 area or equals five dollars per square foot per year, whichever is  
9 less. The capital projects surcharge shall be in addition to other  
10 charges assessed under this section. Proceeds from the capital  
11 projects surcharge shall be deposited into the Thurston county capital  
12 facilities account created in section 18 of this act.

13 **Sec. 17.** RCW 43.19.500 and 1982 c 41 s 2 are each amended to read  
14 as follows:

15 There is hereby created a fund within the state treasury designated  
16 as the "department of general administration facilities and services  
17 revolving fund". Such revolving fund shall be used by the department  
18 of general administration for the payment of certain costs, expenses,  
19 and charges, as (~~hereinafter~~) specified in this section, incurred by  
20 it in the operation and administration of the department in the  
21 rendering of services, the furnishing or supplying of equipment,  
22 supplies and materials, and for providing or allocating facilities,  
23 including the operation, maintenance, rehabilitation, or furnishings  
24 thereof to other agencies, offices, departments, activities, and other  
25 entities enumerated in RCW 43.01.090 and including the rendering of  
26 services in acquiring real estate under RCW 43.82.010 and the operation  
27 and maintenance of nonassigned public spaces in Thurston county. The  
28 department shall treat the rendering of services in acquiring real  
29 estate and the operation and maintenance of nonassigned public spaces  
30 as (~~a~~) separate operating (~~entity~~) entities within the fund for  
31 financial accounting and control.

32 The schedule of services, facilities, equipment, supplies,  
33 materials, maintenance, rehabilitation, furnishings, operations, and  
34 administration to be so financed and recovered shall be determined  
35 jointly by the director of general administration and the director of  
36 financial management, in equitable amounts which, together with any  
37 other income or appropriation, will provide the department of general

1 administration with funds to meet its anticipated expenditures during  
2 any allotment period.

3 The director of general administration may (~~promulgate~~) adopt  
4 rules (~~and regulations~~) governing the provisions of RCW 43.01.090 and  
5 this section and the relationships and procedures between the  
6 department of general administration and such other entities.

7 NEW SECTION. Sec. 18. A new section is added to chapter 43.19 RCW  
8 to read as follows:

9 The Thurston county capital facilities account is created in the  
10 state treasury. The account is subject to the appropriation and  
11 allotment procedures under chapter 43.88 RCW. Moneys in the account  
12 may be expended for capital projects in facilities owned and managed by  
13 the department of general administration in Thurston county.

14 NEW SECTION. Sec. 19. It is hereby declared to be the policy of  
15 the state of Washington that each agency or other occupant of newly  
16 constructed or substantially renovated facilities owned and operated by  
17 the department of general administration in Thurston county shall  
18 proportionally share the debt service costs associated with the  
19 original construction or substantial renovation of the facility.  
20 Beginning July 1, 1995, each state agency or other occupant of a  
21 facility constructed or substantially renovated after July 1, 1992, and  
22 owned and operated by the department of general administration in  
23 Thurston county, shall be assessed a charge to pay the principal and  
24 interest payments on any bonds or other financial contract issued to  
25 finance the construction or renovation or an equivalent charge for  
26 similar projects financed by cash sources. In recognition that full  
27 payment of debt service costs may be higher than market rates for  
28 similar types of facilities or higher than existing agreements for  
29 similar charges entered into prior to the effective date of this  
30 section, the initial charge may be less than the full cost of principal  
31 and interest payments. The charge shall be assessed to all occupants  
32 of the facility on a proportional basis based on the amount of occupied  
33 space or any unique construction requirements. The office of financial  
34 management, in consultation with the department of general  
35 administration, shall develop procedures to implement this section and  
36 report to the legislative fiscal committees, by October 1994, their  
37 recommendations for implementing this section. The office of financial

1 management shall separately identify in the budget document all  
2 payments and the documentation for determining the payments required by  
3 this section for each agency and fund source during the current and the  
4 two past and future fiscal biennia. The charge authorized in this  
5 section is subject to annual audit by the state auditor.

6 NEW SECTION. **Sec. 20.** The following acts or parts of acts are  
7 each repealed:

- 8 (1) RCW 43.82.040 and 1965 c 8 s 43.82.040;
- 9 (2) RCW 43.82.050 and 1965 c 8 s 43.82.050;
- 10 (3) RCW 43.82.060 and 1965 c 8 s 43.82.060;
- 11 (4) RCW 43.82.070 and 1965 c 8 s 43.82.070;
- 12 (5) RCW 43.82.080 and 1965 c 8 s 43.82.080; and
- 13 (6) RCW 43.82.090 and 1979 ex.s. c 67 s 4 & 1965 c 8 s 43.82.090.

14 NEW SECTION. **Sec. 21.** The following acts or parts of acts are  
15 each repealed:

- 16 (1) RCW 79.24.630 and 1970 ex.s. c 14 s 1;
- 17 (2) RCW 79.24.632 and 1969 ex.s. c 273 s 4 & 1967 ex.s. c 105 s 5;
- 18 (3) RCW 79.24.634 and 1969 ex.s. c 273 s 5 & 1967 ex.s. c 105 s 6;
- 19 (4) RCW 79.24.636 and 1969 ex.s. c 273 s 6 & 1967 ex.s. c 105 s 7;
- 20 (5) RCW 79.24.638 and 1982 2nd ex.s. c 8 s 5, 1969 ex.s. c 273 s 7,  
21 & 1967 ex.s. c 105 s 8;
- 22 (6) RCW 79.24.640 and 1969 ex.s. c 273 s 8 & 1967 ex.s. c 105 s 9;
- 23 (7) RCW 79.24.642 and 1969 ex.s. c 273 s 9 & 1967 ex.s. c 105 s 10;
- 24 (8) RCW 79.24.6421 and 1969 ex.s. c 273 s 1;
- 25 (9) RCW 79.24.6422 and 1969 ex.s. c 273 s 2;
- 26 (10) RCW 79.24.644 and 1967 ex.s. c 105 s 11;
- 27 (11) RCW 79.24.645 and 1969 ex.s. c 273 s 10;
- 28 (12) RCW 79.24.646 and 1967 ex.s. c 105 s 12; and
- 29 (13) RCW 79.24.647 and 1969 ex.s. c 273 s 13.

30 NEW SECTION. **Sec. 22.** (1) For the purposes of RCW 43.82.010, "the  
31 department of fish and wildlife" means "the department of fisheries and  
32 the department of wildlife" until July 1, 1994.

33 (2) This section expires July 1, 1994.

34 NEW SECTION. **Sec. 23.** Sections 8 and 9 of this act are necessary  
35 for the immediate preservation of the public peace, health, or safety,

1 or support of the state government and its existing public  
2 institutions, and shall take effect immediately."

3 **ESHB 2237** - CONF REPT  
4 By Conference Committee

5 ADOPTED 3/9/94

6 On page 1, line 1 of the title, after "facilities;" strike the  
7 remainder of the title and insert "amending RCW 43.88A.020, 43.88.032,  
8 43.82.010, 79.24.580, 43.82.110, and 43.82.120; reenacting and amending  
9 RCW 43.88.030, 43.88.110, 43.01.090, and 43.19.500; adding a new  
10 section to chapter 43.88 RCW; adding a new section to chapter 28A.525  
11 RCW; adding a new section to chapter 43.19 RCW; creating new sections;  
12 repealing RCW 43.82.040, 43.82.050, 43.82.060, 43.82.070, 43.82.080,  
13 43.82.090, 79.24.630, 79.24.632, 79.24.634, 79.24.636, 79.24.638,  
14 79.24.640, 79.24.642, 79.24.6421, 79.24.6422, 79.24.644, 79.24.645,  
15 79.24.646, and 79.24.647; and declaring an emergency."

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