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**SUBSTITUTE HOUSE BILL 2237**

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**State of Washington**

**53rd Legislature**

**1994 Regular Session**

**By** House Committee on Capital Budget (originally sponsored by Representatives Wang, Ogden, Sehlin, Silver, Linville, King, Flemming, Pruitt, Karahalios, Romero, Dunshee, Eide and Springer)

Read first time 02/04/94.

1 AN ACT Relating to planning and management of state facilities;  
2 amending RCW 43.88A.020, 43.88.032, 43.82.010, 43.01.090, 43.19.500,  
3 79.24.580, 43.82.110, and 43.82.120; reenacting and amending RCW  
4 43.88.030 and 43.88.110; adding a new section to chapter 43.88 RCW;  
5 adding a new section to chapter 43.19 RCW; creating new sections;  
6 repealing RCW 43.82.040, 43.82.050, 43.82.060, 43.82.070, 43.82.080,  
7 43.82.090, 79.24.630, 79.24.632, 79.24.634, 79.24.636, 79.24.638,  
8 79.24.640, 79.24.642, 79.24.6421, 79.24.6422, 79.24.644, 79.24.645,  
9 79.24.646, and 79.24.647; and declaring an emergency.

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

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

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

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

1 document. The governor may additionally submit, as an appendix to each  
2 supplemental, biennial, or six-year agency budget or to the budget  
3 document or documents, a proposal for expenditures in the ensuing  
4 fiscal period from revenue sources derived from proposed changes in  
5 existing statutes.

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

13 The budget document or documents shall also contain:

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

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

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

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

26 (e) Tabulations showing expenditures classified by fund, function,  
27 activity and object;

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

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

34 (2) The budget document or documents shall include detailed  
35 estimates of all anticipated revenues applicable to proposed operating  
36 or capital expenditures and shall also include all proposed operating  
37 or capital expenditures. The total of beginning undesignated fund  
38 balance and estimated revenues less working capital and other reserves

1 shall equal or exceed the total of proposed applicable expenditures.

2 The budget document or documents shall further include:

3 (a) Interest, amortization and redemption charges on the state  
4 debt;

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

6 (c) Other statutory expenditures;

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

8 (e) Revenues derived from agency operations;

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

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

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

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

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

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

28 (b) A capital program consisting of proposed capital projects for  
29 ~~((at least))~~ the next biennium and the two ((fiscal periods)) biennia  
30 succeeding the next ((fiscal period)) biennium consistent with the  
31 long-range facilities plan. Insomuch as is practical, and recognizing  
32 emergent needs, the capital program shall reflect the priorities,  
33 projects, and spending levels proposed in previously submitted capital  
34 budget documents in order to provide a reliable long-range planning  
35 tool for the legislature and state agencies;

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

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

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

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

5 (g) Estimated total project cost;

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

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

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

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

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

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

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

20 (o) Such other information bearing upon capital projects as the  
21 governor deems to be useful;

22 (~~(n)~~) (p) Standard terms, including a standard and uniform  
23 definition of maintenance for all capital projects;

24 (~~(o)~~) (q) Such other information as the legislature may direct by  
25 law or concurrent resolution.

26 For purposes of this subsection (3), the term "capital project"  
27 shall be defined subsequent to the analysis, findings, and  
28 recommendations of a joint committee comprised of representatives from  
29 the house capital appropriations committee, senate ways and means  
30 committee, legislative transportation committee, legislative evaluation  
31 and accountability program committee, and office of financial  
32 management.

33 (4) No change affecting the comparability of agency or program  
34 information relating to expenditures, revenues, workload, performance  
35 and personnel shall be made in the format of any budget document or  
36 report presented to the legislature under this section or RCW  
37 43.88.160(1) relative to the format of the budget document or report  
38 which was presented to the previous regular session of the legislature  
39 during an odd-numbered year without prior legislative concurrence.

1 Prior legislative concurrence shall consist of (a) a favorable majority  
2 vote on the proposal by the standing committees on ways and means of  
3 both houses if the legislature is in session or (b) a favorable  
4 majority vote on the proposal by members of the legislative evaluation  
5 and accountability program committee if the legislature is not in  
6 session.

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

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

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

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

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

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

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

33 This section sets forth the expenditure programs and the allotment  
34 and reserve procedures to be followed by the executive branch for  
35 public funds.

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

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

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

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

16 (a) Appropriations made for capital projects including  
17 transportation projects;

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

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

21 (d) Comparisons of estimated construction start and completion  
22 dates with actual dates;

23 (e) Documentation of fund shifts between projects.

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

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

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

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

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

1       (6) No expenditure may be incurred or obligation entered into for  
2 such major capital construction projects until after the allotment of  
3 the funds to be expended has been approved by the office of financial  
4 management. This limitation does not prohibit the continuation of  
5 expenditures and obligations into the succeeding biennium for projects  
6 for which allotments have been approved in the immediate prior  
7 biennium.

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



1 shall provide a timely explanation in writing to the legislative fiscal  
2 committees.

3 ~~((+6+))~~ (8) It is expressly provided that all agencies shall be  
4 required to maintain accounting records and to report thereon in the  
5 manner prescribed in this chapter and under the regulations issued  
6 pursuant to this chapter. Within ninety days of the end of the fiscal  
7 year, all agencies shall submit to the director of financial management  
8 their final adjustments to close their books for the fiscal year.  
9 Prior to submitting fiscal data, written or oral, to committees of the  
10 legislature, it is the responsibility of the agency submitting the data  
11 to reconcile it with the budget and accounting data reported by the  
12 agency to the director of financial management.

13 ~~((+7+))~~ (9) The director of financial management shall monitor  
14 agency operating expenditures against the approved statement of  
15 proposed expenditures and shall provide the legislature with quarterly  
16 explanations of major variances.

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

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

26 (1) The capital appropriations act may authorize the governor,  
27 through the director of financial management, to transfer the  
28 appropriation authority for a capital project that is in excess of the  
29 amount required for the completion of the project to another capital  
30 project for which the appropriation is insufficient.

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

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

37 (c) The transfer may be effected only if the project from which the  
38 transfer of funds is made is substantially complete and there are funds

1 remaining, or bids have been let on the project from which the transfer  
2 of funds is made and it appears to a substantial certainty that the  
3 project can be completed within the biennium for less than the amount  
4 appropriated.

5 (2) For the purposes of this section, the legislature intends that  
6 each project be defined as proposed to the legislature in the  
7 governor's budget document, unless the legislative history demonstrates  
8 that the legislature intended to define the scope of a project in a  
9 different way.

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

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

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

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

1 the office of financial management annually on any exemptions granted  
2 pursuant to this subsection.

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

18 (4) It is the policy of the state to encourage the collocation and  
19 consolidation of state services into single or adjacent facilities,  
20 whenever appropriate, to improve public service delivery, minimize  
21 duplication of facilities, increase efficiency of operations, and  
22 promote sound growth management planning.

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

38 (6) The director of general administration is authorized to  
39 purchase, lease, rent, or otherwise acquire improved or unimproved

1 real estate as owner or lessee and to lease or sublet all or a part of  
2 such real estate to state or federal agencies. The director of general  
3 administration shall charge each using agency its proportionate rental  
4 which shall include an amount sufficient to pay all costs, including,  
5 but not limited to, those for utilities, janitorial and accounting  
6 services, and sufficient to provide for contingencies; which shall not  
7 exceed five percent of the average annual rental, to meet unforeseen  
8 expenses incident to management of the real estate.

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

22 ~~((5))~~ (8) In order to obtain maximum utilization of space, the  
23 director of general administration shall make space utilization  
24 studies, and shall establish standards for use of space by state  
25 agencies. Such studies shall include the identification of  
26 opportunities for collocation and consolidation of state agency office  
27 and support facilities.

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

37 ~~((7))~~ (10) All conveyances and contracts to purchase, lease,  
38 rent, transfer, exchange, or sell real estate and to grant and accept  
39 easements shall be approved as to form by the attorney general, signed

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

4 ~~((+8+))~~ (11) The director of general administration may delegate  
5 any or all of the functions specified in this section to any agency  
6 upon such terms and conditions as the director deems advisable.

7 ~~((+9+))~~ (12) This section does not apply to the acquisition of real  
8 estate by:

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

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

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

18 ~~((+10+))~~ (13) Notwithstanding any provision in this chapter to the  
19 contrary, the department of general administration may negotiate ground  
20 leases for public lands on which property is to be acquired under a  
21 financing contract pursuant to chapter 39.94 RCW under terms approved  
22 by the state finance committee.

23 NEW SECTION. **Sec. 8.** The legislature finds that there is  
24 inequitable distribution among state programs of capital costs  
25 associated with maintaining and rehabilitating state facilities. The  
26 legislature finds that there are insufficient available resources to  
27 support even minor capital improvements other than debt financing. The  
28 legislature further finds that little attention is focused on efficient  
29 facility management because in many cases capital costs are not  
30 factored into the ongoing process of allocating state resources. The  
31 purpose of sections 9 through 11 of this act is to create a mechanism  
32 to distribute capital costs among the agencies and programs occupying  
33 facilities owned and managed by the department of general  
34 administration in Thurston county that will foster increased  
35 accountability for facility decisions and more efficient use of the  
36 facilities.

1       **Sec. 9.** RCW 43.01.090 and 1991 sp.s. c 31 s 10 are each amended to  
2 read as follows:

3       The director of general administration may assess a charge or rent  
4 against each state board, commission, agency, office, department,  
5 activity, or other occupant or user for payment of a proportionate  
6 share of costs for occupancy of buildings, structures, or facilities  
7 including but not limited to all costs of acquiring, constructing,  
8 operating, and maintaining such buildings, structures, or facilities  
9 and the repair, remodeling, or furnishing thereof and for the rendering  
10 of any service or the furnishing or providing of any supplies,  
11 equipment, or materials.

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

29       Upon receipt of such bill, each entity, occupant, or user shall  
30 cause a warrant or check in the amount thereof to be drawn in favor of  
31 the department of general administration which shall be deposited in  
32 the state treasury to the credit of the general administration  
33 facilities and services revolving fund established in RCW 43.19.500  
34 unless the director of financial management has authorized another  
35 method for payment of costs.

36       Beginning July 1, 1995, the director of general administration  
37 shall assess a capital projects surcharge upon each agency or other  
38 user occupying a facility owned and managed by the department of  
39 general administration in Thurston county. The capital projects

1 surcharge does not apply to agencies or users that have an agreement  
2 with the department of general administration that contains a charge  
3 for a similar purpose in an amount greater than the capital projects  
4 surcharge. The director, after consultation with the director of  
5 financial management, shall adopt differential capital project  
6 surcharge rates to reflect the differences in facility type and  
7 quality. The initial payment structure for this surcharge may provide  
8 for gradual increases over time to meet the capital costs associated  
9 with rehabilitating state facilities. The capital projects surcharge  
10 shall be in addition to other charges assessed under this section.  
11 Proceeds from the capital projects surcharge shall be deposited into  
12 the Thurston county capital facilities account created in section 11 of  
13 this act.

14 **Sec. 10.** RCW 43.19.500 and 1982 c 41 s 2 are each amended to read  
15 as follows:

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

33 The schedule of services, facilities, equipment, supplies,  
34 materials, maintenance, rehabilitation, furnishings, operations, and  
35 administration to be so financed and recovered shall be determined  
36 jointly by the director of general administration and the director of  
37 financial management, in equitable amounts which, together with any  
38 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. 11.** 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. 12.** (1) The legislature finds that current  
15 facility planning, budgeting, and management responsibilities are  
16 spread among a number of state agencies, and that there may be a need  
17 to consolidate these functions within a single entity with independent  
18 powers and fiduciary responsibility for state facilities as a whole to  
19 increase the consistency and quality of facility decisions.

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

30 (3) The office of financial management shall consider the following  
31 potential responsibilities of a central facilities authority in its  
32 evaluation:

33 (a) Involvement in agency master planning and facility predesign  
34 activities to assist agencies in developing creative alternatives for  
35 meeting program needs;

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



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

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

9 (e) Administration and management of agency capital construction  
10 projects;

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

15 (g) Development of facility operation and maintenance standards or  
16 guidelines;

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

20 (i) Other responsibilities as determined by the office of financial  
21 management.

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

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

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

34 This section shall expire June 30, 1995.

35 NEW SECTION. **Sec. 13.** The office of financial management shall  
36 conduct a review of the state's bonding requirements under chapter  
37 39.08 RCW, shall analyze alternative forms of security, and shall  
38 report its findings and analysis to the appropriate committees of the

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

8 This section shall expire June 30, 1995.

9 **Sec. 14.** RCW 79.24.580 and 1993 sp.s. c 24 s 927 are each amended  
10 to read as follows:

11 After deduction for management costs as provided in RCW 79.64.040  
12 and payments to towns under RCW 79.92.110(2), all moneys received by  
13 the state from the sale or lease of state-owned aquatic lands and from  
14 the sale of valuable material from state-owned aquatic lands shall be  
15 ~~((distributed as follows:—(1) To the state building bond redemption  
16 fund such amounts necessary to retire bonds issued pursuant to RCW  
17 79.24.630 through 79.24.647 prior to January 1, 1987, and for which  
18 tide and harbor area revenues have been pledged, and (2) all moneys not  
19 deposited for the purposes of subsection (1) of this section shall be))~~  
20 deposited in the aquatic lands enhancement account which is hereby  
21 created in the state treasury. After appropriation, these funds shall  
22 be used solely for aquatic lands enhancement projects; for the  
23 purchase, improvement, or protection of aquatic lands for public  
24 purposes; for providing and improving access to such lands; and for  
25 volunteer cooperative fish and game projects. During the fiscal  
26 biennium ending June 30, 1995, the funds may be appropriated for  
27 shellfish management, enforcement, and enhancement and for developing  
28 and implementing plans for population monitoring and restoration of  
29 native wild salmon stock.

30 **Sec. 15.** RCW 43.82.110 and 1969 c 121 s 2 are each amended to read  
31 as follows:

32 All office or other space made available through the provisions of  
33 this chapter shall be leased by the director to such state or federal  
34 agencies, for such rental, and on such terms and conditions as he or  
35 she deems advisable: PROVIDED, HOWEVER, If space becomes surplus, the  
36 director is authorized to lease office or other space in any project to  
37 any person, corporation or body politic, for such period as the

1 director shall determine said space is surplus, and upon such other  
2 terms and conditions as he or she may prescribe.

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

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

17 **Sec. 16.** RCW 43.82.120 and 1965 c 8 s 43.82.120 are each amended  
18 to read as follows:

19 ~~((There is hereby established within the state treasury a reserve  
20 fund to be known as the "general administration bond redemption  
21 guarantee fund.")) All ((unpledged)) rental income collected by the  
22 department of general administration from rental of state buildings  
23 shall be deposited in the ((general administration bond redemption  
24 guarantee fund until a total of two hundred thousand dollars is on  
25 deposit in said fund after which all unpledged rental income shall be  
26 deposited in the)) general administration management fund, the creation  
27 of which is hereby authorized. ((In the event the general  
28 administration bond redemption guarantee fund is diminished, it shall  
29 be replenished in the same manner.~~

30 ~~If at any time there is insufficient money in the general  
31 administration bond redemption fund to make any payments of interest or  
32 principal due on any bonds payable from such fund, the state treasurer  
33 shall transfer from such general administration bond redemption  
34 guarantee fund to the general administration bond redemption fund an  
35 amount sufficient to meet such payments.))~~

36 NEW SECTION. **Sec. 17.** The following acts or parts of acts are  
37 each repealed:

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

7 NEW SECTION. **Sec. 18.** The following acts or parts of acts are  
8 each repealed:

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

23 NEW SECTION. **Sec. 19.** (1) For the purposes of RCW 43.82.010, "the  
24 department of fish and wildlife" means "the department of fisheries and  
25 the department of wildlife" until July 1, 1994.

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

27 NEW SECTION. **Sec. 20.** Sections 12 and 13 of this act are  
28 necessary for the immediate preservation of the public peace, health,  
29 or safety, or support of the state government and its existing public  
30 institutions, and shall take effect immediately.

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