

CERTIFICATION OF ENROLLMENT
ENGROSSED SUBSTITUTE HOUSE BILL 2237

53rd Legislature
1994 Regular Session

Passed by the House March 9, 1994
Yeas 91 Nays 4

Speaker of the
House of Representatives

Passed by the Senate March 9, 1994
Yeas 46 Nays 0

President of the Senate

Approved

Governor of the State of Washington

CERTIFICATE

I, Marilyn Showalter, Chief Clerk of the House of Representatives of the State of Washington, do hereby certify that the attached is **ENGROSSED SUBSTITUTE HOUSE BILL 2237** as passed by the House of Representatives and the Senate on the dates hereon set forth.

Chief Clerk

FILED

Secretary of State
State of Washington

ENGROSSED SUBSTITUTE HOUSE BILL 2237

AS RECOMMENDED BY THE CONFERENCE COMMITTEE

Passed Legislature - 1994 Regular Session

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, 79.24.580, 43.82.110,
3 and 43.82.120; reenacting and amending RCW 43.88.030, 43.88.110,
4 43.01.090, and 43.19.500; adding a new section to chapter 43.88 RCW;
5 adding a new section to chapter 28A.525 RCW; adding a new section to
6 chapter 43.19 RCW; creating new sections; repealing RCW 43.82.040,
7 43.82.050, 43.82.060, 43.82.070, 43.82.080, 43.82.090, 79.24.630,
8 79.24.632, 79.24.634, 79.24.636, 79.24.638, 79.24.640, 79.24.642,
9 79.24.6421, 79.24.6422, 79.24.644, 79.24.645, 79.24.646, and 79.24.647;
10 and declaring an emergency.

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

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

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

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

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

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

15 The budget document or documents shall also contain:

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

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

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

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

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

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

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

36 (2) The budget document or documents shall include detailed
37 estimates of all anticipated revenues applicable to proposed operating
38 or capital expenditures and shall also include all proposed operating
39 or capital expenditures. The total of beginning undesignated fund

1 balance and estimated revenues less working capital and other reserves
2 shall equal or exceed the total of proposed applicable expenditures.
3 The budget document or documents shall further include:

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

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

7 (c) Other statutory expenditures;

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

9 (e) Revenues derived from agency operations;

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

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

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

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

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

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

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

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

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

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

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

6 (g) Estimated total project cost;

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

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

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

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

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

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

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

21 (o) For any capital appropriation requested for a state agency for
22 the acquisition of land or the capital improvement of land in which the
23 primary purpose of the acquisition or improvement is recreation or
24 wildlife habitat conservation, the capital budget document, or an
25 omnibus list of recreation and habitat acquisitions provided with the
26 governor's budget document, shall identify the projected costs of
27 operation and maintenance for at least the two biennia succeeding the
28 next biennium. Omnibus lists of habitat and recreation land
29 acquisitions shall include individual project cost estimates for
30 operation and maintenance as well as a total for all state projects
31 included in the list. The document shall identify the source of funds
32 from which the operation and maintenance costs are proposed to be
33 funded;

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

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

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

1 For purposes of this subsection (3), the term "capital project"
2 shall be defined subsequent to the analysis, findings, and
3 recommendations of a joint committee comprised of representatives from
4 the house capital appropriations committee, senate ways and means
5 committee, legislative transportation committee, legislative evaluation
6 and accountability program committee, and office of financial
7 management.

8 (4) No change affecting the comparability of agency or program
9 information relating to expenditures, revenues, workload, performance
10 and personnel shall be made in the format of any budget document or
11 report presented to the legislature under this section or RCW
12 43.88.160(1) relative to the format of the budget document or report
13 which was presented to the previous regular session of the legislature
14 during an odd-numbered year without prior legislative concurrence.
15 Prior legislative concurrence shall consist of (a) a favorable majority
16 vote on the proposal by the standing committees on ways and means of
17 both houses if the legislature is in session or (b) a favorable
18 majority vote on the proposal by members of the legislative evaluation
19 and accountability program committee if the legislature is not in
20 session.

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

23 The office of financial management shall, in cooperation with
24 appropriate legislative committees and legislative staff, establish a
25 procedure for the provision of fiscal notes on the expected impact of
26 bills and resolutions which increase or decrease or tend to increase or
27 decrease state government revenues or expenditures. Such fiscal notes
28 shall indicate by fiscal year the impact for the remainder of the
29 biennium in which the bill or resolution will first take effect as well
30 as a cumulative forecast of the fiscal impact for the succeeding four
31 fiscal years. Fiscal notes shall separately identify the fiscal
32 impacts on the operating and capital budgets. Estimates of fiscal
33 impacts shall be calculated using the procedures contained in the
34 fiscal note instructions issued by the office of financial management.

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

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

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

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

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

10 This section sets forth the expenditure programs and the allotment
11 and reserve procedures to be followed by the executive branch for
12 public funds.

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

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

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

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

28 (a) Appropriations made for capital projects including
29 transportation projects;

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

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

33 (d) Comparisons of estimated construction start and completion
34 dates with actual dates;

35 (e) Documentation of fund shifts between projects.

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

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

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

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

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

13 (6) No expenditure may be incurred or obligation entered into for
14 such major capital construction projects including, without exception,
15 land acquisition, site development, predesign, design, construction,
16 and equipment acquisition and installation, until the allotment of the
17 funds to be expended has been approved by the office of financial
18 management. This limitation does not prohibit the continuation of
19 expenditures and obligations into the succeeding biennium for projects
20 for which allotments have been approved in the immediate prior
21 biennium.

22 (7) If at any time during the fiscal period the governor projects
23 a cash deficit in a particular fund or account as defined by RCW
24 43.88.050, the governor shall make across-the-board reductions in
25 allotments for that particular fund or account so as to prevent a cash
26 deficit, unless the legislature has directed the liquidation of the
27 cash deficit over one or more fiscal periods. Except for the
28 legislative and judicial branches and other agencies headed by elective
29 officials, the governor shall review the statement of proposed
30 operating expenditures for reasonableness and conformance with
31 legislative intent. Once the governor approves the statements of
32 proposed operating expenditures, further revisions shall be made only
33 at the beginning of the second fiscal year and must be initiated by the
34 governor. However, changes in appropriation level authorized by the
35 legislature, changes required by across-the-board reductions mandated
36 by the governor, changes caused by executive increases to spending
37 authority, and changes caused by executive decreases to spending
38 authority for failure to comply with the provisions of chapter 36.70A
39 RCW may require additional revisions. Revisions shall not be made

1 retroactively. Revisions caused by executive increases to spending
2 authority shall not be made after June 30, 1987. However, the governor
3 may assign to a reserve status any portion of an agency appropriation
4 withheld as part of across-the-board reductions made by the governor
5 and any portion of an agency appropriation conditioned on a contingent
6 event by the appropriations act. The governor may remove these amounts
7 from reserve status if the across-the-board reductions are subsequently
8 modified or if the contingent event occurs. The director of financial
9 management shall enter approved statements of proposed expenditures
10 into the state budgeting, accounting, and reporting system within
11 forty-five days after receipt of the proposed statements from the
12 agencies. If an agency or the director of financial management is
13 unable to meet these requirements, the director of financial management
14 shall provide a timely explanation in writing to the legislative fiscal
15 committees.

16 ~~((+6+))~~ (8) It is expressly provided that all agencies shall be
17 required to maintain accounting records and to report thereon in the
18 manner prescribed in this chapter and under the regulations issued
19 pursuant to this chapter. Within ninety days of the end of the fiscal
20 year, all agencies shall submit to the director of financial management
21 their final adjustments to close their books for the fiscal year.
22 Prior to submitting fiscal data, written or oral, to committees of the
23 legislature, it is the responsibility of the agency submitting the data
24 to reconcile it with the budget and accounting data reported by the
25 agency to the director of financial management.

26 ~~((+7+))~~ (9) The director of financial management shall monitor
27 agency operating expenditures against the approved statement of
28 proposed expenditures and shall provide the legislature with quarterly
29 explanations of major variances.

30 ~~((+8+))~~ (10) The director of financial management may exempt
31 certain public funds from the allotment controls established under this
32 chapter if it is not practical or necessary to allot the funds.
33 Allotment control exemptions expire at the end of the fiscal biennium
34 for which they are granted. The director of financial management shall
35 report any exemptions granted under this subsection to the legislative
36 fiscal committees.

37 NEW SECTION. **Sec. 6.** A new section is added to chapter 43.88 RCW
38 to read as follows:

1 (1) The capital appropriations act may authorize the governor,
2 through the director of financial management, to transfer the
3 appropriation authority for a capital project that is in excess of the
4 amount required for the completion of the project to another capital
5 project for which the appropriation is insufficient.

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

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

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

18 (2) For the purposes of this section, the legislature intends that
19 each project be defined as proposed to the legislature in the
20 governor's budget document, unless the legislative history demonstrates
21 that the legislature intended to define the scope of a project in a
22 different way.

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

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

31 (1) The director of (~~the department of~~) general administration,
32 on behalf of the agency involved, shall purchase, lease, lease
33 purchase, rent, or otherwise acquire all real estate, improved or
34 unimproved, as may be required by elected state officials,
35 institutions, departments, commissions, boards, and other state
36 agencies, or federal agencies where joint state and federal activities
37 are undertaken and may grant easements and transfer, exchange, sell,
38 lease, or sublease all or part of any surplus real estate for those

1 state agencies which do not otherwise have the specific authority to
2 dispose of real estate. This section does not transfer financial
3 liability for the acquired property to the department of general
4 administration.

5 (2) Except for real estate occupied by federal agencies, the
6 director shall determine the location, size, and design of any real
7 estate or improvements thereon acquired or held pursuant to subsection
8 (1) of this section. Facilities acquired or held pursuant to this
9 chapter, and any improvements thereon, shall conform to standards
10 adopted by the director and approved by the office of financial
11 management governing facility efficiency unless a specific exemption
12 from such standards is provided by the director of general
13 administration. The director of general administration shall report to
14 the office of financial management annually on any exemptions granted
15 pursuant to this subsection.

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

31 (4) It is the policy of the state to encourage the collocation and
32 consolidation of state services into single or adjacent facilities,
33 whenever appropriate, to improve public service delivery, minimize
34 duplication of facilities, increase efficiency of operations, and
35 promote sound growth management planning.

36 (5) The director of general administration shall provide
37 coordinated long-range planning services to identify and evaluate
38 opportunities for collocating and consolidating state facilities. Upon
39 the renewal of any lease, the inception of a new lease, or the purchase

1 of a facility, the director of general administration shall determine
2 whether an opportunity exists for collocating the agency or agencies in
3 a single facility with other agencies located in the same geographic
4 area. If a collocation opportunity exists, the director of general
5 administration shall consult with the affected state agencies and the
6 office of financial management to evaluate the impact collocation would
7 have on the cost and delivery of agency programs, including whether
8 program delivery would be enhanced due to the centralization of
9 services. The director of general administration, in consultation with
10 the office of financial management, shall develop procedures for
11 implementing collocation and consolidation of state facilities.

12 (6) The director of general administration is authorized to
13 purchase, lease, rent, or otherwise acquire improved or unimproved
14 real estate as owner or lessee and to lease or sublet all or a part of
15 such real estate to state or federal agencies. The director of general
16 administration shall charge each using agency its proportionate rental
17 which shall include an amount sufficient to pay all costs, including,
18 but not limited to, those for utilities, janitorial and accounting
19 services, and sufficient to provide for contingencies; which shall not
20 exceed five percent of the average annual rental, to meet unforeseen
21 expenses incident to management of the real estate.

22 ((+4)) (7) If the director of general administration determines
23 that it is necessary or advisable to undertake any work, construction,
24 alteration, repair, or improvement on any real estate acquired pursuant
25 to subsection((§)) (1) or ((+3)) (6) of this section, the director
26 shall cause plans and specifications thereof and an estimate of the
27 cost of such work to be made and filed in his or her office and the
28 state agency benefiting thereby is hereby authorized to pay for such
29 work out of any available funds: PROVIDED, That the cost of executing
30 such work shall not exceed the sum of twenty-five thousand dollars.
31 Work, construction, alteration, repair, or improvement in excess of
32 twenty-five thousand dollars, other than that done by the owner of the
33 property if other than the state, shall be performed in accordance with
34 the public works law of this state.

35 ((+5)) (8) In order to obtain maximum utilization of space, the
36 director of general administration shall make space utilization
37 studies, and shall establish standards for use of space by state
38 agencies. Such studies shall include the identification of

1 opportunities for collocation and consolidation of state agency office
2 and support facilities.

3 ((+6)) (9) The director of general administration may construct
4 new buildings on, or improve existing facilities, and furnish and
5 equip, all real estate under his or her management. Prior to the
6 construction of new buildings or major improvements to existing
7 facilities or acquisition of facilities using a lease purchase
8 contract, the director of general administration shall conduct an
9 evaluation of the facility design and budget using life-cycle cost
10 analysis, value-engineering, and other techniques to maximize the long-
11 term effectiveness and efficiency of the facility or improvement.

12 ((+7)) (10) All conveyances and contracts to purchase, lease,
13 rent, transfer, exchange, or sell real estate and to grant and accept
14 easements shall be approved as to form by the attorney general, signed
15 by the director of general administration or the director's designee,
16 and recorded with the county auditor of the county in which the
17 property is located.

18 ((+8)) (11) The director of general administration may delegate
19 any or all of the functions specified in this section to any agency
20 upon such terms and conditions as the director deems advisable.

21 ((+9)) (12) This section does not apply to the acquisition of real
22 estate by:

23 (a) The state college and universities for research or experimental
24 purposes;

25 (b) The state liquor control board for liquor stores and
26 warehouses; and

27 (c) The department of natural resources, the department of
28 ~~((fisheries, the department of))~~ fish and wildlife, the department of
29 transportation, and the state parks and recreation commission for
30 purposes other than the leasing of offices, warehouses, and real estate
31 for similar purposes.

32 ((+10)) (13) Notwithstanding any provision in this chapter to the
33 contrary, the department of general administration may negotiate ground
34 leases for public lands on which property is to be acquired under a
35 financing contract pursuant to chapter 39.94 RCW under terms approved
36 by the state finance committee.

37 NEW SECTION. Sec. 8. (1) The legislature finds that current
38 facility planning, budgeting, and management responsibilities are

1 spread among a number of state agencies, and that there may be a need
2 to consolidate these functions within a single entity with independent
3 powers and fiduciary responsibility for state facilities as a whole to
4 increase the consistency and quality of facility decisions.

5 (2) The office of financial management shall evaluate the need for
6 and potential responsibilities of a central state facilities authority
7 to coordinate and manage the design, acquisition, construction, and
8 utilization of state facilities, including leased facilities. The
9 evaluation shall include an examination of the current roles and
10 responsibilities of state agencies including the department of general
11 administration, the higher education coordinating board, the state
12 board for community and technical colleges, and the office of financial
13 management to identify critical areas for improvement and any
14 overlapping areas of responsibility.

15 (3) The office of financial management shall consider the following
16 potential responsibilities of a central facilities authority in its
17 evaluation:

18 (a) Involvement in agency master planning and facility predesign
19 activities to assist agencies in developing creative alternatives for
20 meeting program needs;

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

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

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

31 (e) Administration and management of agency capital construction
32 projects;

33 (f) Development of leasing standards and procedures, including a
34 methodology for analyzing the costs and benefits of leasing versus
35 owning facilities, and appropriate procurement of leased, lease-
36 developed, or lease-purchased facilities;

37 (g) Development of facility operation and maintenance standards or
38 guidelines;

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

4 (i) Other responsibilities as determined by the office of financial
5 management.

6 (3) The evaluation shall consider increasing the responsibilities
7 and powers of an existing agency or agencies, or establishing a new
8 agency or agencies to accomplish the objectives of this section. The
9 evaluation shall also estimate the costs and benefits of operating a
10 central facility authority or authorities.

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

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

18 This section shall expire June 30, 1995.

19 NEW SECTION. **Sec. 9.** The office of financial management shall
20 conduct a review of the state's bonding requirements under chapter
21 39.08 RCW, shall analyze alternative forms of security, and shall
22 report its findings and analysis to the appropriate committees of the
23 senate and the house of representatives no later than January 10, 1995.
24 The alternative forms of security shall include, but not be limited to,
25 a bond in an amount less than the full contract price, letter of
26 credit, certified check, cash escrow, and assets of the contractor.
27 The purpose of the review is to determine if alternative forms of
28 security will provide essentially the same level of protection to the
29 state at a lower cost to the contractor and the state.

30 This section shall expire June 30, 1995.

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

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

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

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

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

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

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

31 All office or other space made available through the provisions of
32 this chapter shall be leased by the director to such state or federal
33 agencies, for such rental, and on such terms and conditions as he or
34 she deems advisable: PROVIDED, HOWEVER, If space becomes surplus, the
35 director is authorized to lease office or other space in any project to
36 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. 14.** 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. 15.** The legislature finds that there is
37 inequitable distribution among state programs of capital costs

1 associated with maintaining and rehabilitating state facilities. The
2 legislature finds that there are insufficient available resources to
3 support even minor capital improvements other than debt financing. The
4 legislature further finds that little attention is focused on efficient
5 facility management because in many cases capital costs are not
6 factored into the ongoing process of allocating state resources. The
7 purpose of sections 16 through 18 of this act is to create a mechanism
8 to distribute capital costs among the agencies and programs occupying
9 facilities owned and managed by the department of general
10 administration in Thurston county that will foster increased
11 accountability for facility decisions and more efficient use of the
12 facilities.

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

15 The director of general administration may assess a charge or rent
16 against each state board, commission, agency, office, department,
17 activity, or other occupant or user for payment of a proportionate
18 share of costs for occupancy of buildings, structures, or facilities
19 including but not limited to all costs of acquiring, constructing,
20 operating, and maintaining such buildings, structures, or facilities
21 and the repair, remodeling, or furnishing thereof and for the rendering
22 of any service or the furnishing or providing of any supplies,
23 equipment, or materials.

24 The director of general administration may recover the full costs
25 including appropriate overhead charges of the foregoing by periodic
26 billings as determined by the director including but not limited to
27 transfers upon accounts and advancements into the general
28 administration facilities and services revolving fund. Charges related
29 to the rendering of real estate services under RCW 43.82.010 and to the
30 operation of nonassigned public spaces in Thurston county shall be
31 allocated separately from other charges assessed under this section.
32 Rates shall be established by the director of general administration
33 after consultation with the director of financial management. The
34 director of general administration may allot, provide, or furnish any
35 of such facilities, structures, services, equipment, supplies, or
36 materials to any other public service type occupant or user at such
37 rates or charges as are equitable and reasonably reflect the actual
38 costs of the services provided: PROVIDED, HOWEVER, That the

1 legislature, its duly constituted committees, interim committees and
2 other committees shall be exempted from the provisions of this section.

3 Upon receipt of such bill, each entity, occupant, or user shall
4 cause a warrant or check in the amount thereof to be drawn in favor of
5 the department of general administration which shall be deposited in
6 the state treasury to the credit of the general administration
7 facilities and services revolving fund established in RCW 43.19.500
8 unless the director of financial management has authorized another
9 method for payment of costs.

10 Beginning July 1, 1995, the director of general administration
11 shall assess a capital projects surcharge upon each agency or other
12 user occupying a facility owned and managed by the department of
13 general administration in Thurston county. The capital projects
14 surcharge does not apply to agencies or users that agree to pay all
15 future repairs, improvements, and renovations to the buildings they
16 occupy and a proportional share, as determined by the office of
17 financial management, of all other campus repairs, installations,
18 improvements, and renovations that provide a benefit to the buildings
19 they occupy or that have an agreement with the department of general
20 administration that contains a charge for a similar purpose, including
21 but not limited to section 19 of this act, in an amount greater than
22 the capital projects surcharge. The director, after consultation with
23 the director of financial management, shall adopt differential capital
24 project surcharge rates to reflect the differences in facility type and
25 quality. The initial payment structure for this surcharge shall be one
26 dollar per square foot per year. The surcharge shall increase over
27 time to an amount that when combined with the facilities and service
28 charge equals the market rate for similar types of lease space in the
29 area or equals five dollars per square foot per year, whichever is
30 less. The capital projects surcharge shall be in addition to other
31 charges assessed under this section. Proceeds from the capital
32 projects surcharge shall be deposited into the Thurston county capital
33 facilities account created in section 18 of this act.

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

36 There is hereby created a fund within the state treasury designated
37 as the "department of general administration facilities and services
38 revolving fund". Such revolving fund shall be used by the department

1 of general administration for the payment of certain costs, expenses,
2 and charges, as (~~hereinafter~~) specified in this section, incurred by
3 it in the operation and administration of the department in the
4 rendering of services, the furnishing or supplying of equipment,
5 supplies and materials, and for providing or allocating facilities,
6 including the operation, maintenance, rehabilitation, or furnishings
7 thereof to other agencies, offices, departments, activities, and other
8 entities enumerated in RCW 43.01.090 and including the rendering of
9 services in acquiring real estate under RCW 43.82.010 and the operation
10 and maintenance of nonassigned public spaces in Thurston county. The
11 department shall treat the rendering of services in acquiring real
12 estate and the operation and maintenance of nonassigned public spaces
13 as ((a)) separate operating (~~entity~~) entities within the fund for
14 financial accounting and control.

15 The schedule of services, facilities, equipment, supplies,
16 materials, maintenance, rehabilitation, furnishings, operations, and
17 administration to be so financed and recovered shall be determined
18 jointly by the director of general administration and the director of
19 financial management, in equitable amounts which, together with any
20 other income or appropriation, will provide the department of general
21 administration with funds to meet its anticipated expenditures during
22 any allotment period.

23 The director of general administration may (~~promulgate~~) adopt
24 rules (~~and regulations~~) governing the provisions of RCW 43.01.090 and
25 this section and the relationships and procedures between the
26 department of general administration and such other entities.

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

29 The Thurston county capital facilities account is created in the
30 state treasury. The account is subject to the appropriation and
31 allotment procedures under chapter 43.88 RCW. Moneys in the account
32 may be expended for capital projects in facilities owned and managed by
33 the department of general administration in Thurston county.

34 NEW SECTION. Sec. 19. It is hereby declared to be the policy of
35 the state of Washington that each agency or other occupant of newly
36 constructed or substantially renovated facilities owned and operated by
37 the department of general administration in Thurston county shall

1 proportionally share the debt service costs associated with the
2 original construction or substantial renovation of the facility.
3 Beginning July 1, 1995, each state agency or other occupant of a
4 facility constructed or substantially renovated after July 1, 1992, and
5 owned and operated by the department of general administration in
6 Thurston county, shall be assessed a charge to pay the principal and
7 interest payments on any bonds or other financial contract issued to
8 finance the construction or renovation or an equivalent charge for
9 similar projects financed by cash sources. In recognition that full
10 payment of debt service costs may be higher than market rates for
11 similar types of facilities or higher than existing agreements for
12 similar charges entered into prior to the effective date of this
13 section, the initial charge may be less than the full cost of principal
14 and interest payments. The charge shall be assessed to all occupants
15 of the facility on a proportional basis based on the amount of occupied
16 space or any unique construction requirements. The office of financial
17 management, in consultation with the department of general
18 administration, shall develop procedures to implement this section and
19 report to the legislative fiscal committees, by October 1994, their
20 recommendations for implementing this section. The office of financial
21 management shall separately identify in the budget document all
22 payments and the documentation for determining the payments required by
23 this section for each agency and fund source during the current and the
24 two past and future fiscal biennia. The charge authorized in this
25 section is subject to annual audit by the state auditor.

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

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

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

- 36 (1) RCW 79.24.630 and 1970 ex.s. c 14 s 1;
- 37 (2) RCW 79.24.632 and 1969 ex.s. c 273 s 4 & 1967 ex.s. c 105 s 5;

- 1 (3) RCW 79.24.634 and 1969 ex.s. c 273 s 5 & 1967 ex.s. c 105 s 6;
2 (4) RCW 79.24.636 and 1969 ex.s. c 273 s 6 & 1967 ex.s. c 105 s 7;
3 (5) RCW 79.24.638 and 1982 2nd ex.s. c 8 s 5, 1969 ex.s. c 273 s 7,
4 & 1967 ex.s. c 105 s 8;
5 (6) RCW 79.24.640 and 1969 ex.s. c 273 s 8 & 1967 ex.s. c 105 s 9;
6 (7) RCW 79.24.642 and 1969 ex.s. c 273 s 9 & 1967 ex.s. c 105 s 10;
7 (8) RCW 79.24.6421 and 1969 ex.s. c 273 s 1;
8 (9) RCW 79.24.6422 and 1969 ex.s. c 273 s 2;
9 (10) RCW 79.24.644 and 1967 ex.s. c 105 s 11;
10 (11) RCW 79.24.645 and 1969 ex.s. c 273 s 10;
11 (12) RCW 79.24.646 and 1967 ex.s. c 105 s 12; and
12 (13) RCW 79.24.647 and 1969 ex.s. c 273 s 13.

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

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

17 NEW SECTION. **Sec. 23.** Sections 8 and 9 of this act are necessary
18 for the immediate preservation of the public peace, health, or safety,
19 or support of the state government and its existing public
20 institutions, and shall take effect immediately.

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