

# HOUSE BILL REPORT

## HB 2035

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### As Reported by House Committee On: Capital Budget

**Title:** An act relating to lengthening the maximum terms of leases entered into by the director of enterprise services in certain counties.

**Brief Description:** Lengthening the maximum terms of leases entered into by the director of enterprise services in certain counties.

**Sponsors:** Representatives Scott, Morris and Lytton.

#### **Brief History:**

##### **Committee Activity:**

Capital Budget: 2/17/15, 2/23/15 [DPS].

#### **Brief Summary of Substitute Bill**

- Authorizes the Department of Enterprise Services to enter into leases for up to 60 years at the Northern State Hospital.

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### HOUSE COMMITTEE ON CAPITAL BUDGET

**Majority Report:** The substitute bill be substituted therefor and the substitute bill do pass. Signed by 9 members: Representatives Dunshee, Chair; Stanford, Vice Chair; DeBolt, Ranking Minority Member; Smith, Assistant Ranking Minority Member; Kilduff, Kochmar, Peterson, Riccelli and Walsh.

**Staff:** Steve Masse (786-7115).

#### **Background:**

##### Department of Enterprise Services.

The Department of Enterprise Services (DES) provides lease procurement services to most state agencies. The DES is currently authorized to enter into leases for up to 10 years. Leases provided by the DES for over 10 years are subject to approval by the Director of the Office of Financial Management.

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*This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.*

### Northern State Hospital.

The Northern State Hospital (Hospital) was established in 1909. It is located in Sedro Woolley and began taking mentally ill patients in 1912. The Hospital closed in 1973. Approximately half of the 44 buildings are part of a nationally recognized historic district.

Over the past 10 years, the DES has spent \$7.2 million from lease payments on maintenance. The DES has invested nearly \$4 million in capital funding for repairs, such as new roofs, fire alarms, sewer and storm-sewer repairs, upgrades to the domestic water system, and elevator repairs.

Part of the Hospital is being used as a Job Corps facility and drug treatment center. The facility is now known as the North Cascades Gateway Center and is managed by the DES. Currently, the 953-acre site is divided into two parcels: a state-owned 227 acre parcel of land where the Hospital campus is located; and a county-owned 726-acre parcel surrounding the campus. The parcel contains fields, forest, and the Hansen Creek salmon recovery habitat. The county-owned portion was purchased in 1991 and turned into a county park called the Northern State Recreation Area. The state's income from those tenants averages \$2.6 million annually.

### County Population.

Based on the 2010 census, the counties with a population between 100,000 people and 200,000 people are Cowlitz, Skagit, and Benton counties.

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### **Summary of Substitute Bill:**

The DES is authorized to enter into leases at the Hospital for up to 60 years.

### **Substitute Bill Compared to Original Bill:**

The DES is authorized to enter into leases at the Hospital instead of counties with certain populations.

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**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date of Substitute Bill:** The bill takes effect 90 days after adjournment of the session in which the bill is passed.

### **Staff Summary of Public Testimony:**

(In support) The Hospital has been looked at for many different purposes. The current proposal will provide economic growth for the area by having a business using the grounds of the Hospital.

(Opposed) None.

**Persons Testifying:** Representative Scott, prime sponsor; Patsy Martin and Kevin Ware, Port of Skagit; Peter Janicki, Janicki BioEnergy; Keith Wagoner, Sedro-Woolley City Council; Don Wick, Economic Development Association of Skagit County; and Arlen Harris, Department of Enterprise Services.

**Persons Signed In To Testify But Not Testifying:** None.