

EHB 1828 - S COMM AMD

By Committee on State Government, Tribal Relations & Elections

1 Strike everything after the enacting clause and insert the
2 following:

3 "Sec. 1. RCW 43.82.010 and 2015 c 99 s 1 are each amended to
4 read as follows:

5 (1) The director of enterprise services, on behalf of the agency
6 involved and after consultation with the office of financial
7 management, shall purchase, lease, lease purchase, rent, or otherwise
8 acquire all real estate, improved or unimproved, as may be required
9 by elected state officials, institutions, departments, commissions,
10 boards, and other state agencies, or federal agencies where joint
11 state and federal activities are undertaken and may grant easements
12 and transfer, exchange, sell, lease, or sublease all or part of any
13 surplus real estate for those state agencies which do not otherwise
14 have the specific authority to dispose of real estate. This section
15 does not transfer financial liability for the acquired property to
16 the department of enterprise services.

17 (2) Except for real estate occupied by federal agencies, the
18 director shall determine the location, size, and design of any real
19 estate or improvements thereon acquired or held pursuant to
20 subsection (1) of this section. (~~Facilities acquired or held~~
21 ~~pursuant to this chapter, and any improvements thereon, shall conform~~
22 ~~to standards adopted by the director and approved by the office of~~
23 ~~financial management governing facility efficiency unless a specific~~
24 ~~exemption from such standards is provided by the director of~~
25 ~~enterprise services. The director of enterprise services shall report~~
26 ~~to the office of financial management and the appropriate committees~~
27 ~~of the legislature annually on any exemptions granted pursuant to~~
28 ~~this subsection.))~~

29 (3) Except for leases permitted under subsection (4) of this
30 section, the director of enterprise services may fix the terms and
31 conditions of each lease entered into under this chapter, except that

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

14 (4) The director of enterprise services may fix the terms of
15 leases for property under the department of enterprise services'
16 control at the former Northern State Hospital site for up to sixty
17 years.

18 (5) Except as permitted under chapter 39.94 RCW, no lease for or
19 on behalf of any state agency may be used or referred to as
20 collateral or security for the payment of securities offered for sale
21 through a public offering. Except as permitted under chapter 39.94
22 RCW, no lease for or on behalf of any state agency may be used or
23 referred to as collateral or security for the payment of securities
24 offered for sale through a private placement without the prior
25 written approval of the state treasurer. However, this limitation
26 shall not prevent a lessor from assigning or encumbering its interest
27 in a lease as security for the repayment of a promissory note
28 provided that the transaction would otherwise be an exempt
29 transaction under RCW 21.20.320. The state treasurer shall adopt
30 rules that establish the criteria under which any such approval may
31 be granted. In establishing such criteria the state treasurer shall
32 give primary consideration to the protection of the state's credit
33 rating and the integrity of the state's debt management program. If
34 it appears to the state treasurer that any lease has been used or
35 referred to in violation of this subsection or rules adopted under
36 this subsection, then he or she may recommend that the governor cause
37 such lease to be terminated. The department of enterprise services
38 shall promptly notify the state treasurer whenever it may appear to
39 the department that any lease has been used or referred to in
40 violation of this subsection or rules adopted under this subsection.

1 (6) It is the policy of the state to encourage the colocation and
2 consolidation of state services into single or adjacent facilities,
3 whenever appropriate, to improve public service delivery, minimize
4 duplication of facilities, increase efficiency of operations, and
5 promote sound growth management planning.

6 ~~((The director of enterprise services shall provide~~
7 ~~coordinated long range planning services to identify and evaluate~~
8 ~~opportunities for collocating and consolidating state facilities. Upon~~
9 ~~the renewal of any lease, the inception of a new lease, or the~~
10 ~~purchase of a facility, the director of enterprise services shall~~
11 ~~determine whether an opportunity exists for collocating the agency or~~
12 ~~agencies in a single facility with other agencies located in the same~~
13 ~~geographic area. If a colocation opportunity exists, the director of~~
14 ~~enterprise services shall consult with the affected state agencies~~
15 ~~and the office of financial management to evaluate the impact~~
16 ~~colocation would have on the cost and delivery of agency programs,~~
17 ~~including whether program delivery would be enhanced due to the~~
18 ~~centralization of services. The director of enterprise services, in~~
19 ~~consultation with the office of financial management, shall develop~~
20 ~~procedures for implementing colocation and consolidation of state~~
21 ~~facilities.~~

22 ~~(+8))~~ The director of enterprise services is authorized to
23 purchase, lease, rent, or otherwise acquire improved or unimproved
24 real estate as owner or lessee and to lease or sublet all or a part
25 of such real estate to state or federal agencies. The director of
26 enterprise services shall charge each using agency its proportionate
27 rental which shall include an amount sufficient to pay all costs,
28 including, but not limited to, those for utilities, janitorial and
29 accounting services, and sufficient to provide for contingencies;
30 which shall not exceed five percent of the average annual rental, to
31 meet unforeseen expenses incident to management of the real estate.

32 ~~((+9))~~ (8) If the director of enterprise services determines
33 that it is necessary or advisable to undertake any work,
34 construction, alteration, repair, or improvement on any real estate
35 acquired pursuant to subsection (1) or ~~((+8))~~ (7) of this section,
36 the director shall cause plans and specifications thereof and an
37 estimate of the cost of such work to be made and filed in his or her
38 office and the state agency benefiting thereby is hereby authorized
39 to pay for such work out of any available funds: PROVIDED, That the
40 cost of executing such work shall not exceed the sum of twenty-five

1 thousand dollars. Work, construction, alteration, repair, or
2 improvement in excess of twenty-five thousand dollars, other than
3 that done by the owner of the property if other than the state, shall
4 be performed in accordance with the public works law of this state.

5 ~~((+10))~~ (9) In order to obtain maximum utilization of space, the
6 ~~((director of enterprise services))~~ office of financial management
7 shall make space utilization studies, and shall establish standards
8 for use of space by state agencies with input from state agencies,
9 including the department of enterprise services. The office of
10 financial management shall seek input from real estate trade
11 organizations and other stakeholders when preparing these standards.
12 Such studies shall include the identification of opportunities for
13 colocation and consolidation of state agency office and support
14 facilities.

15 ~~((+11))~~ (10) The director of enterprise services may construct
16 new buildings on, or improve existing facilities, and furnish and
17 equip, all real estate under his or her management. Prior to the
18 construction of new buildings or major improvements to existing
19 facilities or acquisition of facilities using a lease purchase
20 contract, the director of enterprise services shall conduct an
21 evaluation of the facility design and budget using life-cycle cost
22 analysis, value-engineering, and other techniques to maximize the
23 long-term effectiveness and efficiency of the facility or
24 improvement.

25 ~~((+12))~~ (11) All conveyances and contracts to purchase, lease,
26 rent, transfer, exchange, or sell real estate and to grant and accept
27 easements shall be approved as to form by the attorney general,
28 signed by the director of enterprise services or the director's
29 designee, and recorded with the county auditor of the county in which
30 the property is located.

31 ~~((+13))~~ (12) The director of enterprise services may delegate
32 any or all of the functions specified in this section to any agency
33 upon such terms and conditions as the director deems advisable. By
34 January 1st of each year, beginning January 1, 2008, the department
35 shall submit an annual report to the office of financial management
36 and the appropriate committees of the legislature on all delegated
37 leases.

38 ~~((+14))~~ (13) This section does not apply to the acquisition of
39 real estate by:

1 (a) The state college and universities for research or
2 experimental purposes;

3 ~~((The state liquor control board for liquor stores and
4 warehouses;~~

5 ~~(e))~~ The department of natural resources, the department of fish
6 and wildlife, the department of transportation, and the state parks
7 and recreation commission for purposes other than the leasing of
8 offices, warehouses, and real estate for similar purposes; and

9 ~~((d))~~ (c) The department of commerce for community college
10 health career training programs, offices for the department of
11 commerce or other appropriate state agencies, and other nonprofit
12 community uses, including community meeting and training facilities,
13 where the real estate is acquired during the 2013-2015 fiscal
14 biennium.

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

20 ~~((16))~~ (15) The department of enterprise services shall report
21 annually to the office of financial management and the appropriate
22 fiscal committees of the legislature on facility leases executed for
23 all state agencies for the preceding year, lease terms, and annual
24 lease costs. The report must include leases executed under RCW
25 43.82.045 and subsection ~~((13))~~ (12) of this section.

26 **Sec. 2.** RCW 43.82.055 and 2015 3rd sp.s. c 1 s 301 are each
27 amended to read as follows:

28 The office of financial management shall:

29 (1) Work with the department of enterprise services and all other
30 state agencies to determine the long-term facility needs of state
31 government;

32 (2) Develop and submit a six-year facility plan to the
33 legislature by January 1st of every odd-numbered year that includes
34 state agency space requirements and other pertinent data necessary
35 for cost-effective facility planning. The department of enterprise
36 services shall assist with this effort as required by the office of
37 financial management; ~~((and))~~

38 (3) Establish and enforce policies and workplace strategies that
39 promote the efficient use of state facilities; and

1 (4) Evaluate opportunities for colocating and consolidating state
2 facilities in the same geographic area. This includes evaluating the
3 impact colocation would have on the cost and delivery of agency
4 programs, including whether program delivery would be enhanced due to
5 the centralization of services. The office of financial management
6 shall consult with the affected state agencies and the department of
7 enterprise services when evaluating these opportunities.

8 **Sec. 3.** RCW 43.82.150 and 2015 3rd sp.s. c 1 s 302 are each
9 amended to read as follows:

10 (1) The office of financial management shall develop and maintain
11 an inventory system to account for all facilities owned or leased by
12 state government. At a minimum, the inventory system must include the
13 facility owner, location, type, condition, use data, and size of each
14 facility. In addition, for owned facilities, the inventory system
15 must include the date and cost of original construction and the cost
16 of any major remodeling or renovation. The inventory must be updated
17 by all agencies, departments, boards, commissions, and institutions
18 by June 30th of each year. The office of financial management shall
19 publish a report summarizing information contained in the inventory
20 system for each agency by October 1st of each year, beginning in 2010
21 and shall submit this report to the appropriate fiscal committees of
22 the legislature.

23 (2) The inventory required under this subsection must be
24 submitted in a standard format prescribed by the office of financial
25 management.

26 (3) Agencies must report space use data for office facilities.

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

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31 On page 1, line 4 of the title, after "corrections;" strike the
32 remainder of the title and insert "and amending RCW 43.82.010,
33 43.82.055, and 43.82.150."

EFFECT: Removes the requirement that long-term lease facilities meet the efficiency standards previously adopted by DES but removed under the bill.

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