
HOUSE BILL 1828

State of Washington

65th Legislature

2017 Regular Session

By Representatives Irwin, Hudgins, and Stanford; by request of Office of Financial Management

Read first time 01/31/17. Referred to Committee on State Govt, Elections & IT.

1 AN ACT Relating to more efficient use of state facilities through
2 aligning the functions of the department of enterprise services and
3 the office of financial management, collecting additional space use
4 data, and making technical corrections; and amending RCW 43.82.010,
5 43.82.055, and 43.82.150.

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

7 **Sec. 1.** RCW 43.82.010 and 2015 c 99 s 1 are each amended to read
8 as follows:

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

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

13 (3) Except for leases permitted under subsection (4) of this
14 section, the director of enterprise services may fix the terms and
15 conditions of each lease entered into under this chapter, except that
16 no lease shall extend greater than twenty years in duration. The
17 director of enterprise services may enter into a long-term lease
18 greater than ten years in duration upon a determination by the
19 director of the office of financial management that the long-term
20 lease provides a more favorable rate than would otherwise be
21 available, it appears to a substantial certainty that the facility is
22 necessary for use by the state for the full length of the lease term,
23 and the facility meets the standards adopted pursuant to subsection
24 (2) of this section. The director of enterprise services may enter
25 into a long-term lease greater than ten years in duration if an
26 analysis shows that the life-cycle cost of leasing the facility is
27 less than the life-cycle cost of purchasing or constructing a
28 facility in lieu of leasing the facility.

29 (4) The director of enterprise services may fix the terms of
30 leases for property under the department of enterprise services'
31 control at the former Northern State Hospital site for up to sixty
32 years.

33 (5) Except as permitted under chapter 39.94 RCW, no lease for or
34 on behalf of any state agency may be used or referred to as
35 collateral or security for the payment of securities offered for sale
36 through a public offering. Except as permitted under chapter 39.94
37 RCW, no lease for or on behalf of any state agency may be used or
38 referred to as collateral or security for the payment of securities
39 offered for sale through a private placement without the prior
40 written approval of the state treasurer. However, this limitation

1 shall not prevent a lessor from assigning or encumbering its interest
2 in a lease as security for the repayment of a promissory note
3 provided that the transaction would otherwise be an exempt
4 transaction under RCW 21.20.320. The state treasurer shall adopt
5 rules that establish the criteria under which any such approval may
6 be granted. In establishing such criteria the state treasurer shall
7 give primary consideration to the protection of the state's credit
8 rating and the integrity of the state's debt management program. If
9 it appears to the state treasurer that any lease has been used or
10 referred to in violation of this subsection or rules adopted under
11 this subsection, then he or she may recommend that the governor cause
12 such lease to be terminated. The department of enterprise services
13 shall promptly notify the state treasurer whenever it may appear to
14 the department that any lease has been used or referred to in
15 violation of this subsection or rules adopted under this subsection.

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

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

37 ~~(8))~~ The director of enterprise services is authorized to
38 purchase, lease, rent, or otherwise acquire improved or unimproved
39 real estate as owner or lessee and to lease or sublet all or a part
40 of such real estate to state or federal agencies. The director of

1 enterprise services shall charge each using agency its proportionate
2 rental which shall include an amount sufficient to pay all costs,
3 including, but not limited to, those for utilities, janitorial and
4 accounting services, and sufficient to provide for contingencies;
5 which shall not exceed five percent of the average annual rental, to
6 meet unforeseen expenses incident to management of the real estate.

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

20 ~~((+10))~~ (9) In order to obtain maximum utilization of space, the
21 ~~((director of enterprise services))~~ office of financial management
22 shall make space utilization studies, and shall establish standards
23 for use of space by state agencies. Such studies shall include the
24 identification of opportunities for colocation and consolidation of
25 state agency office and support facilities.

26 ~~((+11))~~ (10) The director of enterprise services may construct
27 new buildings on, or improve existing facilities, and furnish and
28 equip, all real estate under his or her management. Prior to the
29 construction of new buildings or major improvements to existing
30 facilities or acquisition of facilities using a lease purchase
31 contract, the director of enterprise services shall conduct an
32 evaluation of the facility design and budget using life-cycle cost
33 analysis, value-engineering, and other techniques to maximize the
34 long-term effectiveness and efficiency of the facility or
35 improvement.

36 ~~((+12))~~ (11) All conveyances and contracts to purchase, lease,
37 rent, transfer, exchange, or sell real estate and to grant and accept
38 easements shall be approved as to form by the attorney general,
39 signed by the director of enterprise services or the director's

1 designee, and recorded with the county auditor of the county in which
2 the property is located.

3 ~~((13))~~ (12) The director of enterprise services may delegate
4 any or all of the functions specified in this section to any agency
5 upon such terms and conditions as the director deems advisable. By
6 January 1st of each year, beginning January 1, 2008, the department
7 shall submit an annual report to the office of financial management
8 and the appropriate committees of the legislature on all delegated
9 leases.

10 ~~((14))~~ (13) This section does not apply to the acquisition of
11 real estate by:

12 (a) The state college and universities for research or
13 experimental purposes;

14 (b) ~~((The state liquor control board for liquor stores and
15 warehouses;~~

16 ~~(c))~~ The department of natural resources, the department of fish
17 and wildlife, the department of transportation, and the state parks
18 and recreation commission for purposes other than the leasing of
19 offices, warehouses, and real estate for similar purposes; and

20 ~~((d))~~ (c) The department of commerce for community college
21 health career training programs, offices for the department of
22 commerce or other appropriate state agencies, and other nonprofit
23 community uses, including community meeting and training facilities,
24 where the real estate is acquired during the 2013-2015 fiscal
25 biennium.

26 ~~((15))~~ (14) Notwithstanding any provision in this chapter to
27 the contrary, the department of enterprise services may negotiate
28 ground leases for public lands on which property is to be acquired
29 under a financing contract pursuant to chapter 39.94 RCW under terms
30 approved by the state finance committee.

31 ~~((16))~~ (15) The department of enterprise services shall report
32 annually to the office of financial management and the appropriate
33 fiscal committees of the legislature on facility leases executed for
34 all state agencies for the preceding year, lease terms, and annual
35 lease costs. The report must include leases executed under RCW
36 43.82.045 and subsection ~~((13))~~ (12) of this section.

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

39 The office of financial management shall:

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

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

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

12 (4) Evaluate opportunities for colocating and consolidating state
13 facilities in the same geographic area. This includes evaluating the
14 impact colocation would have on the cost and delivery of agency
15 programs, including whether program delivery would be enhanced due to
16 the centralization of services.

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

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

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

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

36 (4) For the purposes of this section, "facilities" means
37 buildings and other structures with walls and a roof. "Facilities"

1 does not mean roads, bridges, parking areas, utility systems, and
2 other similar improvements to real property.

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