

2 **ESHB 2436** - S COMM AMD
3 By Committee on Ways & Means

4

5 Strike everything after the enacting clause and insert the
6 following:

7 "Sec. 1. RCW 39.94.040 and 1989 c 356 s 4 are each amended to read
8 as follows:

9 (1) Except as provided in RCW 28B.10.022, the state may not enter
10 into any financing contract if the aggregate principal amount payable
11 thereunder is greater than an amount to be established from time to
12 time by the state finance committee or participate in a program
13 providing for the issuance of certificates of participation, including
14 any contract for credit enhancement, without the prior approval of the
15 state finance committee. Except as provided in RCW 28B.10.022, the
16 state finance committee shall approve the form of all financing
17 contracts or a standard format for all financing contracts. The state
18 finance committee also may:

19 (a) Consolidate existing or potential financing contracts into
20 master financing contracts with respect to property acquired by one or
21 more agencies, departments, instrumentalities of the state, the state
22 board for community (~~college education~~) and technical colleges, or a
23 state institution of higher learning;

24 (b) Approve programs providing for the issuance of certificates of
25 participation in master financing contracts;

26 (c) Enter into agreements with trustees relating to master
27 financing contracts; and

28 (d) Make appropriate rules for the performance of its duties under
29 this chapter.

30 (2) In the performance of its duties under this chapter, the state
31 finance committee may consult with representatives from the department
32 of general administration, the office of financial management, and the
33 department of information services.

34 (3) With the approval of the state finance committee, the state
35 also may enter into agreements with trustees relating to financing
36 contracts and the issuance of certificates of participation.

1 (4) The state may not enter into any financing contract for real
2 property without prior approval of the legislature.

3 (5) The state may not enter into a financing contract for real
4 property except under section 2 of this act.

5 NEW SECTION. **Sec. 2.** A new section is added to chapter 39.94 RCW
6 to read as follows:

7 (1) All financing contracts for real property are subject to the
8 following conditions:

9 (a) All financing contracts for real property proposed by the
10 governor shall be submitted separate from all other legislation,
11 including the capital budget;

12 (b) All financing contracts for real property authorized by the
13 legislature shall be enacted separate from all other legislation,
14 whether codified or uncodified, including the capital budget;

15 (c) Prior to state finance committee approval, an entity in RCW
16 39.94.040(1)(a) shall provide justification for the proposed financing
17 contract for real property to the office of financial management for
18 approval. Specific criteria and a process for this justification shall
19 be developed jointly by the office of financial management, the state
20 treasurer's office, and the legislature, and be included in the
21 authorizing legislation when appropriate. The criteria shall include,
22 but not be limited to: (i) Demonstrating present value savings,
23 including the market value of the asset being acquired, greater than
24 the existing pattern of expenditures for the same purpose; (ii)
25 demonstrating that revenues generated by the project will be sufficient
26 to meet debt-service requirements; or (iii) demonstrating that a
27 dedicated source of revenues, other than specific state appropriations
28 for the same purpose, will be sufficient to meet the debt-service
29 requirements;

30 (d) All financing contracts for real property proposed by the
31 governor shall include the total cost of the project, the amount of the
32 project being financed by the contract, future capital and operating
33 costs, and the source of revenues to meet the debt-service requirements
34 and future capital and operating costs; and

35 (e) The approval to enter into financing contracts will terminate
36 four years after the effective date of the legislation approving such
37 financing contracts. The termination shall not be construed as
38 affecting any contract entered into prior to the termination date.

1 (2) The state treasurer's office shall report annually to the
2 legislature on the use of financing contracts for real property.

3 NEW SECTION. **Sec. 3.** (1) The following agencies may enter into
4 financial contracts, paid for from operating revenues, for the purposes
5 indicated and in not more than the principal amounts indicated, plus
6 financing expenses and required reserves pursuant to chapter 39.94 RCW.
7 When securing properties under this section, agencies shall use the
8 most economical financial contract option available, including long-
9 term leases, lease-purchase agreements, lease-development with option
10 to purchase agreements, or financial contracts using certificates of
11 participation. The director of general administration shall ensure
12 that the clustering of state facilities and the colocation and
13 consolidation of state agencies take place where such configurations
14 are economical and consistent with agency space needs. Agencies shall
15 assist the department of general administration with facility
16 colocation and consolidation efforts. Prior to the finalization of a
17 financing contract authorized under this section, the agency shall file
18 with the office of financial management an amortization statement that
19 provides a schedule of contracted payments by source of fund. In
20 addition, the contracting agency shall provide to the office of
21 financial management a condition statement regarding any existing
22 facility which is acquired, listing the expected renovation or
23 improvement costs that shall be incurred within five years of
24 occupancy. The office of financial management shall provide annual
25 reports to the appropriate legislative committees summarizing the
26 information regarding the payment schedule and facility condition.

27 (a) Department of general administration:

28 Enter into a financing contract in the amount of seven million four
29 hundred forty thousand dollars and reserves pursuant to chapter 39.94
30 RCW, to purchase an existing office building and associated land in
31 Yakima for use by the department of social and health services.

32 (b) Community and technical colleges:

33 (i) Enter into a financing contract on behalf of Whatcom community
34 college in the amount of eight hundred thousand dollars plus financing
35 expenses and reserves pursuant to chapter 39.94 RCW to develop a new
36 two million two hundred forty thousand dollar, thirteen thousand square
37 foot child care center. The balance of project cost will be a

1 combination of local capital funds and nonstate funds provided through
2 private gifts or contributions;

3 (ii) Enter into a contract on behalf of Centralia college in the
4 amount of two thousand five hundred dollars to purchase approximately
5 one and one-half acres in Morton to establish a permanent east county
6 center site;

7 (iii) Enter into a contract on behalf of Centralia college in the
8 amount of seventy thousand dollars to purchase approximately one-
9 quarter acre using local funds. The lot and older house is between two
10 parcels owned by the college in Centralia and will be used to expand
11 parking for the business resource center and day care;

12 (iv) Enter into financial contracts on behalf of Centralia college
13 in the amount of four hundred thousand dollars to purchase older
14 residential homes and lots adjacent to the main campus using local
15 funds or real estate contracts. Property acquisition will be
16 consistent with the college's master plan and will provide for future
17 expansion of continuing education, community outreach, student
18 services, and parking;

19 (v) Enter into a financing contract on behalf of Pierce college in
20 the amount of five hundred twenty-three thousand dollars plus financing
21 expenses and reserves pursuant to chapter 39.94 RCW to develop a new
22 one million five hundred thousand dollar, twelve thousand square foot
23 classroom building on the Lakewood campus. The balance of project cost
24 will be provided through a combination of local capital funds and
25 existing minor works appropriation to replace two of seven portable
26 classrooms that are at the end of their useful lives;

27 (vi) Enter into a contract on behalf of Green River community
28 college in the amount of one hundred thousand dollars to purchase the
29 eight and ninety-seven one-hundredths acre Lea Hill Park, adjoining the
30 main campus, from King county using local funds; and

31 (vii) Enter into a contract on behalf of Spokane Falls community
32 college to purchase an existing four thousand six hundred forty square
33 foot structure and thirteen thousand nine hundred square foot lot for
34 one hundred thousand dollars using local funds. The facility will be
35 used for a comprehensive early head start program administered under a
36 United States department of health and human services grant awarded to
37 the community colleges of Spokane.

38 (c) Washington state patrol:

1 Enter into a long-term ground lease with a consortium including the
2 Boeing company and the port of Seattle for the purpose of constructing
3 an aircraft rescue and aircraft fire fighting training facility at the
4 fire training academy near North Bend. The facility will be financed
5 through contributions from consortium members and a grant from the
6 federal aviation administration that requires annual training for all
7 public and private airport fire fighters. No state appropriations are
8 provided. The consortium will pay for the cost of the project,
9 estimated to be eight million dollars. The state's participation
10 involves donating the use of the site for a minimum of twenty years,
11 supervision and approval for site development plans, collecting fees
12 from users and consortium members for maintenance and operations costs,
13 and establishing a reserve for eventual decommissioning of the site.

14 (d) Joint center for higher education:

15 Enter into a contract using local funds in the amount of six
16 hundred fifty thousand dollars plus financing expenses and reserves to
17 purchase lots and buildings contiguous with the Spokane campus.

18 (2) This section shall expire on June 30, 2001.

19 NEW SECTION. **Sec. 4.** Section 802, chapter 16, Laws of 1995 2nd sp.
20 sess. (uncodified), and as amended expires June 30, 2001.

21 NEW SECTION. **Sec. 5.** This act shall not be construed as affecting
22 any completed project, exempt project authorized before the effective
23 date of this section, existing right acquired, or existing liability or
24 obligation incurred under the sections amended or created in this act
25 or under any rule or order adopted under those sections, nor as
26 affecting any proceeding instituted under those sections.

27 NEW SECTION. **Sec. 6.** Section 4 of this act takes effect June 30,
28 1997."

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32 On page 1, line 1 of the title, after "contracts;" strike the
33 remainder of the title and insert "amending RCW 39.94.040; adding a new

1 section to chapter 39.94 RCW; creating new sections; providing an
2 effective date; and providing expiration dates."

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