

1 ensuing twelve months to meet the bond retirement and interest
2 requirements on the bonds authorized in section 201 of this act.

3 (3) On each date on which any interest or principal and interest
4 payment is due on bonds issued for the purposes of section 201 of this
5 act, the state treasurer shall withdraw from any general state revenues
6 received in the state treasury and deposit in the nondebt-limit general
7 fund bond retirement account an amount equal to the amount certified by
8 the state finance committee to be due on the payment date.

9 NEW SECTION. **Sec. 203.** (1) Bonds issued under this section and
10 sections 201 and 202 of this act must state that they are a general
11 obligation of the state of Washington, must pledge the full faith and
12 credit of the state to the payment of the principal thereof and the
13 interest thereon, and must contain an unconditional promise to pay the
14 principal and interest as the same shall become due.

15 (2) The owner and holder of each of the bonds or the trustee for
16 the owner and holder of any of the bonds may by mandamus or other
17 appropriate proceeding require the transfer and payment of funds as
18 directed in this section.

19 **PART III**
20 **APPROPRIATIONS**

21 NEW SECTION. **Sec. 301.** (1) The department of commerce, in
22 consultation with the department of general administration and the
23 Washington State University energy program, shall administer the jobs
24 act.

25 (2) The department of general administration must develop
26 guidelines that are consistent with national and international energy
27 savings performance standards for the implementation of energy savings
28 performance contracting projects by the energy savings performance
29 contractors by December 31, 2010.

30 (3) The definitions in this section apply throughout this chapter
31 and section 302 of this act unless the context clearly requires
32 otherwise.

33 (a) "Cost-effectiveness" means that the present value to a state
34 agency, school district, local government, or subdivision of the state
35 of the energy reasonably expected to be saved or produced by a

1 facility, activity, measure, or piece of equipment over its useful
2 life, including any compensation received from a utility or the
3 Bonneville power administration, is greater than the net present value
4 of the costs of implementing, maintaining, and operating such facility,
5 activity, measure, or piece of equipment over its useful life, when
6 discounted at the cost of public borrowing.

7 (b) "Energy equipment" means energy management systems and any
8 equipment, materials, or supplies that are expected, upon installation,
9 to reduce the energy use or energy cost of an existing building or
10 facility, and the services associated with the equipment, materials, or
11 supplies, including but not limited to design, engineering, financing,
12 installation, project management, guarantees, operations, and
13 maintenance. Reduction in energy use or energy cost may also include
14 reductions in the use or cost of water, wastewater, or solid waste.

15 (c) "Energy savings performance contracting" means the process
16 authorized by chapter 39.35C RCW by which a company contracts with a
17 public agency to conduct energy audits and guarantee energy savings
18 from energy efficiency.

19 (d) "Operational cost savings" means savings realized from parts,
20 service fees, capital renewal costs, and other measurable annual
21 expenses to maintain and repair systems. This definition does not mean
22 labor savings related to existing facility staff.

23 (e) "Public facilities" means buildings, building components, and
24 major equipment or systems owned by state agencies, public school
25 districts, local governments, and subdivisions of the state.

26 (f) "Simple payback" means the total project cost including tax and
27 fees less utility incentives divided by the first year energy savings.

28 **NEW SECTION. Sec. 302. FOR THE DEPARTMENT OF COMMERCE**
29 **Jobs Act**

30 The appropriation in this section is subject to the following
31 conditions and limitations:

32 (1) The appropriation is provided solely for grants to K-12 public
33 school districts, public higher education institutions, and other
34 state, locally, and subdivision of the state-owned public facilities
35 for energy and operational cost savings improvements and related
36 projects that result in energy and utility and operational cost

1 savings, as defined in section 301 of this act. Related projects are
2 those projects that must be completed in order for the energy
3 efficiency improvement to be effective.

4 (2) The department of commerce, in consultation with the department
5 of general administration, and the Washington State University energy
6 program shall establish a competitive process to solicit and evaluate
7 applications from K-12 public school districts, public higher education
8 institutions, state agencies, local governments, and subdivisions of
9 the state. Final grant awards shall be determined by the department of
10 commerce.

11 (3) Grants must be awarded in competitive rounds, as provided in
12 this subsection:

13 (a) Round 1: Grants to K-12 public school districts and public
14 higher education institutions, with at least five percent of the total
15 grant round for small K-12 school districts with fewer than 1,000 full-
16 time equivalent students.

17 (b) Round 2: Grants to K-12 public school districts, public higher
18 education institutions, state agencies, local governments, and
19 subdivisions of the state. Up to seventy-five percent of the total
20 grant round must be awarded to K-12 school districts and higher
21 education institutions. Within the seventy-five percent, at least five
22 percent of the grants awarded must be for K-12 school districts with
23 fewer than 1,000 full-time equivalent students.

24 (c) Additional competitive rounds: Grants shall be distributed the
25 same as established in (b) of this subsection.

26 (4) Within each competitive round, projects must be weighted and
27 prioritized based on the following criteria and in the following order:

28 (a) Leverage ratio: In each round, the higher the leverage ratio
29 of nonstate funding sources to state jobs act grant, the higher the
30 project ranking.

31 (b) Energy savings: In each round, the higher the energy savings,
32 the higher the project ranking. Applicants must submit documentation
33 that demonstrates energy and operational cost savings resulting from
34 the installation of the energy equipment and improvements. The
35 documentation must include but is not limited to the following:

36 (i) A description of the energy equipment and improvements; and

37 (ii) A description of the energy and operational cost savings. The
38 energy savings analysis shall be performed by a licensed engineer.

1 (c) Expediency of expenditure: Project readiness to spend funds
2 must be prioritized so that the legislative intent to expend funds
3 quickly is met.

4 (5) Projects that do not use energy savings performance contracting
5 must: (a) Verify energy and operational cost savings, as defined in
6 section 301 of this act, for ten years or until the energy and
7 operational costs savings pay for the project, whichever is shorter,
8 (b) follow the department of general administration's energy savings
9 performance contracting project guidelines developed pursuant to
10 section 301 of this act, and (c) employ a licensed engineer for the
11 energy audit and construction. The department of commerce may require
12 third-party verification of savings if a project is not implemented by
13 an energy savings performance contractor selected by the department of
14 general administration through the request of qualifications process.
15 Third-party verification must be conducted either by an energy savings
16 performance contractor selected by the department of general
17 administration through a request for qualifications or by a project or
18 educational service district resource conservation manager.

19 (6) To intensify competition, the department of commerce may only
20 award funds to the top eighty-five percent of projects applying in a
21 round until the department of commerce determines a final round is
22 appropriate. Projects that do not receive a grant award in one round
23 may reapply in subsequent rounds.

24 (7) Grant amounts awarded to each project must allow for the
25 maximum number of projects funded with the greatest energy and cost
26 benefit.

27 (8) The department of commerce must use bond proceeds to pay one-
28 half of the preliminary audit, up to five cents per square foot, if the
29 project does not meet the public owner's predetermined cost-
30 effectiveness criteria. The public owner must pay the other one-half
31 of the cost of the preliminary audit if the project does not meet the
32 public owner's predetermined cost-effectiveness criteria. The energy
33 savings performance contractor shall not charge for an investment grade
34 audit if the project does not meet the public owner's predetermined
35 cost-effectiveness criteria. The public owner must pay the full price
36 of an investment grade audit if they do not proceed with a project that
37 meets the owner's predetermined cost-effectiveness criteria.

1 (9) The department of commerce may charge projects administrative
2 fees. The department of commerce may pay the department of general
3 administration and the Washington State University energy program
4 administration fees in an amount determined through a memorandum of
5 understanding.

6 (10) The department of commerce and the department of general
7 administration must submit a joint report to the appropriate committees
8 of the legislature and the office of financial management on the timing
9 and use of the grant funds, program administrative function, and
10 administration fees by the end of each fiscal year, until the funds are
11 fully expended and all savings verification requirements are fulfilled.

12 Appropriation:

13	Washington Works Account--State	\$858,500,000
14	Prior Biennia (Expenditures)\$0
15	Future Biennia (Projected Costs)\$0
16	TOTAL	\$858,500,000

17 **PART IV**
18 **TECHNICAL PROVISIONS**

19 NEW SECTION. **Sec. 401.** (1) The legislature may provide additional
20 means for raising moneys for the payment of the principal of and
21 interest on the bonds authorized in section 201 of this act.

22 (2) The issuance of bonds under this chapter is not deemed to be
23 the only method to fund projects under this chapter.

24 (3) The office of the state treasurer must determine a mechanism to
25 allow individual Washington state residents to purchase jobs act bonds.

26 NEW SECTION. **Sec. 402.** The bonds authorized by this chapter
27 constitute a legal investment for all state funds or for funds under
28 state control and all funds of municipal corporations.

29 NEW SECTION. **Sec. 403.** The state finance committee is authorized
30 to prescribe the form, terms, conditions, and covenants of the bonds
31 provided for in this act, the time or times of sale of all or any
32 portion of them, and the conditions and manner of their sale and
33 issuance.

1 NEW_SECTION. **Sec. 503.** Sections 201 through 203, 301, and 401
2 through 404 of this act constitute a new chapter in Title 43 RCW.

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