
ENGROSSED SUBSTITUTE HOUSE BILL 2722

State of Washington

62nd Legislature

2012 Regular Session

By House Capital Budget (originally sponsored by Representatives Parker, Dunshee, Warnick, Zeiger, Angel, and Santos)

READ FIRST TIME 02/03/12.

1 AN ACT Relating to surplus property; and amending RCW 43.82.010.

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

3 **Sec. 1.** RCW 43.82.010 and 2007 c 506 s 8 are each amended to read
4 as follows:

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

1 (1) of this section. Facilities acquired or held pursuant to this
2 chapter, and any improvements thereon, shall conform to standards
3 adopted by the director and approved by the office of financial
4 management governing facility efficiency unless a specific exemption
5 from such standards is provided by the director of (~~general~~
6 ~~administration~~) enterprise services. The director of (~~general~~
7 ~~administration~~) enterprise services shall report to the office of
8 financial management and the appropriate committees of the legislature
9 annually on any exemptions granted pursuant to this subsection.

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

26 (4) Except as permitted under chapter 39.94 RCW, no lease for or on
27 behalf of any state agency may be used or referred to as collateral or
28 security for the payment of securities offered for sale through a
29 public offering. Except as permitted under chapter 39.94 RCW, no lease
30 for or on behalf of any state agency may be used or referred to as
31 collateral or security for the payment of securities offered for sale
32 through a private placement without the prior written approval of the
33 state treasurer. However, this limitation shall not prevent a lessor
34 from assigning or encumbering its interest in a lease as security for
35 the repayment of a promissory note provided that the transaction would
36 otherwise be an exempt transaction under RCW 21.20.320. The state
37 treasurer shall adopt rules that establish the criteria under which any
38 such approval may be granted. In establishing such criteria the state

1 treasurer shall give primary consideration to the protection of the
2 state's credit rating and the integrity of the state's debt management
3 program. If it appears to the state treasurer that any lease has been
4 used or referred to in violation of this subsection or rules adopted
5 under this subsection, then he or she may recommend that the governor
6 cause such lease to be terminated. The department of (~~general
7 administration~~) enterprise services shall promptly notify the state
8 treasurer whenever it may appear to the department that any lease has
9 been used or referred to in violation of this subsection or rules
10 adopted under this subsection.

11 (5) It is the policy of the state to encourage the colocation and
12 consolidation of state services into single or adjacent facilities,
13 whenever appropriate, to improve public service delivery, minimize
14 duplication of facilities, increase efficiency of operations, and
15 promote sound growth management planning.

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

33 (7) The director of (~~general administration~~) enterprise services
34 is authorized to purchase, lease, rent, or otherwise acquire improved
35 or unimproved real estate as owner or lessee and to lease or sublet all
36 or a part of such real estate to state or federal agencies. The
37 director of (~~general administration~~) enterprise services shall charge
38 each using agency its proportionate rental which shall include an

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

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

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

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

35 (11) All conveyances and contracts to purchase, lease, rent,
36 transfer, exchange, or sell real estate and to grant and accept
37 easements shall be approved as to form by the attorney general, signed

1 by the director of (~~general administration~~) enterprise services or
2 the director's designee, and recorded with the county auditor of the
3 county in which the property is located.

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

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

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

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

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

21 (14) Notwithstanding any provision in this chapter to the contrary,
22 the department of (~~general administration~~) enterprise services may
23 negotiate ground leases for public lands on which property is to be
24 acquired under a financing contract pursuant to chapter 39.94 RCW under
25 terms approved by the state finance committee.

26 (15) The department of (~~general administration~~) enterprise
27 services shall report annually to the office of financial management
28 and the appropriate fiscal committees of the legislature on facility
29 leases executed for all state agencies for the preceding year, lease
30 terms, and annual lease costs. The report must include leases executed
31 under RCW 43.82.045 and subsection (12) of this section.

32 (16) The department of enterprise services shall report the status
33 of any surplus property that is actively being listed for sale
34 including the date the property was listed and listing price, and any
35 surplus property that has sold including the approximate value, sale
36 price, and fund into which the proceeds will be deposited to the office
37 of financial management and the appropriate fiscal committees of the
38 legislature by January 1st of odd-numbered years. At least nine months

1 prior to being actively listed for sale, the department shall notify
2 the fiscal committees of the legislature and the office of financial
3 management.

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