

SENATE BILL REPORT

SB 5071

As Reported by Senate Committee On:
Government Operations & Security, February 10, 2015

Title: An act relating to resident curators of state properties.

Brief Description: Concerning resident curators of state properties.

Sponsors: Senator Honeyford.

Brief History:

Committee Activity: Government Operations & Security (Note: Senate Resolution 8609 adopted January 27, 2015, renamed the Committee on Government Operations & State Security to Committee on Government Operations & Security): 1/19/15, 2/10/15 [DPS].

SENATE COMMITTEE ON GOVERNMENT OPERATIONS & SECURITY

Majority Report: That Substitute Senate Bill No. 5071 be substituted therefor, and the substitute bill do pass.

Signed by Senators Roach, Chair; Benton, Vice Chair; Pearson, Vice Chair; Liias, Ranking Minority Member; Habib and McCoy.

Staff: Samuel Brown (786-7470)

Background: The Department of Enterprise Services (DES) manages more than 1000 leases for nearly 16.1 million square feet of office, warehouse, and other space, generating approximately \$192 million in annual rent payments. This represents about half of all state leases. State law grants some agencies the authority to manage their own leases.

The Department of Archaeology and Historic Preservation (DAHP), under the direction of the State Historic Preservation Officer, has responsibilities under both federal and state law. Under the National Historic Preservation Act of 1966, DAHP must be consulted regarding the impacts federal undertakings have on historic and cultural properties. This process includes arriving at agreements with proponents of a project in order for them to obtain federal approval. The office's other federal responsibilities include administering the State Historic Preservation Program and assisting local governments to become eligible for federal grant money. DAHP also nominates historic places to the state and national historic registers, maintains an inventory of historic properties and archaeological sites and a computerized mapping system, and engages in educational outreach.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

The Washington Heritage Register is an official listing of historically significant sites and properties found throughout the state. DAHP maintains the Register, which includes districts, sites, buildings, structures, and objects that are identified and documented as significant in local or state history, architecture, archaeology, engineering, or culture.

Summary of Bill (Recommended Substitute): State agencies with the authority to lease property to private parties may do so at a below-market rate if the lessee agrees to occupy and restore, maintain, rehabilitate, or otherwise improve the property. The lease must be in writing, specifying the terms of the agreement and improvements to be made to the property. Improvements must be approved by the leasing agency.

If the property is listed, or is eligible to be listed, on the National Register of Historic Places, the Washington Heritage Register, or a local historic register, the agency must consult with DAHP and all work performed on the property must comply with Department of Interior standards for rehabilitation of historic properties.

Agencies must consider, when appropriate, the following factors when leasing property at below-market rates under this act:

- if the lessee has adequate available funding;
- if the lessee has adequate expertise to perform lease conditions;
- the lease's net financial benefit to the state; and
- the lease's effect on the agency's core mission.

Agreements under this act must include performance measures, including the lessee's abilities to manage operating costs, perform management responsibilities, and address and respond to public concerns. Any agreement under this act must provide that failure to meet a performance measure may lead to termination of the agreement or remedial action.

Agencies leasing property under this act must provide annual reports to the Legislature with the market rate value, lease value, and any improvements made to properties leased under this act.

EFFECT OF CHANGES MADE BY GOVERNMENT OPERATIONS & SECURITY COMMITTEE (Recommended Substitute): Agencies must consider, when appropriate, the following factors when leasing property at below-market rates under this act:

- if the lessee has adequate available funding;
- if the lessee has adequate expertise to perform lease conditions;
- the lease's net financial benefit to the state; and
- the lease's effect on the agency's core mission.

Agreements under this act must include performance measures, including the lessee's abilities to manage operating costs, perform management responsibilities, and address and respond to public concerns. Any agreement under this act must provide that failure to meet a performance measure may lead to termination of the agreement or remedial action.

Agencies leasing property under this act must provide annual reports to the Legislature with the market rate value, lease value, and any improvements made to properties leased under this act.

Appropriation: None.

Fiscal Note: Available.

Committee/Commission/Task Force Created: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony on Original Bill: PRO: This bill is designed to encourage agencies to restore their properties by leasing facilities at less than market value, conditioned upon restoration. Agencies can probably do this now, but this bill would encourage them to restore properties to full value.

OTHER: Last year, a bill signed into law, SB 6034, increased accountability for future state parks partnership agreements. It included good common sense safeguards and we'd like to see similar language included in this bill.

Persons Testifying: PRO: Senator Honeyford, prime sponsor.

OTHER: Alia Griffing, WA Federation of State Employees.