
HOUSE BILL 2035

State of Washington

64th Legislature

2015 Regular Session

By Representatives Scott, Morris, and Lytton

Read first time 02/09/15. Referred to Committee on Capital Budget.

1 AN ACT Relating to lengthening the maximum terms of leases
2 entered into by the director of enterprise services in certain
3 counties; and amending RCW 43.82.010.

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

5 **Sec. 1.** RCW 43.82.010 and 2013 2nd sp.s. c 4 s 981 are each
6 amended to read as follows:

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

19 (2) Except for real estate occupied by federal agencies, the
20 director shall determine the location, size, and design of any real
21 estate or improvements thereon acquired or held pursuant to

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

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

26 (4) The director of enterprise services may fix the terms of
27 leases entered into in counties with a population of more than one
28 hundred thousand and fewer than two hundred thousand for up to sixty
29 years so long as the area covered by the lease does not exceed four
30 hundred acres.

31 (5) Except as permitted under chapter 39.94 RCW, no lease for or
32 on behalf of any state agency may be used or referred to as
33 collateral or security for the payment of securities offered for sale
34 through a public offering. Except as permitted under chapter 39.94
35 RCW, no lease for or on behalf of any state agency may be used or
36 referred to as collateral or security for the payment of securities
37 offered for sale through a private placement without the prior
38 written approval of the state treasurer. However, this limitation
39 shall not prevent a lessor from assigning or encumbering its interest
40 in a lease as security for the repayment of a promissory note

1 provided that the transaction would otherwise be an exempt
2 transaction under RCW 21.20.320. The state treasurer shall adopt
3 rules that establish the criteria under which any such approval may
4 be granted. In establishing such criteria the state treasurer shall
5 give primary consideration to the protection of the state's credit
6 rating and the integrity of the state's debt management program. If
7 it appears to the state treasurer that any lease has been used or
8 referred to in violation of this subsection or rules adopted under
9 this subsection, then he or she may recommend that the governor cause
10 such lease to be terminated. The department of enterprise services
11 shall promptly notify the state treasurer whenever it may appear to
12 the department that any lease has been used or referred to in
13 violation of this subsection or rules adopted under this subsection.

14 ~~((+5))~~ (6) It is the policy of the state to encourage the
15 colocation and consolidation of state services into single or
16 adjacent facilities, whenever appropriate, to improve public service
17 delivery, minimize duplication of facilities, increase efficiency of
18 operations, and promote sound growth management planning.

19 ~~((+6))~~ (7) The director of enterprise services shall provide
20 coordinated long-range planning services to identify and evaluate
21 opportunities for collocating and consolidating state facilities. Upon
22 the renewal of any lease, the inception of a new lease, or the
23 purchase of a facility, the director of enterprise services shall
24 determine whether an opportunity exists for collocating the agency or
25 agencies in a single facility with other agencies located in the same
26 geographic area. If a colocation opportunity exists, the director of
27 enterprise services shall consult with the affected state agencies
28 and the office of financial management to evaluate the impact
29 colocation would have on the cost and delivery of agency programs,
30 including whether program delivery would be enhanced due to the
31 centralization of services. The director of enterprise services, in
32 consultation with the office of financial management, shall develop
33 procedures for implementing colocation and consolidation of state
34 facilities.

35 ~~((+7))~~ (8) The director of enterprise services is authorized to
36 purchase, lease, rent, or otherwise acquire improved or unimproved
37 real estate as owner or lessee and to lease or sublet all or a part
38 of such real estate to state or federal agencies. The director of
39 enterprise services shall charge each using agency its proportionate
40 rental which shall include an amount sufficient to pay all costs,

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

5 ~~((+8+))~~ (9) If the director of enterprise services determines
6 that it is necessary or advisable to undertake any work,
7 construction, alteration, repair, or improvement on any real estate
8 acquired pursuant to subsection (1) or ~~((+7+))~~ (8) of this section,
9 the director shall cause plans and specifications thereof and an
10 estimate of the cost of such work to be made and filed in his or her
11 office and the state agency benefiting thereby is hereby authorized
12 to pay for such work out of any available funds: PROVIDED, That the
13 cost of executing such work shall not exceed the sum of twenty-five
14 thousand dollars. Work, construction, alteration, repair, or
15 improvement in excess of twenty-five thousand dollars, other than
16 that done by the owner of the property if other than the state, shall
17 be performed in accordance with the public works law of this state.

18 ~~((+9+))~~ (10) In order to obtain maximum utilization of space, the
19 director of enterprise services shall make space utilization studies,
20 and shall establish standards for use of space by state agencies.
21 Such studies shall include the identification of opportunities for
22 colocation and consolidation of state agency office and support
23 facilities.

24 ~~((+10+))~~ (11) The director of enterprise services may construct
25 new buildings on, or improve existing facilities, and furnish and
26 equip, all real estate under his or her management. Prior to the
27 construction of new buildings or major improvements to existing
28 facilities or acquisition of facilities using a lease purchase
29 contract, the director of enterprise services shall conduct an
30 evaluation of the facility design and budget using life-cycle cost
31 analysis, value-engineering, and other techniques to maximize the
32 long-term effectiveness and efficiency of the facility or
33 improvement.

34 ~~((+11+))~~ (12) All conveyances and contracts to purchase, lease,
35 rent, transfer, exchange, or sell real estate and to grant and accept
36 easements shall be approved as to form by the attorney general,
37 signed by the director of enterprise services or the director's
38 designee, and recorded with the county auditor of the county in which
39 the property is located.

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

8 (~~(13)~~) (14) This section does not apply to the acquisition of
9 real estate by:

10 (a) The state college and universities for research or
11 experimental purposes;

12 (b) The state liquor control board for liquor stores and
13 warehouses;

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

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

23 (~~(14)~~) (15) Notwithstanding any provision in this chapter to
24 the contrary, the department of enterprise services may negotiate
25 ground leases for public lands on which property is to be acquired
26 under a financing contract pursuant to chapter 39.94 RCW under terms
27 approved by the state finance committee.

28 (~~(15)~~) (16) The department of enterprise services shall report
29 annually to the office of financial management and the appropriate
30 fiscal committees of the legislature on facility leases executed for
31 all state agencies for the preceding year, lease terms, and annual
32 lease costs. The report must include leases executed under RCW
33 43.82.045 and subsection (~~(12)~~) (13) of this section.

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