

---

HOUSE BILL 2936

---

State of Washington

66th Legislature

2020 Regular Session

By Representative Steele

Read first time 02/11/20. Referred to Committee on Capital Budget.

1 AN ACT Relating to predesign requirements and thresholds;  
2 amending RCW 43.88.110; and creating a new section.

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

4 NEW SECTION. **Sec. 1.** The legislature finds that predesigns are  
5 often done due to statutory requirement regardless of whether it is  
6 necessary to the capital project. The legislature also finds that the  
7 cost of these unnecessary predesigns includes not only limited  
8 resources in the capital budget, but an extended project timeline.  
9 Therefore, the legislature intends to reduce the number of predesigns  
10 being conducted by applying a set of standards to assist agencies in  
11 deciding whether a predesign is necessary.

12 **Sec. 2.** RCW 43.88.110 and 2014 c 162 s 4 are each amended to  
13 read as follows:

14 This section sets forth the expenditure programs and the  
15 allotment and reserve procedures to be followed by the executive  
16 branch for public funds.

17 (1) Allotments of an appropriation for any fiscal period shall  
18 conform to the terms, limits, or conditions of the appropriation.

19 (2) The director of financial management shall provide all  
20 agencies with a complete set of operating and capital instructions

1 for preparing a statement of proposed expenditures at least thirty  
2 days before the beginning of a fiscal period. The set of instructions  
3 need not include specific appropriation amounts for the agency.

4 (3) Within forty-five days after the beginning of the fiscal  
5 period or within forty-five days after the governor signs the omnibus  
6 biennial appropriations act, whichever is later, all agencies shall  
7 submit to the governor a statement of proposed expenditures at such  
8 times and in such form as may be required by the governor.

9 (4) The office of financial management shall develop a method for  
10 monitoring capital appropriations and expenditures that will capture  
11 at least the following elements:

12 (a) Appropriations made for capital projects including  
13 transportation projects;

14 (b) Estimates of total project costs including past, current,  
15 ensuing, and future biennial costs;

16 (c) Comparisons of actual costs to estimated costs;

17 (d) Comparisons of estimated construction start and completion  
18 dates with actual dates;

19 (e) Documentation of fund shifts between projects.

20 This data may be incorporated into the existing accounting system  
21 or into a separate project management system, as deemed appropriate  
22 by the office of financial management.

23 (5) ~~((The))~~ Except as provided for under subsection (6) of this  
24 section, the office of financial management, prior to approving  
25 allotments for major capital construction projects valued over ~~((five~~  
26 ~~million dollars, with the exception of projects at institutions of~~  
27 ~~higher education as defined in RCW 28B.10.016, which may be valued up~~  
28 ~~to))~~ ten million dollars, shall institute procedures for reviewing  
29 such projects at the predesign stage that will reduce long-term costs  
30 and increase facility efficiency. The procedures shall include, but  
31 not be limited to, the following elements:

32 (a) Evaluation of facility program requirements and consistency  
33 with long-range plans;

34 (b) Utilization of a system of cost, quality, and performance  
35 standards to compare major capital construction projects; and

36 (c) A requirement to incorporate value-engineering analysis and  
37 constructability review into the project schedule.

38 (6) For a construction project exceeding the ten million dollar  
39 threshold established in subsection (5) of this section, an agency  
40 may, at its discretion, waive some or all of the predesign

1 requirements specified in subsection (5) of this section if the  
2 project meets two or more of the following conditions:

3 (a) There is no determination to be made regarding the site of  
4 the project;

5 (b) There is no determination to be made regarding whether the  
6 project will involve renovation, new construction, or both;

7 (c) Within six years of submitting the request for funding, the  
8 agency has completed, or initiated the construction of, a  
9 substantially similar project, as determined by the requesting  
10 agency;

11 (d) There is no anticipated change to the project's program or  
12 the services to be delivered at the facility; or

13 (e) The agency and the office of financial management jointly  
14 determine that a project does not require a predesign due to a lack  
15 of complexity.

16 (7) No expenditure may be incurred or obligation entered into for  
17 such major capital construction projects including, without  
18 exception, land acquisition, site development, predesign, design,  
19 construction, and equipment acquisition and installation, until the  
20 allotment of the funds to be expended has been approved by the office  
21 of financial management. This limitation does not prohibit the  
22 continuation of expenditures and obligations into the succeeding  
23 biennium for projects for which allotments have been approved in the  
24 immediate prior biennium.

25 ~~((7))~~ (8) If at any time during the fiscal period the governor  
26 projects a cash deficit in a particular fund or account as defined by  
27 RCW 43.88.050, the governor shall make across-the-board reductions in  
28 allotments for that particular fund or account so as to prevent a  
29 cash deficit, unless the legislature has directed the liquidation of  
30 the cash deficit over one or more fiscal periods. Except for the  
31 legislative and judicial branches and other agencies headed by  
32 elective officials, the governor shall review the statement of  
33 proposed operating expenditures for reasonableness and conformance  
34 with legislative intent. The governor may request corrections of  
35 proposed allotments submitted by the legislative and judicial  
36 branches and agencies headed by elective officials if those proposed  
37 allotments contain significant technical errors. Once the governor  
38 approves the proposed allotments, further revisions may at the  
39 request of the office of financial management or upon the agency's  
40 initiative be made on a quarterly basis and must be accompanied by an

1 explanation of the reasons for significant changes. However, changes  
2 in appropriation level authorized by the legislature, changes  
3 required by across-the-board reductions mandated by the governor,  
4 changes caused by executive increases to spending authority, and  
5 changes caused by executive decreases to spending authority for  
6 failure to comply with the provisions of chapter 36.70A RCW may  
7 require additional revisions. Revisions shall not be made  
8 retroactively. However, the governor may assign to a reserve status  
9 any portion of an agency appropriation withheld as part of across-  
10 the-board reductions made by the governor and any portion of an  
11 agency appropriation conditioned on a contingent event by the  
12 appropriations act. The governor may remove these amounts from  
13 reserve status if the across-the-board reductions are subsequently  
14 modified or if the contingent event occurs. The director of financial  
15 management shall enter approved statements of proposed expenditures  
16 into the state budgeting, accounting, and reporting system within  
17 forty-five days after receipt of the proposed statements from the  
18 agencies. If an agency or the director of financial management is  
19 unable to meet these requirements, the director of financial  
20 management shall provide a timely explanation in writing to the  
21 legislative fiscal committees.

22 ~~((+8))~~ (9) It is expressly provided that all agencies shall be  
23 required to maintain accounting records and to report thereon in the  
24 manner prescribed in this chapter and under the regulations issued  
25 pursuant to this chapter. Within ninety days of the end of the fiscal  
26 year, all agencies shall submit to the director of financial  
27 management their final adjustments to close their books for the  
28 fiscal year. Prior to submitting fiscal data, written or oral, to  
29 committees of the legislature, it is the responsibility of the agency  
30 submitting the data to reconcile it with the budget and accounting  
31 data reported by the agency to the director of financial management.

32 ~~((+9))~~ (10) The director of financial management may exempt  
33 certain public funds from the allotment controls established under  
34 this chapter if it is not practical or necessary to allot the funds.  
35 Allotment control exemptions expire at the end of the fiscal biennium  
36 for which they are granted. The director of financial management  
37 shall report any exemptions granted under this subsection to the  
38 legislative fiscal committees.

--- END ---