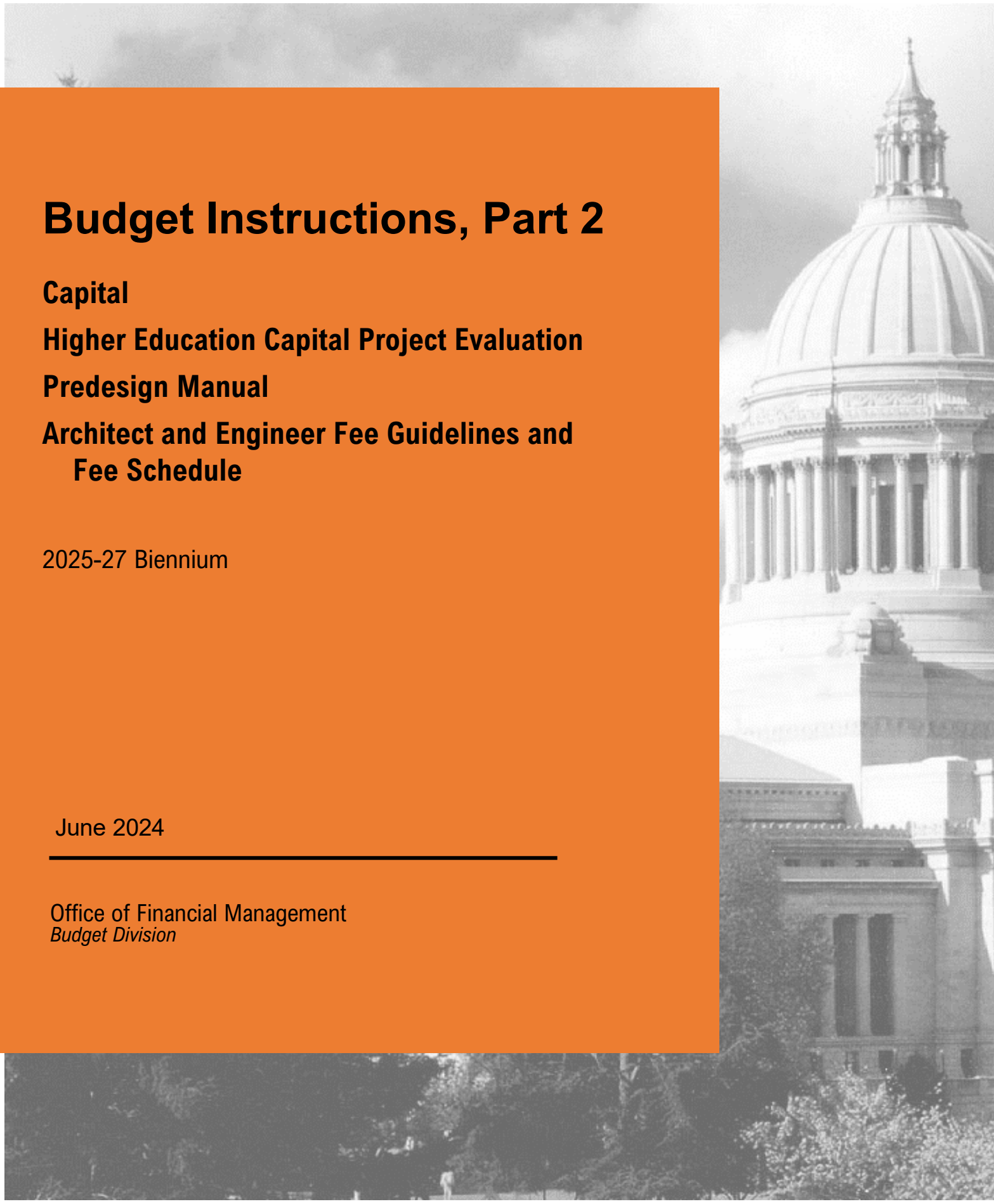

Budget Instructions, Part 2

Capital

Higher Education Capital Project Evaluation

Predesign Manual

Architect and Engineer Fee Guidelines and Fee Schedule

2025-27 Biennium

June 2024

Office of Financial Management
Budget Division

Chapter 1

CAPITAL BUDGET BASICS

New or updated information for 2025-27 capital budget requests

Look for the **New** and **Updated** indicators throughout these instructions for more detailed information on significant new material and changes made for the 2025-27 capital budget instructions. A summary of the most significant changes is listed below:

Cost estimates **Updated**

- For construction projects with an estimated total cost over $1.5 million ($2 million for higher education), agencies must provide cost estimates by completing the Excel C-100 and attaching it in the Capital Budget System (CBS) in .xls or .xlsx format. Please note that the CBS 003 report is no longer required and will not be used in OFM or Legislative budget development; some updates to the C-100 are not reflected in the CBS cost estimator due to outdated database architecture.
- Agencies are not required to submit C-100s or CBS cost estimates for minor works subprojects (projects less than $1.5 million or $2 million for higher education institutions) or minor works parent projects. Request totals for each subproject can be entered into CBS without a detailed cost estimate.
- Agencies are also not required to submit C-100s or CBS cost estimates for projects that will not be initiated until budget outyears (2027-29 and after). Please include C-100s for projects with acquisition, predesign, design, or construction funds requested in 2025-27. Request totals for each project can be entered into CBS without a detailed cost estimate.

Reappropriations **Updated**

- To ensure reappropriation requests are accurate, agencies must use the most current enacted version in CBS and not the original agency request version from the previous biennium.
- For large and minor works projects where appropriation began prior to the 2021-23 biennium, agencies must populate answers to the "reappropriation" questions in CBS for reappropriation requests.
- Agencies do not need to enter a priority for reappropriation requests. Agency priorities should be focused on new project requests.
- OFM and the Legislature will request periodic reappropriation updates as they develop their budgets.

Project management/administration fee **Updated**

- Based on the updated A/E guidelines, the agency project management/administration fee calculation is based on the A/E basic service fee, minus 3 percent, and multiplied by the sum total of acquisition cost, consultant services cost, maximum allowable construction cost, construction contingency, and other costs as identified in the Excel C-100 form.

Direct pay **New**

- Agencies should apply for federal Direct Pay (see Chapter 1.7 instructions) and Infrastructure Investment and Jobs Act grants as they become available and request federal expenditure authority and any associated state match as part of the biennial budget process.

Governor's salmon strategy **New**

- The Governor's Salmon Recovery Office (GSRO) is identified in statute (RCW 77.85.030) and in the strategy as the lead agency to maintain and implement the strategy.
- The GSRO will send detailed instructions to agency subcabinet leads by mid-June for submitting salmon recovery related budget requests. Agency subcabinet leads will submit proposed budget requests to GSRO mid-July. GSRO staff will work with subcabinet leads to review and determine which proposals are implementing the strategy by mid-August.
- In the agency summary, include the statement, "Related to implementing the Governor's Salmon Strategy." See Chapter 3.3 for more details.

1.1 Introduction

These instructions are required by (RCW 43.88.030) and are intended to assist agencies through the budget submittal and implementation process. The information submitted by agencies is used by the Governor, the Office of Financial Management (OFM) and the Legislature as a basis for budget decisions.

If you have questions about these instructions or specific capital budget requests, contact your assigned capital budget analyst.

1.2 What is a capital project?

The capital budget includes appropriations for a broad range of construction, renovation and acquisition projects involving state office buildings; colleges and universities; prisons and juvenile rehabilitation facilities; parks and recreation; K-12 schools; affordable housing facilities for low-income persons and people with special needs; water quality, water supply and flood risk reduction infrastructure; and other public capital facilities and programs.

A capital project is all phases of construction of a new facilities or significant, long-term renewal improvements to existing facilities, and repair projects. Capital projects may also include acquisition of land and/or buildings, grants passed through to organizations or awarded through competitive programs for capital projects.

Capital projects appropriated in the capital budget are public works under Chapter 39.04 RCW and subject to prevailing wage requirements and other applicable laws. Costs for routine maintenance work necessary to keep a facility or asset in useful condition are not typically included in the capital budget and are not an allowable use of state financed bonds.

1.3 Phases and types of capital projects

Predesign

A predesign is a document that explores alternatives, conveys programming information, and provides a cost estimate for a proposed capital project. The predesign should assess which alternative best addresses an identified problem, opportunity, or program requirement and at what cost. Decision makers in the Governor's Office, OFM and the Legislature use this information to determine whether the project should proceed to design and construction.

Updated For more information, see OFM's Predesign Manual. Although predesign is often viewed as the first phase in a major capital construction project, OFM approval of the completed predesign does not guarantee additional appropriations for design or construction.

Predesigns are required for all capital projects with costs expected to exceed $10 million (RCW 43.88.110(5)) and projects with smaller appropriations that are selected by the Legislature or OFM because they are time sensitive, have high risk, or are of interest to decision makers. OFM has authority to make exception to predesign requirements but must report any exceptions to the fiscal committees of the Legislature with justification. Contact your capital budget analyst for approval early in the predesign process if your agency believes one or more elements of the predesign will not add value for decision makers or if there are other compelling reasons that may warrant an exception.

Design

Design documents form the basis for taking bids and constructing a facility. In the design phase, the needs, ideas, and proposals of the agency are transformed into plans and specifications. Normally, the design phase consists of three basic parts, each of which includes preparation of both drawings and written specifications: schematic design, design development, and construction documents.

For most construction projects, an architect/engineer (A/E) assumes overall responsibility as the owner's agent for the design, bid, and construction observation functions. This includes ensuring that the project is completed within the limits of an established budget. An A/E also coordinates the activities of other design professionals working on the project.

Construction

The construction phase transforms the needs, ideas, and proposals of the agency, as defined by the plans and specifications, into a physical structure. The construction phase begins with the bid and continues through final acceptance of the construction project and equipping the building for use. Upon completion and approval of the final construction documents, including the bidding requirements, the project is ready for release to contractors to obtain proposals or bids.

There are other alternative contracting methods such as general contractor/construction manager and design build. Capital Projects Advisory Review Board must certify a public body to use alternative contracting methods or provide project by project approval (RCW 39.10.270 and RCW 39.10.280).

Grant and loan programs

Grant programs and projects provide capital appropriations to state and local governments, community organizations, and tribes for public facilities and land.

Minor works **Updated**

Minor works projects appear as a parent project in the budget and include multiple subprojects valued between $25,000 and $1.5 million each (for higher education institutions, the range is $25,000 and $2 million). Minor works projects should be completed within the biennium.

Studies

Studies funded in the capital budget, particularly with bonds, should have a clear capital budget nexus and often will lead to a capital budget request or inform capital budget decision makers.

1.4 Reappropriations **Updated**

Because many capital projects and acquisitions require more than one biennium to complete, the capital budget includes reappropriations, which are unspent amounts from enacted appropriations made in the previous two-year budget period that are necessary to complete a project.

Agencies must demonstrate funds are needed to complete the previously approved scope of work. Reappropriations are subject to the conditions and limitations applicable to the original appropriation unless context clearly provides otherwise. Reappropriations are limited to the unexpended balances remaining at the end of the fiscal biennium. The sum of requested reappropriation and actual expenditures may not total more than the enacted appropriation for each project.

1.5 Administrative and staffing costs

Capital project administration costs are for activities directly related to the completion of a capital project or implementation of a program funded in the capital budget. See Chapter 4 for the appropriate use of tax-exempt bond proceeds related to agency administrative and staffing costs. Administrative costs for both grant and loan programs and construction projects are limited by the IRS (*Chapter 4*), OFM, and the Legislature. If you have questions about the use of a capital appropriation for administrative and staff costs, please contact your capital budget analyst.

Agencies that employ full-time staff who directly support capital projects must identify these staff functions and their anticipated full-time equivalent (FTE) and supporting expenditures on their Capital FTE Summary.

Common agency accounting practices for administration costs associated with capital projects include charging each project directly for costs incurred or assessing a project administration fee across agency capital projects and using the pooled funds to pay agency project administrative costs.

Grant and loan program administration

Unless specified otherwise in law, an agency administering an existing grant or loan program may charge up to 3 percent of the total new appropriated project costs. Please contact your capital budget analyst if the agency believes 3 percent is not adequate to implement a program. Exceptions may be granted on a very limited basis with documentation justifying the need, which could include implementing a new program or federal requirements.

Agency construction project management and administration fees **Updated**

The following guidelines will help clarify appropriate budgeting of administrative and project management expenses for the completion of capital construction projects:

- Major and stand-alone capital projects greater than $1.5 million ($2 million for higher education).
  - » The project management/administration fee is based on the Architect and updated Engineering (A/E) basic service fee, minus 3 percent and multiplied by the sum total of acquisition cost, consultant services cost, maximum allowable construction cost, construction contingency and other costs as identified in the Excel C-100 form. Access the A/E fee schedule for more information. This rate is intended to be a ceiling, not a target. Agencies must evaluate their project management and administration requirements for each project when requesting these fees. OFM or the Legislature may further adjust agency project management fees based on project complexity and size.

» When the Department of Enterprise Services (DES) is responsible for project administration, the project management/administration fee is not included in the capital request. Agencies should select "Project Administered by DES" on the summary tab of the C-100. However, if the project is alternatively financed, additional DES fees will be incurred. Agencies should consult with DES Engineering and Architectural Services when projects are not funded by appropriation. Projects funded through alternative financing mechanisms need to include cost estimates for the additional project management/ administration in the capital request for those projects.

- Minor works appropriation with subprojects less than $1.5 million ($2 million for higher education).
  - » The project management/administration fee generally may not exceed 4 percent of the total new appropriated project cost unless approved by OFM.

Architect and engineering fees

For the purpose of budgeting for capital projects, the fees for basic A/E services are calculated using the Guidelines for Determining Architect/Engineer Fees for Public Works Building Projects and the A/E fee schedule.

The A/E fee guidelines define the basic design services typically needed in every project and provide definitions for reimbursable expenses and extra or other services. The A/E fee schedule is intended as a ceiling for budget purposes, not a target. Agencies must evaluate their specific project requirements when requesting these fees. After projects have been appropriated, agencies are expected to negotiate with A/E consultants to purchase design services based on consultant proposals at a fair and reasonable cost, rather than simply using the budgeted amount to establish the fees.

1.6 Infrastructure Investment and Jobs Act and other federal programs

In 2021, the federal Infrastructure Investment and Jobs Act, (H.R.3684), became law. It provides funding for infrastructure projects. Agencies should apply for these grants as they become available and request federal expenditure authority and any associated state match as part of the biennial budget process.

1.7 Direct Pay Tax Credits **New**

Under the Inflation Reduction Act of 2022 (P.L. 117-169), new and expanded tax credits for clean energy technologies are available to tax-exempt and government entities. This 10-year program referred to as "direct pay" (or "elective pay") gives tax-exempt and governmental entities that do not owe Federal income taxes the ability to receive a payment equal to the full value of tax credits for building qualifying clean energy projects or making qualifying investments.

State agencies can receive tax-free cash payments from the IRS for clean energy tax credits earned, when all requirements are met, including a pre-filling registration requirement.

Eligible projects likely relevant to state agencies include the purchase of electric vehicle fleets, electric vehicle infrastructure, and renewable energy projects such as wind, solar, geothermal, and energy storage. IRS Publication 5817-G (6-2023) provides a brief description of tax credit provisions for direct pay. The 13 applicable tax credits fall into four categories:

Energy generation & carbon capture

- Production Tax Credit for Electricity from Renewables (45)
- Clean Electricity Production Tax Credit (45Y) 2025 onwards
- Investment Tax Credit for Energy Property (48) pre-2025
- Clean Electricity Investment Tax Credit (48E) 2025 onwards
- Low-Income Communities Bonus Credits (48(e), 48E(h))
- Carbon Oxide Sequestration (45Q)
- Zero-Emission Nuclear Power Production Credits (45U)

Manufacturing

- Advanced Energy Project Credit (48C)
- Advanced Manufacturing Production Credit (45X)

Vehicles

- Credit for Qualified Commercial Clean Vehicles (45W)
- Alternative Fuel Vehicle Refueling Property Credit (30C)

Fuels

- Clean Hydrogen Production Tax Credits(45V)
- Clean Fuel Production Credit (45Z) 2025 onwards

The 2024 supplemental capital budget (Sec. 8008, chapter 375, Laws of 2024) directs OFM to work with agencies to collect a list of qualifying projects and complete the steps necessary to file an annual tax return for 2023 and 2024. Funds received from direct pay tax credits will be deposited in the Inflation Reduction Elective Pay Account (Fund 28V). Agencies must identify capital projects that may qualify for direct pay with budget submittals in CBS. Agencies must list all projects requested in decision packages that may qualify for direct pay in the linked form and submit to OFM. Include all information requested and indicate that projects are eligible for direct pay in the project description. If you have questions about these instructions or capital project eligibility, contact your assigned OFM capital budget advisor.

Chapter 2

BUDGET SUBMITTAL REQUIREMENTS

2.1 Budget request submittal requirements

Each agency must submit a combined PDF "binder" of its capital budget request to OFM. This PDF will be posted to OFM's website and links shared with the public and Legislative staff.

- If the submittal is below the 20 MB restriction for email, email it to ofm.budget@ofm.wa.gov.
- For agencies **within** the State Government Network (SGN), larger files should be copied to our FTP site by pasting the following address into File Explorer (not a browser) – "ftp://ftp.ofm.wa.gov/OFM/Capital Budget Submittals".
- For agencies not within the SGN, files larger than 20 MB can be mailed on a flash (thumb) drive to OFM at the following address:

  Office of Financial Management
  300 Insurance Building
  P.O. Box 43113
  Olympia, WA 98504-3113

If agencies must resubmit their capital plans to correct an error, they must resubmit both PDF and Capital Budget System (CBS) data. CBS is available through BudgetWorks - logon or request access here.

Required components of budget submittals

The following table outlines the required components of the budget submittal and how it must be organized in the PDFs submitted to OFM. For budget submittal definitions and requirements by statute, refer to Chapter 43.88 RCW. In addition to this list of required elements, an introductory letter from agency leadership is encouraged but not required.

Tab A	❑ Ten-year capital program summary (CBS 001) – CBS report *(Chapter 3)* ❑ **Department of Archaeology and Historic Preservation** (DAHP) review letter and exempt project list *(Chapter 3)* ❑ FTE summary – job description and FTE details (CBS 004) CBS report *(Chapter 3)* ❑ Maintenance backlog reduction plan *(Chapter 3)*
Tab B **All preservation projects**	❑ Capital project requests related to preservation (CBS 002) – CBS report *(Chapter 3)* ❑ Capital project cost estimate (Attached C-100; *Chapter 3)*
Tab C **All programmatic projects**	❑ Capital project requests related to new or expanded programs (CBS 002) – CBS report *(Chapter 3)* ❑ Capital project cost estimate (Attached C-100; *Chapter 3)*

Tab D **Grant and loan programs**	❑ Capital project requests related to grant and loan programs (CBS 002) – CBS report ❑ *(Chapter 3)* Project list, including location, for each grant and loan program that is not submitted as a subproject in CBS 002. For grant programs, please also identify match amount and proposed fund source when available. *(Chapter 3)*

Tab E **COP forms**	❑ Certificates of Participation (COPs) – for bond or COP projects, if applicable. *(Chapter 3)*

New

Tab F **Direct pay form**	❑ Direct pay – projects that may qualify for new and expanded tax credits under the federal Inflation Reduction Act of 2022. *(Chapter 1.7)*

2.2 Timeline and dates

Agencies are required to submit their entire capital and operating budget requests no later than **September 10, 2024.** Other timeline and dates of interest for the 2025-27 budget development cycle are available on OFM's website.

2.3 Additional requirements

Reporting requirements for higher education institutions

RCW 28B.77.070 requires two- and four-year institutions of higher education to submit capital budget outlines to OFM by August 15 of each even-numbered year, including a description of each capital project and the amount and fund source being requested. Additionally, the two-year institutions shall include the State Board of Community and Technical Colleges' prioritized ranking of the capital projects. Four-year institutions will include their priority ranking and the capital budget category within which the project was submitted to OFM in accordance with RCW 43.88D.010. (Formerly submitted to the Higher Education Coordinating Board, which no longer exists.)

New However, the higher education scoring requirements typically due by August 15 are paused for 2025-27 and do not need to be submitted for this biennium. Instead, pieces of the scoring materials will instead be submitted alongside the agency state budget submission due in September. For more details, see Chapter 7.

By October 15, 2024, higher education institutions must provide to their capital and operating budget analysts a balance sheet and projection of estimated income and spending for each institution's building fee account.

Reporting and budget submittal requirements related to Puget Sound recovery

RCW 90.71.320 requires state agencies that are responsible for implementing elements of the Action Agenda to provide to the Puget Sound Partnership (Partnership) their estimates of the actions and the budget resources needed for the forthcoming biennium. The statute also requires these agencies to seek the concurrence of the Partnership in the proposed funding levels and sources included in this proposed budget.

Per section 309 of the 2023-25 enacted operating budget (ESSB 5187), the Partnership must provide the Governor and appropriate legislative fiscal committees with a single, prioritized list of state agency 2025-27 capital and operating budget requests related to Puget Sound by October 15, 2024.

The primary criterion used by the Partnership to prioritize agency budget requests is how strongly the requests align with the Action Agenda. To facilitate the Partnership's mandated budget request prioritization process, all agencies requesting budget changes related to Action Agenda implementation must provide additional information as described in Chapter 14 (Puget Sound Recovery & Salmon Strategy Requirements) of the 2025-27 operating budget instructions.

2.4 Governor's Salmon Recovery **New**

Additional budget submittal and reporting requirements to OFM and the Governor's Salmon Recovery Office.

In 2021, Governor Inslee updated the statewide salmon strategy (strategy) to renew and strengthen the State's commitment to salmon recovery. The updated strategy expands priorities to include climate resiliency, addresses known threats, honors commitments to tribes, and is broadly consistent with regional recovery plans. The Governor's Salmon Recovery Office (GSRO) is identified in statute (RCW 77.85.030) and in the strategy as the lead agency to maintain and implement the strategy.

Section 305(4) of the 2023-25 enacted operating budget (ESSB 5187) provides additional direction to implement the strategy by convening the natural resource subcabinet and developing a biennial workplan. The workplan is a summary of statewide priorities with a recommended budget for salmon recovery that aligns with tribal priorities and federally approved salmon recovery plans.

All agency requests must provide additional information as described in Chapter 14 of the 2025-27 operating budget instructions.

Action and investments related to programs that address or may cause environmental harms or benefits **New**

The Healthy Environment for All Act (HEAL Act), Chapter 314, Laws of 2021 (RCW 70A.02) was adopted for the following purposes:

- Reduce environmental and health disparities in Washington state and improve the health of all Washington state residents.
- Ensure policy and program decisions, environmental reviews, funding decisions, and permitting decisions meaningfully engage communities and identify and address environmental health disparities in overburdened communities and vulnerable populations.
- Reduce environmental harms and increase environmental benefits for tribes.
- Track and measure implementation of environmental justice actions in state agencies and outcomes for Tribes and communities.

The following state agencies are "covered" and opt in agencies" that must implement the requirements of the HEAL Act:

Departments of Ecology	Department of Natural Resources
Department of Agriculture	Department of Transportation
Department of Commerce	Puget Sound Partnership
Department of Health	Office of the Attorney General

If state agencies not specifically covered by the law opt to follow the HEAL Act requirements, they are obligated to follow the law.

Under RCW 70A.02.080, beginning on or before July 1, 2023, the identified agencies must take specific actions when making expenditure decisions or developing budget requests to OFM and the Legislature for programs that address or may cause environmental harms or provide environmental benefits. Covered agencies must also consider any guidance developed by the Environmental Justice Council and the Environmental Justice Interagency workgroup under RCW 70A.02.110.

Agencies required to comply that are considering a significant agency action initiated after July 1, 2023, are required to conduct an environmental justice assessment. RCW 70A.02.010(12) defines significant agency actions as the following:

- The development and adoption of significant legislative rules as defined in RCW 34.05.328.
- The development and adoption of any new grant or loan program that the agency is explicitly authorized or required by statute to implement.
- A capital project, grant, or loan award costing at least $12,000,000.
- A transportation project, grant, or loan costing at least $15,000,000.
- The submission of agency request legislation to the Office of the Governor or the OFM for approval.
- Any other agency actions deemed significant by a covered agency consistent with RCW 70A.02.060.

To date the Environmental Justice Council and the Environmental Justice Interagency workgroup have not developed guidance related to funding decisions and budget requests. However, the Environmental Justice Council will be developing it priorities for state agency budget request this summer and fall.

To help agencies determine how their budget requests impact overburdened and tribal communities the Governor has issued Directive 24-11 which includes a mapping tool to identify tribal and overburdened communities. This map can be downloaded from OFM.

To help OFM understand how HEAL Act agency budget requests meet HEAL Act requirements, covered, and opt in agencies are required to complete additional questions related to the HEAL Act. These questions are shown below and are in addition to the equity related questions required of all agencies. Covered agencies are asked to answer the following questions and submit them through ABS.

1. Please describe specific likely or probable environmental harms and/or benefits and their associated health impacts to overburdened communities and vulnerable populations.
2. Please describe the estimated percentage and amount of the requested funds that will go towards creating environmental benefits in overburdened communities and vulnerable populations as defined in the OBC map. If applicable, please include your methodology for making this estimate, including project/award lists if available.
3. Please describe any potential significant impacts to Indian Tribes' rights and interest in their tribal lands.
4. Describe how your agency engaged with Tribes in developing this proposal, including offers for tribal consultation, and any direction provided by Tribes through this engagement.

5. If the decision package is agency request legislation or is considered a significant agency action that is required to complete an environmental justice assessment under RCW 70A.02.010(12) please submit the assessment as an attachment in ABS.
6. Describe how your agency used the Environmental Justice Assessment process to eliminate, reduce, or mitigate environmental harms and equitably distribute environmental benefits. If your agency determined that you were unable to eliminate, reduce, or mitigate environmental harms and equitably distribute environmental benefits, please provide a justification for not doing so.

Chapter 3

BUDGET REQUEST CONTENT

3.1 Content required

Information required from agencies for budget requests are required by law and OFM for budget analysis purposes. The information provided should support budget request by identifying the problem, describing the opportunity or program requirement being addressed; explain why the problem or opportunity exists and alternatives for addressing it; and include the rationale for choosing the preferred alternative.

Prioritize projects. Agencies must prioritize each capital project requested in the 10-year capital plan by need and contribution to the goals, objectives, strategies, and activities in the agency's strategic plan. Reappropriations do not need to be prioritized.

An equity-focused approach. The Governor continues to focus on equity in his 2025-27 budget development. In the 2022 supplemental instructions, new questions were added to ensure that agencies are considering the impacts of budget requests on marginalized communities. Agencies are expected to address these questions thoroughly and fully in their capital budget requests.

3.2 10-year view (CBS 001)

The State Budgeting, Accounting, and Reporting System Act (Chapter 43.88 RCW) mandates a long-range approach to capital budget planning. It requires state agencies to submit a plan of proposed capital spending for a 10-year period, starting with the ensuing biennium. This long-range planning is designed to identify future needs and propose capital projects to address those needs. The 10-year capital plan must support the agency's mission and the goals and objectives of its strategic plan.

The 10-year capital program summary report (CBS 001) from CBS provides a summary of the agency's projects in priority order. The 10-year planning process recognizes that major capital projects span several biennia from start to finish. In the 10-year plan, project information must include estimates for present and future operating and maintenance costs, including any debt service that must be paid from a dedicated account.

3.3 Projects (CBS 002)

Projects – detail

Project titles and numbers. Project numbers automatically generated in CBS serve as the unique identifier of a project. The project number is used for project monitoring and comparisons throughout the life of the project.

Once enacted in the budget, the project title and number for major and stand-alone projects must not be changed during the life of the project. If the agency requests a reappropriation or new appropriation for an existing project, the agency should copy the project from the enacted version in CBS for subsequent biennia.

Competitive grant and loan program and minor works appropriations should use a new project number and title with a biennial identifier ("2025-27") for each biennium. This improves tracking of reappropriations.

Project class. Capital projects are identified as preservation, program, grant, or loan projects.

- **Preservation.** Preservation projects maintain, preserve, and extend the life of existing state facilities and assets and do not significantly change the facility and building footprint to address current or anticipated program changes. Examples include renovating building systems, upgrading utility systems and making other significant repairs.
- **Program.** Program projects primarily achieve a programmatic goal, such as changing or improving an existing space to meet program requirements or creating a new facility or asset through construction, lease, or purchase. This category includes projects ranging from building new facilities to significant renovation of existing facilities. Programmatic projects may also improve conditions, accommodate changes in services or clientele, or increase or maintain federal reimbursement.
- **Grant and loan programs.** Some grants and loans are authorized directly in the capital budget bill for tribal and local or community organizations for various purposes, while other grants and loans are authorized through competitively awarded statutory programs. Statutory grant programs must submit 10-year capital budget requests within the limits specified by statute. Agencies whose grant programs have no specified appropriation limits should submit requests based on a demonstrated need and reasonableness for the pending biennium and on a historical biennial appropriation history for the remaining four biennia. The OFM budget analyst may have questions about projects on multiple funding lists.

  For project class in CBS, select "Grant" for grant and loan programs funded by state sources that are awarded by the state to qualifying recipients. Select "Grant – Pass Through" for programs funded by non-state sources administered by the state and passed-through to qualifying sub-recipients. If a program includes both state and federal funding, choose "Grant – Pass Through" and indicate in the narrative if the state funding is required match and at what rate the State is required to minimally match the non-state funding source.

Starting year. Identifies the year an agency intends to start the proposed project or expenditures

Agency summary. This is also known as the project summary or recommendation summary (RecSum) text. Provide a brief, clear and concise description of the project, including the problem or opportunity and how the proposed project addresses it. The agency summary should be no more than two or three sentences.

New Project description. Describe the proposed project. Provide answers to the following questions, which will inform decision makers about the proposed project.

1. Identify the problem or opportunity addressed. Why is the request a priority? This narrative should identify unserved/underserved people or communities, operating budget savings, public safety improvements or other backup necessary to understand the need for the request. For preservation projects, it is helpful to include information about the current condition of the facility or system.

2. What will the request produce or construct (i.e., predesign or design of a building, construction of additional space, etc.)? When will the project start and be completed? Identify whether the project can be phased, and if so, which phase is included in the request. Please provide detailed cost backup.
3. How would the request address the problem or opportunity identified in question 1? What would be the result of not acting?
4. What alternatives were explored? Why was the recommended alternative chosen? Be prepared to provide detailed cost backup. If this project has an associated predesign, please summarize the alternatives the predesign considered.
5. Which clientele would be impacted by the budget request? Where and how many units would be added, people or communities served, etc.
6. Does this project or program leverage non-state funding? If yes, how much by source? If the other funding source requires cost share, also include the minimum state (or other) share of project cost allowable and the supporting citation or documentation.
7. Describe how this project supports the agency's strategic master plan or would improve agency performance. Reference feasibility studies, master plans, space programming and other analyses as appropriate.
8. Does this decision package include funding for any Information Technology related costs including hardware, software (to include cloud-based services), contracts or staff? If the answer is yes, you will be prompted to attach a complete IT addendum. (See Chapter 10 of the operating budget instructions for additional requirements.)
9. If the project is linked to the Puget Sound Action Agenda, describe the impacts on the Action Agenda, including expenditure and FTE detail. See Chapter 14 (Puget Sound Recovery and Governor's Salmon Strategy) in the 2025-27 Operating Budget Instructions.
10. **Updated** How does this project contribute to meeting the greenhouse gas emissions limits established in RCW 70A.45.050, clean buildings performance standards in RCW 19.27A.210, or other statewide goals to reduce carbon pollution and/or improve energy efficiency? Please elaborate. For buildings subject to the clean buildings performance standards, describe your compliance pathway for the building, and include information about energy audits, metering, and energy benchmarking.
11. How is your proposal impacting equity in the state? Which communities are impacted by this proposal? Include both demographic and geographic communities. How are disparities in communities impacted?
12. **New** Is this project eligible for Direct Pay? If the answer is yes, you must include this project to the list of direct pay projects and information for submittal (see Chapter 1.7 of the capital budget instructions for additional instructions).
13. Is there additional information you would like decision makers to know when evaluating this request?
14. **Updated** Reappropriation: if the project was originally funded prior to the 2021-23 biennium, describe the project and each subproject, including the original appropriation year, status of the project and an explanation why a reappropriation is needed.
15. **New** If the project is linked to the Governor's Salmon Strategy provide an explanation of how the budget request relates to a salmon strategy action, is urgent in the coming biennium to advance salmon recovery, is aligned with a federally approved salmon recovery plan, and/or advances a known tribal priority.

16. In the agency summary, include the statement, **"Related to implementing the Governor's Salmon Strategy**." See Chapter 14 in the 2025-27 operating budget instructions for more information. (Note: This question is not in CBS but does need a response if applicable).

New Higher education cost increases – additional information

For higher education institutions requesting a project where the total project cost exceeds the total cost estimated in prior budget requests, the funding request must include a statement in that describes the additional costs, ways the institution has mitigated or will mitigate costs, and identifies other funding that may be applied to the project. See Section 8035(6)(q)of the 2023-25 enacted capital budget for more information.

Projects – additional information

Prior to submitting capital budget requests, agencies should make early contact with affected local governments and review their project lists against local plans and ordinances to ensure consistency with local growth management plans. Agencies must submit verification that a project is consistent with the provisions set forth in the state Growth Management Act (Chapter 36.70A RCW).

Updated Projects – subprojects

Programs and projects (for example, minor works, grants, or loans), with known subproject, are required to submit a project list with additional subproject data through CBS 002. If a project list is developed after the release of the Governor's budget, please contact your capital budget analyst to coordinate the transfer of subproject data when it becomes available. If a project includes subprojects, complete the agency summary and project description for the parent project and each subproject. DO NOT enter "See parent project" in the agency summary and project description. Include the location information, when known for subprojects, such as county, city, legislative district, longitude, and latitude.

RCW 70.235.070, requires all agencies, when distributing capital funds through competitive programs for infrastructure and economic development projects, to consider whether the entity receiving the funds has adopted policies to reduce greenhouse gas emissions.

Projects – minor works

Agencies must develop a strategic plan for reducing their maintenance backlogs and completing repair projects. This plan must be included along with the capital budget request submittal (RCW 43.88.030(6)(d)). Reduction of the backlog may be achieved through completing minor work projects

Minor works projects appear as a parent project in the budget and include multiple subprojects valued between $25,000 and $1.5 million each (for higher education institutions, the range is $25,000 and $2 million). The value for each subproject means the total estimated cost regardless of fund sources.

Updated Minor works projects should be completed within the biennium. Agencies are not required to submit C-100s or CBS cost estimates for individual minor works subprojects (projects no more than $1.5 million or $2 million for higher education institutions). Request totals for each subproject can be entered into CBS without a detailed cost estimate. Submit separate requests and estimates for minor works preservation and minor works programmatic.

See Chapter 4 for allowable and non-allowable use of tax-exempt bond proceeds. If agencies intend to request minor works funding in future biennia, they should enter future funding along with their minor works request.

The following are **not** minor works projects:

- A phase of a larger project
- A project that, if combined over a continuous period, would exceed $1.5 million (or $2 million for higher education institutions)
- Supplemental funding for a bigger project that received a separate appropriation
- Planning, design, and studies except for technical or engineering reviews or designs that lead directly to and support a project on the same minor works list
- Movable, temporary, and traditionally funded operating equipment
- Software not dedicated to control of a specialized system
- Land or facility acquisition
- Rolling stock
- Computers
- Funding to supplement projects with funding shortfalls unless expressly authorized
- Moving expenses

See Chapter 4 for additional detail on the allowable and non-allowable use of tax-exempt bond proceeds.

Projects – funding

Provide a reasonable cost estimate of the project and the fund source for the ensuing biennium and future needs. The funding request must be consistent with the project C-100. When a project has subprojects, funding information is required at a subproject level.

The 10-year capital program summary report (CBS 001) is populated by the information provided for the ensuing biennium and future biennia.

Projects – operating impacts

Capital budget requests must identify associated operational costs, including but not limited to the following:

- Alternatively financed projects. Agencies proposing that a project or program be funded through lease/purchase or other financing contracts must estimate the lease or debt service costs, including fund source, associated with the funding method.
- New facility costs. If construction or property acquisition will bring a new facility online in the 2025-27 or 2027-29 biennia, the agency also must submit a decision package in its operating budget request that reflects the operating budget impacts during that biennium or the outlook biennium. Impacts may include IT and office equipment, moving costs, other one-time costs and new ongoing costs associated with the capital project, such as custodial or maintenance staff and any additional FTEs needed to operate the new or expanded program in the building. Provide the activity number of the decision package in the operating budget request in the narrative box.

- **Habitat and recreation land acquisitions.** Agencies proposing the acquisition of land, or capital improvement of land for which the primary purpose is recreation or wildlife habitat conservation must identify the projected operation and maintenance costs for at least the two biennia succeeding the next biennium, including the source of funds from which these costs are proposed to be funded, as required by RCW 43.88.030(6)(p).

  Operation and maintenance information for multiple acquisitions within one request or within a minor works list must be submitted at the subproject level. Submit an operating budget request if the associated operation and maintenance costs of the acquisition impact the 2025-27 or 2027-29 operating budget. Contact your assigned operating budget analyst for details.

  When requesting funding for recreation or wildlife habitat land acquisition through the Recreation and Conservation Office (RCO), submit estimates of the operation and maintenance costs to RCO. Contact Mark Jarasitis at RCO (360) 902-3006 for assistance.

Projects – cost estimates (information also included in C-100 Excel spreadsheet)
See Chapter 3.

Projects – attachments
Agencies must attach the following documentation in CBS:

- **Updated** The C-100 (Excel cost estimating form) is required for all construction projects over $1.5 million ($2 million for higher education). Please attach the C-100 as an Excel file in CBS. For more information, see the cost estimating section below.
- **Documentation from the Department of Archaeology and Historic Preservation (DAHP) and affected Tribes.** In accordance with Executive Order 21-02, agencies must consult with DAHP and affected Tribes on the potential effects of projects on cultural resources and historic properties proposed in state-funded construction or acquisition projects, including grant or pass-through funding that culminates in construction or land acquisitions. Consultation with DAHP and affected Tribes must be initiated early in the project planning process, and must be completed prior to construction, demolition or taking title. Agencies must attach a letter from DAHP confirming that the proposed capital project was reviewed. (Some agencies may have an exemption from this requirement from DAHP.) If the request is a grant that contains multiple subprojects, ensure that this requirement is contained in the application process or the contract. Contact Dr. Rob Whitlam at DAHP (360) 890-2615 for assistance. Please allow DAHP a minimum of 30 days for review. If mitigation is anticipated, please ensure it is worked into the project schedule and budget.
- **Pictures** (optional).
- Where applicable, **subproject lists** with details such as locations, rankings, and descriptions.
- Where applicable, **IT project request** addendum.
- **Other documentation** that may inform decision makers.

3.4 Reappropriations (CBS 002) **Updated**

For projects requiring more than one biennium to complete and for which an unexpended balance is anticipated at the end of the biennium, an agency must request that funds be carried forward (reappropriated) to the next biennium. Agencies must demonstrate that funds are needed to complete the previously approved scope of work. Minor works projects should be completed in the biennium in which they are appropriated.

When requesting a reappropriation, agencies should follow these guidelines:

- The reappropriation request must not exceed the remaining expenditure authority amount. Reappropriations must retain the same project title, number, and description as the enacted appropriation. To ensure reappropriation requests are accurate, agencies should copy forward the enacted budget version of a project and not the original agency request from the previous biennium.
- For large and minor works projects where appropriation began prior to the 2021-23 biennium, agencies must populate answers to the reappropriation questions in CBS for reappropriation requests. The project description must not be a restatement of the original project. Submit the description as an attachment to the request if there are multiple subprojects associated with the parent project reappropriation request.
- Agencies do not need to enter a priority for reappropriation requests. Agencies' priorities should be focused on new project requests.

OFM and the Legislature will request periodic reappropriation updates as they develop their budgets. OFM and the Legislature are developing a new process that would calculate reappropriations based on actual expenditures and future allotted amounts. This will require that agencies accurately account for capital expenditures and allotments.

3.5 Cost estimates (C-100)

Agencies must conduct due diligence analyzing and submitting their project cost estimates in the standard format required for capital project budget requests to OFM.

Updated For construction projects with an estimated total cost over $1.5 million ($2 million for higher education), agencies must provide cost estimates by completing the Excel C-100 and attaching it in CBS. **Please note that the CBS 003 report is no longer required and will not be used in OFM or Legislative budget development; some updates to the C-100 are not reflected in the CBS cost estimator due to outdated database architecture.**

Updated Agencies are not required to submit C-100s or CBS cost estimates for minor works subprojects (projects less than $1.5 million or $2 million for higher education institutions) or minor works parent projects. Request totals for each subproject can be entered into CBS without a detailed cost estimate.

Agencies are also not required to submit C-100s or CBS cost estimates for projects that will not be initiated until budget outyears (2027-29 and after). Please include C-100s for projects with acquisition, predesign, design or construction funds requested in 2025-27 Request totals for each project can be entered into CBS without a detailed cost estimate.

3.6 Capital FTEs (CBS 004)

Agencies must provide a summary of capital full-time equivalent (FTE) staff necessary for and related to the capital project or program. The summary includes:

- Staff and expenditures budgeted for capital projects in the 2025-27 biennium. These are all FTEs either wholly or partially funded by the capital budget. Accurate FTE information allows us to estimate the impact of the enactment of the capital budget.
- Proposed number of staff and staff-related expenditures for the 2025-27 biennium, by account and by program.

- Narrative describing the role of proposed FTEs and an explanation for any changes from the 2023-25 biennium.
- Account and level of anticipated expenditures for the FTEs.

See Chapter 4 for the appropriate use of tax-exempt bond proceeds related to staffing costs.

Chapter 4

FINANCING GUIDELINES

Updated This chapter is prepared in collaboration with the Office of the State Treasurer (OST) and provides financing guidelines for the issuance of general obligation bonds and Certificates of Participation (COPs). The main purpose is to ensure that the state's debt issuance meets the IRS' requirements for tax-exempt obligations. The chapter provides an overview of the methods of finance the state uses; allowable and non-allowable capital budget cost financed by tax-exempt financings; and the private activity restrictions on tax-exempt financings. Finally, this chapter reviews a questionnaire used to evaluate the appropriate funding source for bond/COP-funded projects.

4.1 Methods of finance

Capital projects are financed with cash balances, revenues received over time or with proceeds of financings. Most state financings are conducted through the issuance of general obligation bonds or through COPs. Both general obligation bonds and COPs are issued by the state several times a year in the public securities market.

State bonds and COPs are usually issued as tax-exempt (i.e., the interest paid to investors is exempt from federal income tax) securities, as tax-exempt borrowing rates are lower than taxable rates. Tax-exempt financings are subject to federal tax regulations regarding the types of projects being financed, the pace at which proceeds are spent and the use of the asset during the financing term.

General obligation bonds

Various purpose general obligation (VPGO) bonds are the traditional form of state debt financings for non-transportation capital projects. VPGO bonds are payable from general state revenues and backed by the state's pledge of its full faith, credit, and taxing power. Unless specifically exempted, VPGO bonds are subject to a state constitutional debt limit, which requires that the maximum annual payment of principal and interest on debt subject to this limit not exceed a specified percentage of average general state revenues for the six preceding fiscal years. VPGO bond sales generally occur semiannually to provide funding for six months of expenditures on a variety of capital projects across the state.

The State Finance Committee (SFC) authorizes the issuance of bonds and other state obligations that have been approved by the Legislature. The SFC, which is comprised of the governor, lieutenant governor, and treasurer, implements financing policies, and determines the conditions, covenants, terms, and requirements of state financings, as applicable.

Program parameters. Proceeds of tax-exempt bonds must be spent on capital expenditures, in accordance with state accounting guidelines and federal tax laws applicable to tax-exempt obligations. Proceeds of tax-exempt bonds may be spent on grants, but loans to entities besides state or local government units – including non-profit organizations, the federal government, or federal agencies – are not allowed under federal tax laws. Certain upfront costs such as design, delivery and setup, and training may qualify for financing. Expenditures for sales and use tax on purchases of equipment and construction of capital projects can also be financed.

More detailed information on the allowable uses of tax-exempt financing is provided later in this chapter. All property financed on a tax-exempt basis is subject to federal tax restrictions regarding private business use (see the private activity restrictions on tax-exempt financing section below).

Certificates of participation

The issuance of COPs provides the state with an alternative way to finance essential equipment and real estate acquisitions, including construction, over a multi-year period. The program is structured by agencies entering into financing contracts (aka lease-purchase, or lease lease-back) for the property being acquired. These individual financing contracts are then pooled under the state's master financing agreements, which provide the security for the issuance of COPs that are sold to investors. The proceeds from the sale of COPs are then used to reimburse the agency for the cost of the acquisition. The pooled approach provides agencies with the benefits of economies of scale and access to the state's low-cost, tax-exempt financing rates. COPs offer investors leasehold interest in the property, and the promised revenue stream from the repayment of the financing contracts made by state agencies.

This form of financing contracts is subject to approval by the State Finance Committee (SFC), which also approves the aggregate number of financing contracts outstanding. SFC guidelines for use of the program are provided in the Guidelines for Use of Financing Contracts on the OST's website.

State law requires prior legislative approval of real estate financing contracts in the capital budget. Most equipment financings do not require explicit legislative authorization, although the OST policy requires legislative approval prior to financing major acquisitions of equipment or information systems.

Program parameters. Proceeds generated from financing contracts and the issuance of COPs must be spent on capital expenditures, in accordance with state accounting guidelines and federal tax laws. All property financed on a tax-exempt basis is subject to federal tax restrictions regarding private business use (see the private activity restrictions on tax-exempt financing section below). Financing contracts cannot be used to provide funds for grants or loans. Proceeds of financing contracts must be spent on assets serving an essential public purpose. Agencies must represent that the property is essential for carrying out its functions and responsibilities.

Proceeds from a COP sale are provided to an agency exclusively on a reimbursement basis. Please note, that in keeping with IRS tax-law, an agency must submit a Notice of Intent to Finance (NOI) to OST no later than 60 days after making the expenditure for it to be eligible for reimbursements.

Expenditures for sales and use tax on purchases of equipment and construction of capital projects can be financed. Certain upfront costs such as design, delivery, and setup, may qualify for financing on a reimbursement basis. Note that design costs may not be financed before equipment is acquired or construction begins because design, by itself, does not create a tangible asset as required by the COP program to provide security for investors who purchase COPs. More detailed information on the allowable uses of tax-exempt financing is provided in the next section.

A real estate project must be ready to proceed before it is financed. For acquisitions, agencies must first acquire the building or land and obtain title to the property prior to the issuance of the COPs. Financing of the cost of acquisition is then provided on a reimbursement basis. For new

construction, OST requires agencies to have entered into a construction, design-build or general contractor/construction manager (GCCM) contract for the project prior to the issuance of the COPs. Construction projects are subject to public works requirements. IRS guidelines for the use of tax-exempt proceeds require such funds to be spent within 18 months from the sale date of the COPs.

4.2 Long-term, tax-exempt financing restricted to capital projects **Updated**

Regulations adopted by IRS restrict the purposes for which tax-exempt bonds and COPs may be issued. IRS regulations severely limit the ability to issue long-term, tax-exempt obligations to finance current operating expenses. Additionally, for long-term tax-exempt financings, the IRS generally requires that the useful life of a capital project being financed exceeds the final maturity of the bonds or COPs issued for the project. For multiple projects financed together through bonds, the useful life is the average useful life of all the projects financed. Property financed through COPs are monitored on a project-to-project basis. The information below distinguishes allowable capital purposes from non-allowable operating expenses.

Agency administrative and staffing costs

Proceeds of tax-exempt bonds or financings are intended for the acquisition, construction, and renovation of capital assets. Do not use them to subsidize operating costs such as ordinary maintenance or administrative staff expenses. IRS tax rules relating to staffing costs are very restrictive. As part of the reimbursement process for COP financed projects, OST requires detailed accounting records to document staff time or other labor charges. Contact OST for further information on the requirements. In general, treasury regulations (primarily, §1.148-1, 1.148-2, and 1.148-6) do not allow for any costs not directly related to a capital project to be funded with long-term financings.

Allowed:

- Project-related administrative costs for tasks directly related to a financed project, including project support services such as processing agreements, contracts and change orders, managing bid processes and verifying invoices. Project-related administrative costs must be identified as such in accounting records.
- Project-related management fees for project design, land use applications, environmental impact statements and other environmental assessments, hazardous material assessments and building code plan review directly related to a financed project. This also covers project-related management costs related to consultant selection, contract negotiation, administration of consultant agreements and public works contracts for individual capital projects that are directly related to a financed project. These costs must be identified as such in accounting records.
- Staff costs for the time and expenses directly related to coordinating and delivering a project. Project-related staff costs must be identified as such in accounting records.
- Tasks associated with the support of project management operations for multiple projects including staff management, staff support, accounting and management of public information that are directly related to a financed project.

Not allowed:

- Regular staff operating costs.
- Agency administrative costs related to capital budget development, capital facility development, long-range budget planning and policy initiatives.
- Non-project specific tasks associated with regulation and policy development, contract development, interagency initiatives, or legislative oversight.
- Non-project specific tasks associated with overall general comprehensive planning for facilities and infrastructure, the identification and prioritization of capital projects and the preparation of agency capital requests. The provision of emergency services and infrastructure management.

Acquisition – land and buildings

Allowed:

- Expenditures for the acquisition of real property, whether obtained by purchase or condemnation under the applicable eminent domain laws of the state, including expenses directly and necessarily related to such purchase or condemnation.
- The cost of improvements to real property, such as buildings, structures, land improvements, roads, and bridges. Costs may include land and improvement costs, appraisal fees, title opinions, surveying fees, real estate fees, title transfer taxes, easements of record with an extended term, condemnation costs and related legal expenses.
- Relocation costs that are payments made to owners or occupants of property that the state is acquiring. These costs can be financed long-term when paid pursuant to federal or state statutes.

Planning and consultant services for predesign and design work

Allowed:*

- Preliminary technical studies developed from program statements that reflect the functional characteristics and architectural requirements of a specific capital improvement project (predesign).
- Architectural and engineering services, such as schematic design, design development and construction documents.
- Archeological and historic structure survey, consultation, and consultant services.
- Reimbursable expenses provided in an executed contract for professional and technical services.
- Artwork funding as required by RCWs 28A.335.210, 28B.10.027 and 43.17.200.
- Fees for construction management and observation.
- LEED certification fees as part of a construction project.

Not allowed:

- Expenditures for general long-range development plans, master plans, historical or archeological research, feasibility studies, statements, capital and maintenance project planning, or other similar expenditures which are not associated with a specific capital project.
- Unpredictable or unusual legal expenses (other than those associated with land acquisition) which are not ordinarily provided in the budget for a capital project.

***Additional COP financing restrictions:** Design costs for a capital project may not be financed with a COP before construction begins because design, by itself, does not create the tangible asset which is necessary to secure the financing. Once construction contracts are executed and COPs are issued, certain upfront costs such as design, delivery, setup, and some training may be reimbursed from COP proceeds.

Construction

Site improvement costs

Allowed:

- Site improvement such as construction or replacement of sidewalks, bridges, ramps, curbs, pedestrian bridges, and tunnels, building terraces, retaining walls and exterior lighting; rerouting of utilities; and erosion control.
- Demolition of buildings and structures, clearing, grubbing, and grading if preceding a financed project to be undertaken on the same site.
- Artwork funding as required by RCWs 28A.335.210, 28B.10.027 and 43.17.200.

Not allowed:

- Routine maintenance of land improvements.
- Expenditures to acquire or construct temporary facilities or for facilities where abandonment or replacement is imminent. This does not include temporary facilities required during construction.

Roadwork

- **Allowed:** Expenditures related to the construction, extension, replacement, reconstruction or upgrading of a new road or parking lot. The following are considered part of roadwork costs: all necessary signing, landscaping, erosion control, drainage, lighting, bridges, safety, and control structures.
- **Not allowed:** Repairs or resurfacing of existing roads to temporarily extend useful life are not allowed.

Facilities preservation

Allowed:

- Expenditures for the reconstruction, preservation and improvement of existing buildings or structures that materially extend their useful lives, including:
  - » Site developments necessarily required or related to the preparation of a site for reconstruction purposes (see "Site Improvement Costs").
  - » Required built-in, special purpose or other fixed equipment where such equipment is permanently affixed or connected to real property in such a manner that removal would cause damage to the real property to which it is affixed.
  - » Expenditures for the installation or replacement of water control structures such as dams, culverts, aqueducts, drainage systems, locks, spillways, reservoirs, and channel improvements.
- Interior work including demolition, moving walls, new carpet or floor surfaces, new finishes, replacement of electrical and plumbing facilities and installation of new equipment.

Not allowed:

- Normally recurring expenses.
- Labor fees associated with moving equipment between facilities.
- Ordinary maintenance such as patching, painting, caulking, weatherproofing, insulating, adding storm windows, replacing doors, replacing gutters and shingles, repairing vandalism or cleaning. An aggregation of ordinary maintenance does not create a long-term financed capital project.

Utilities, safety, and codes

- **Allowed:** Expenditures for the acquisition, construction, replacement, modification, or extension of utility systems, including construction or replacement of utility lines between buildings, replacement, or installation of utilities to off-site supply systems, and replacement of complete boiler or central air conditioning or ventilation systems.
- **Not allowed:** Minor replacement of corroded or leaking pipes inside a facility; replacement of unsafe or undersized wiring; repairs to stop leaks; replacement of heating or cooling coils; replacement of radiators, fans, or motors; re-tubing of boilers; addition of controls or valves for energy conservation as a standalone project or replacement of thermostats, timers and other items that are consumed or worn out in the ordinary course of use of a capital facility.

Project-related equipment – (see below for a standalone equipment financing)

Allowed:

- Built-in equipment permanently attached to the building or improvement and considered to be an integral part of the structure, without which the building or improvement will not function. Built-in equipment is generally included in the base construction budget and estimate. Examples include plumbing fixtures, heating, ventilation and air-conditioning equipment, electrical equipment, elevators, and escalators.
- Fixed equipment attached to the building or improvements for purposes of securing the item and contributing to the facility's function. Fixed equipment is generally included in the base construction budget and estimate. Examples of fixed equipment financed as part of a larger building project could include shelving, cabinets, bolted furniture, solar arrays, or electric vehicle charging stations.
- Some movable equipment can be considered long-term and an appropriate use of bond or COP funding if it is part of a new construction or major renovation project. Examples include movable equipment that is necessary for the functioning of the facility and in place in support of a program but is not necessarily attached to the facility. Examples of allowable movable equipment include desks, conference tables and chairs, cubicle partitions, non-consumable lab equipment, picnic tables, and unaffixed appliances. Movable equipment included in a capital project should be included in a separate equipment budget and estimated as furniture, fixtures, and equipment (FF&E) in the C-100 cost estimate. For renovation projects, FF&E should be repurposed and reused whenever possible. A separate operating budget/IT package to coincide with opening a building should be submitted for items traditionally funded out of the operating budget.
- Some costs of purchasing or developing information/software systems may be allowed under certain circumstances. For additional information, consult with OST staff. Please also consider whether your IT project falls under Office of the Chief Information Officer (OCIO) oversight.†

Not allowed:

- Consumable inventories, as defined in the State Administrative and Accounting Manual (SAAM), are supplies consumed in the course of an agency's operation or incidental items held for resale. Examples include office, janitorial and chemical supplies, and laboratory glassware.
- Equipment traditionally funded out of the operating budget, IT, and office equipment such as computers, fax machines, networking equipment, projectors, copiers, custodial equipment, and grounds equipment cannot be financed as part of a capital project request. However, certain equipment can be financed with a standalone COP (see below) or cash accounts.
- Spare or replacement parts for equipment.
- Temporary equipment to be used for a period less than its useful life. For example, research equipment for a short-term project.

Equipment – standalone (COPs only)

While generally not authorized through the capital budget, certain equipment may be financed directly by agencies through the issuance of COPs. This includes standalone acquisitions (i.e., vehicles), or other types of equipment that may not be eligible to be included in a capital project request (i.e., computers). The term of the equipment financing must be less than or equal to the maximum useful life of the asset. The useful life is determined by the SAAM capital asset class codes and useful life schedule.

Allowed:

- Tangible equipment with a useful life greater than two years and a total acquisition amount greater than $10,000 (i.e., vehicles, computers, office furniture).
- Energy efficiency upgrades to a facility (i.e., HVAC, LED lighting, solar panels).
- IT Hardware can be financed along with associated licenses, software, and warranties, with certain limitations. (See **Additional COP financing restrictions** below)

Not allowed:

- Consumable inventories, as defined in the SAAM, are supplies consumed during an agency's operation or incidental items held for resale. Examples include office, janitorial and chemical supplies, and laboratory glassware.
- Software as a Service (SaaS), Cloud based IT products or other IT service agreements.
- Temporary equipment to be used for a period less than its useful life. For example, research equipment for a short-term project.

Additional COP financing restrictions: Agencies considering COP financing for IT projects should contact OST early in the planning process and be aware that prior legislative approval is required for major acquisitions. Agencies are required – without exception – to receive explicit vendor permission to grant a security interest in all elements of the information system contained within the financing request.

4.3 Private activity restrictions on tax-exempt financing

All agencies planning to finance capital projects with bonds or COPs, and who anticipate engagements with nongovernmental entities on their projects, are strongly encouraged to consult with OST early in the process.

Private business use

In general, Congress and the federal government consider the tax exemption for interest on state and local bonds to be a federal subsidy provided to state and local governments. This is because the federal government foregoes the revenues that it would otherwise receive from income taxes imposed on interest income received by taxpayers who own municipal bonds. Therefore, the provisions of the federal Code and related U.S. Treasury regulations that apply to tax-exempt obligations are intended to restrict the benefits of this federal subsidy to governmental purposes of state and local governments and not to allow benefits of the subsidy to be transferred to persons other than state and local governments.

"Private business use" means use by any person other than the state or another local government unit of the state and includes use by any private for-profit or nonprofit corporation (e.g. 501(c)(3) organizations), limited liability company, general or limited partnership, association or an individual person engaged in a trade or business activity. It also includes use by the federal government or any federal agency. Private business use includes: ownership by the nongovernmental person of the financed property or use of the financed property by a nongovernmental person under a lease, management contract (unless it is a "qualified" management contract under IRS guidelines), "output contract" (such as a contract to purchase water or electricity produced by a financed facility), research agreement (with certain exceptions under IRS guidelines), a "naming rights" contract, or any other arrangement that provides similar "special legal entitlements" to a nongovernmental person to use the financed property. However, the use of financed property by a nongovernmental person simply as a member of the public or under certain, specified short-term use arrangements (involving terms of use not exceeding 50, 100 or 200 days, depending on the type of arrangement) do not result in private business use. Also, use of financed property by private individuals not engaged in a trade or business activity is not private business use.

In summary, an issuer must reasonably expect on the issue date that the issue will not meet the following tests at any time during the term of the issue:

1. Private Business Use Test **and** Private Security or Payment Test, **or**
2. Private Loan Financing Test

Limits on private business use (private business use test) **Updated**

In general, the amount of proceeds for private business use of a tax-exempt governmental financing is limited to the lesser of 10% or $15 million of proceeds of the issue. In addition, no more than 5% of the proceeds of the issue may be used for any "unrelated" private business use — i.e., a private business use that is not functionally related to the governmental purpose of the tax-exempt financing. These limitations are measured based on the average amount of private business use in each year during a measurement period generally corresponding with the overall term of the bond or COP issue.

Private payments or security (private security or payment test)

An issue of tax-exempt bonds with private business use in excess of the limits described above would not violate private activity bond restrictions *unless* the state also expects to receive payments from private business users for their use of the financed property (or payments by others in respect of property that is used for private business use) having a present value exceeding 10% of the present value of debt service on the bonds, regardless of whether those payments are pledged to pay the bonds. For this reason, bond proceeds used to make grants may be used for private

business use so long as the state has no expectation or right to receive payments from the grantee (except only for violations by the grantee of conditions of the grant). Loans to nongovernmental persons from bond proceeds are not permitted as there would be both private use and private payments.

Moreover, use of tax-exempt bond proceeds to make loans to governmental persons also may be disallowed because of federal tax compliance issues relating to monitoring of the actual expenditure and investment of bond proceeds loaned to the governmental borrower. This is because the bond proceeds are treated as "spent" only when spent by the borrower and not when used to make the loan.

However, for COPs, the analysis differs in that the focus is on the amount of private business use, regardless of whether the state receives any payments in respect to the financed property. Like tax-exempt bonds, a COP-financed property would generally violate private activity bond restrictions if payments from private business users of the financed property were to exceed the applicable limitations. However, there is a second consideration because the financed property itself is pledged as security for the COPs. Private business use of the financed property results in a corresponding amount of private security, which is a violation of private activity bond restrictions regardless of the amount of private payments. That is, if a portion of the COP-financed property representing more than the lesser of 10% or $15 million of proceeds of the COP issue is used for private business use, or if more than 5% of the proceeds of the issue is used for any "unrelated" private business use, this would cause the issue to violate the restrictions on private security as distinguished from private payments.

Strict limit on tax-exempt financing of private loans (private loan financing test)
In addition, under a separate and independent restriction, no more than the lesser of 5% or $5 million of the proceeds of an issue may be used, directly or indirectly, to make or finance loans to any person other than a state or local government unit. This is referred to as the "Private Loan Financing Test." Because of the size of the state's bond issues, the lower $5 million limit almost always applies.

In addition to IRS restrictions, the use of state bond proceeds, whether tax-exempt or taxable, to make loans to private persons or entities may be subject to additional constitutional restrictions. Please discuss with your OFM capital budget analyst.

Use of taxable obligations for private use portions of capital projects
A capital project that is expected to involve both private business use **and** private payments, **or** a private loan as described above may require some of or all the financing to be executed on a taxable rather than tax-exempt basis or require the use of funds not derived from a borrowing to pay the cost of that part of the project expected to be used for a private business use. If the project requires taxable funding, the agency may request funding from the State Taxable Building Construction Account (Account 355). Consult your OFM capital budget analyst for more information.

Most recent bond acts include provisions which permit the state treasurer, on behalf of the SFC, to cause bonds authorized to be issued as tax-exempt bonds instead to be issued as taxable bonds if necessary to comply with IRS requirements. Recent bond acts also permit authorized taxable bonds to be issued as tax-exempt bonds using a similar approval process if code requirements have been met.

Examples:

1. If a state agency leases excess office space in a financed building to commercial businesses, a federal agency, or a private non-profit organization, the portion of the proceeds allocated to the cost of the privately leased space is considered used for nongovernmental purposes.
2. Suppose bond proceeds are used to make a loan to a port district for the construction of an industrial building, and that the port district constructs the building and leases space in the building to various commercial tenants and uses rental income from the building to repay the state loan. In this case, the bond proceeds used to make the loan to the port district would be treated as a private business use.
3. If proceeds of a bond issue with a 25-year term are used to construct leasehold improvements for a state agency that leases office space in a privately-owned building for a term of 15 years, and the estimated useful life of the leasehold improvements is 20 years, the proceeds of the bond issue allocable to the cost of the leasehold improvement that will revert to the private building owner at the end of the lease term would be treated as used for private business use.
4. If proceeds are loaned to a housing authority to build an apartment building that the housing authority leases to a separate limited partnership in which the housing authority is the general partner and private investors are limited partners, the financed apartment building is considered used for private business use, and the private loan financing test would be met.
5. If proceeds are loaned to a city to build a sewage treatment plant, but the city enters into a long-term management contract with a private company to operate the sewage treatment plant for the city, and the management contract fails to meet IRS requirements for a "qualified management contract," the plant is considered used for a nongovernmental purpose.

An agreement by a nongovernmental person (such as a business corporation or the federal government) to sponsor research performed by a governmental person (such as a state university) may result in private business use of the property used for the research. Consult with OST as it may be possible to structure research agreements with nongovernmental persons to avoid private business use of the property.

Reimbursements of prior expenditures with tax-exempt bond proceeds

IRS Code (26 CFR § 1.150-2) allows a bond issuer to use the proceeds of its issuance to reimburse prior expenditure **provided** that the issuer has adopted an official intent to for the expenditures to be reimbursed. An official intent declaration allows for the reimbursement of expenditures made up to 60 days before the adoption of the official intent. With an adopted official intent declaration, expenditures can be reimbursed with bond proceeds up to 18 months after the expenditures have been made (or up to three years after a project is placed in service or abandoned).

The state meets the official intent requirements by including in each capital budget bill (that appropriates expenditures from tax-exempt bonds) a section like the following:

> *"To the extent that any appropriation authorizes expenditures of state funds from the state building construction account, or from any other capital project account in the state treasury, for a capital project or program that is specified to be funded with proceeds from the sale of bonds, the legislature declares that any such expenditures for that project or program made prior to the issue date of the applicable bonds are intended to be reimbursed from proceeds of those bonds in a maximum amount equal to the amount of such appropriation."*

With respect to reimbursement of prior expenditures with proceeds of COPs, OST requires state agencies who participate in the COP program to submit a NOI, which includes the required reimbursement declaration.

4.4 Financing framework

General obligation bonds

Bond authorizations. All state general obligation debt must be authorized by a 60% vote by the Legislature. In addition, no bonds may be issued without prior legislative appropriation of the proceeds. Bonds are issued by the SFC under the authority granted by the Legislature. As authorized by the SFC, the issuance of bonds is administered by OST.

Consolidated cash flow financing. OST manages cash flow financing for multiple projects across multiple agencies in accordance with U.S. Treasury regulations to minimize administrative tax compliance monitoring over the life of the borrowing. Bond sales are sized to fund agency and OFM estimates of expected capital expenditures over a six-month period. In estimating cash flow needs, OST also considers remaining bond proceed balances and seasonal spending patterns. This type of cash flow financing ensures that funds are not borrowed until they are needed. Consolidating funding needs also produces pricing efficiencies in the sale of bonds, ensuring the state receives the lowest possible cost for all capital projects. It results in issuance amounts which meet the minimum size thresholds preferred by investors, and minimizes the costs of issuance such as underwriting, legal, and rating agency fees. Bond proceeds received on the closing date are immediately transferred to the appropriate funds as directed in the capital budget and by the bond authorizations.

25-year final maturities with level debt service. VPGO bonds are typically structured with level payments of principal and interest over a 25-year period. This serial amortization structure provides a disciplined repayment schedule which spreads the cost of the project over the life of the asset. It means that some of the bonds are repaid one year after issuance, some in the second year, some in the third year, and so forth each year until the last bonds are repaid in 25 years. In an interest rate environment with higher rates at longer maturities, serial amortization is also less expensive than repaying the debt at one maturity. The True Interest Cost (TIC) is the aggregate interest rate for the entire series based on the present value of the weighted average of the individual interest rates for each maturity. To meet the requirements of the federal Internal Revenue Code (the "Code"), the aggregate average life of projects funded with each series of bonds – that is, the assets being purchased or constructed – must exceed the aggregate average life of the bonds. For every series of bonds, OFM certifies that this requirement has been met.

Certificates of participation

The certificates of participation program uses standardized documentation, which minimizes legal and administrative costs for agencies. Once financing documents have been completed and borrowing rates set by the market, each agency receives a detailed schedule of semi-annual payments due on its outstanding leases. Funds are made available to agencies on a reimbursement basis upon the closing of the COP sale. Agencies must provide receipt of detailed invoices and proof of payment by the deadlines established by OST prior to the issuance of COPs. To ensure compliance with tax and legal requirements, OST periodically requests information to monitor the spend-down of proceeds and the use of the facilities that have been financed.

COP authorization Updated

The state is authorized by Chapter 39.94 RCW to enter into financing contracts for agencies to acquire real and personal property (real estate and equipment). Financing contracts are lease/ purchase contracts or capital leases with a term of more than one year, which provide that title to the property secures performance of the state, or transfer title to the property to the state by the end of the term. Each agency financing equipment or real estate under this program pledges its budget appropriation for payment of the lease. This is true regardless of whether it may anticipate making payments from other revenues.

The form of financing contracts is subject to approval by the SFC, which also approves the aggregate amount of financing contracts outstanding. The SFC guidelines for use of the program are shown in the Guidelines for Use of Financing Contracts on the . State law requires prior legislative approval of real estate financing contracts, typically in the capital budget. Most equipment financings do not require explicit legislative authorization, although OST policy requires legislative approval prior to financing major acquisitions of equipment or information systems.

Project financings. Unlike bonds, COP borrowings are "secured" financings, meaning investors have rights to the underlying property if investors are not repaid on a timely basis. For this reason, COP financings are for tangible assets that could be relinquished if the Legislature chooses not to appropriate funds for lease payments. Agencies must be able to offer a security interest in the asset being acquired and must commit to maintaining the property in working order and condition over the life of the borrowing. If a state agency cannot reasonably make these representations about the property to be financed, the property is not suitable for COP financing.

Borrowing term. The term of each financing contract must be greater than one year and no longer than the expected useful life of the asset being financed. Standardized guidance on the useful life of specific assets is available in SAAM, Chapter 30.50, Capital Asset Class and Location Code List and Useful Life Schedules. For unique or used equipment, OST staff can provide assistance. OST limits the maximum maturity to 25 years to efficiently pool multiple transactions in each COP issuance.

For administrative efficiency, OST has established a minimum borrowing threshold of $10,000 for each lease. Smaller financing requests for equipment of the same expected useful life can be combined.

Other financing contracts

Occasionally, the state finances construction projects with a 63-20 financing contract. In this structure, tax-exempt lease revenue bonds are issued by a non-profit corporation on behalf of the state. The non-profit corporation causes the project to be built through a fixed price contract with a private real estate development company. The state agency makes lease payments over time to a trustee and takes title to the property at the final maturity. Costs of issuance and ongoing fees on 63-20 financings are typically higher than on COP financings and the borrower usually pays higher interest rates. Use of a 63-20 financing contract requires legislative authorization. In addition, the SFC must approve both the financing contract and the non-profit corporation issuing the lease revenue bonds on behalf of the state.

For additional information, consult the SFC's Guidelines for the Use of 63-20 Financing Contracts on the .

4.5 Evaluating the appropriate funding source for bond- and COP-funded projects

For projects requested with bond funding, please consider these questions as you develop your request. For any project that answers any of questions 1 through 6 **and** question 7 with "yes," the projects may need to be fully or partially funded with taxable bonds or COPs. Similarly, for any project that answers questions 8 through 10 with "yes," the projects may need to be fully or partially funded with taxable bonds or COPs. For guidance, please see the "Private activity restrictions on tax-exempt financing" section above.

1. Will any portion of the project or asset ever be **owned** by any entity other than the state or one of its agencies or departments?
2. Will any portion of the project or asset ever be **leased** to any entity other than the state or one of its agencies or departments?
3. Will any portion of the project or asset ever be **managed or operated** by any entity other than the state or one of its agencies or departments?
4. Will any portion of the project or asset be used to perform **sponsored research** under an agreement with a nongovernmental entity*?
5. Does the project involve a **public/private venture**, **or** will any entity other than the state or one of its agencies or departments ever have a **special priority or other righ**t to use any portion of the project or asset to purchase or otherwise acquire any output of the project or asset such as electric power or water supply?
6. Will any portion of the bond/COP proceeds be **granted or transferred** to nongovernmental entities or granted or transferred to other governmental entities which will use the grant for nongovernmental purposes?
7. If you have answered **"Yes" to any of the questions above**, will your agency or any other state agency **receive any payments** from any nongovernmental entity, for the use of or in connection with, the project or asset?
8. Is any portion of the project or asset, or rights to any portion of the project or asset, expected to be **sold** to any entity other than the state or one of its agencies or departments?
9. Will any portion of the bond/COP proceeds be **loaned** to nongovernmental entities or loaned to other governmental entities that will use the loan for nongovernmental purposes?
10. Will any portion of the bond/COP proceeds be used for **staff costs for tasks not directly related** to a financed project(s)?

Chapter 5

BUDGET IMPLEMENTATION

The capital budget is enacted after the House and Senate pass, and the Governor signs a compromise budget. For more information, see A Guide to the Washington State Budget Process.

Once the budget is enacted, agencies must follow a process before spending their appropriation. This chapter outlines the steps for agencies to expend funds, beginning with OFM assigning an Expenditure Authority (EA) code.

5.1 Allotments

After the EA code is assigned, agencies must submit allotments for expenditures, revenues, and FTEs.

The Budget, Accounting, and Reporting System Act (Chapter 43.88 RCW) outlines the legal authority and responsibility of the Governor and OFM to allot public funds. OFM publishes allotment instructions that describe the agency's responsibilities and requirements for submitting initial allotments, amended allotments and special allotments to detail the plan of expenditures, revenue estimates and related full-time equivalent (FTE) estimates of enacted budgets. (Visit OFM's website for the allotment instructions after the 2025-27 budget is enacted.)

Agencies must use The Allotment Management and Review System (TALS-AMR) for submitting allotments to OFM. No expenditures may be incurred prior to OFM approval of allotments.

5.2 Minor works lists

Once the capital budget is enacted, submit final minor works project lists, including requested revisions to the project lists, to OFM for review and approval, and to the House Capital Budget and Senate Ways and Means committees for review and comment.

Minor works lists submittal must include:

- Parent project number and project title
- Minor works projects and budget estimates
- Explanation of variances from the enacted capital budget minor works lists
- Alternate minor works projects, if applicable

No expenditures may be incurred prior to OFM's written approval of the updated minor works lists and allotment schedule. With OFM approval, savings from a minor works subproject may be transferred to another minor works subproject for which the project budget allocation is insufficient, or to fund an alternate minor works subproject that is approved by OFM. Minor works projects must be completed within the biennium in which they were appropriated.

5.3 Art allocation

Capital appropriations for the original construction of public buildings (including K-12 facilities) and, in the case of higher education institutions, renovations and remodels costing more than $200,000, require the purchase of public artwork and is calculated in CBS and the C-100 cost

estimating form. Artwork acquisition and installation is coordinated in conjunction with the Washington State Arts Commission Art in Public Places program. Agencies should be prepared to coordinate with the Washington State Arts Commission for projects funded in the enacted budget beginning with the design appropriation.

5.4 Major project status and final closeout reports

Agencies administering a major capital project or projects specifically identified for reporting requirements by OFM, as required by RCW 43.88.160, must submit a major project status report to OFM each July 1 and December 31. Major project status reports are required for projects with a total anticipated cost of $10 million for, regardless of the phase of the project (e.g., if only funded at predesign). "Total anticipated cost" means the sum of the anticipated cost of the predesign, design, and construction phases of the project. Email your OFM capital budget analyst, ofmdlcapteamexo@ofm.wa.gov, and cc: your legislative contact.

After a major project is completed, an agency must also submit a major project final closeout report to OFM. Agencies must report project savings following the completion of projects to OFM. Agencies must use the report template posted on OFM's website.

5.5 Buy Clean and Buy Fair Washington Act

The Buy Clean and Buy Fair Washington Act (Chapter 344, Laws of 2024) requires reporting on substantially complete **covered** projects on products used and other aspects of the construction. Effective July 1 ,2025, an awarding authority must require reporting on all newly executed construction contracts larger than 100,000 gross square feet, and effective July 1, 2027, an awarding authority must require reporting on all newly executed construction contracts.

Although not a budget request requirement, institutions of higher education, Department of Enterprise Services, Department of Natural Resources, State Parks and Recreation Commission, Department of Fish and Wildlife, the Department of Transportation, and any other state agency that receives capital budget appropriations for the following types of projects larger than 100,000 square feet (for 2025) need to submit data (see below) about each covered product (see below) used before substantial completion:

Types of "covered" projects

- A construction project larger than 50,000 gross square feet as defined in the Washington state building code, chapter 51-50 WAC
- A building renovation project where the cost is greater than 50 percent of the assessed value and the project is larger than 50,000 gross square feet of occupied or conditioned space as defined in the Washington state building code, chapter 51-50 WAC

Data required

- Product quantity
- A current environmental product declaration
- Health product declaration, if any, completed for the product
- Manufacturer name and location, including state or province and country
- Supplier code of conduct if any
- Office of Minority and Women's Business Enterprises certification if any

Covered product

- Structural concrete products, including ready mix, shotcrete, precast, and concrete masonry units
- Reinforcing steel products, specifically rebar and posttensioning tendons
- Structural steel products, specifically hot rolled sections, hollow sections, metal deck, and plate
- Engineered wood products, such as cross-laminated timber per ANSI form no. PRG 320, glulam beams, laminated veneer lumber, parallel strand lumber, dowel laminated timber, nail laminated timber, glulam laminated timber, prefabricated wood joists per ASTM D5055, wood structural panel per product standard 1 or product standard 2, solid sawn lumber per product standard 20, structural composite lumber per ASTM D5456, and structural sawn lumber

For more specific information, see Chapter 344, Laws of 2024.

5.6 Transfers

Subject to certain restrictions, the Governor, through OFM, may transfer project savings to another project (or minor project) for which the appropriation is insufficient (RCW 43.88.145). An agency may request such a transfer by submitting a letter to OFM. No expenditures may be incurred prior to OFM approval of the transfer request and allotment schedule.

5.7 Status updates for reports and studies funded by the budget

Please check in quarterly with your capital budget analyst to update them on reports and studies funded by the capital budget. This update should identify any risks to the successful, on-time completion of the study or report. For cabinet agencies, at least two weeks must be included in the project schedule for OFM budget and Governor's Office policy review. Please submit completed reports and studies to PolicyEXO@ofm.wa.gov.

5.8 Life cycle cost analysis and life cycle cost tool

These life cycle cost analysis tools use a Washington-specific discount rate to estimate the present value of future costs. This rate is updated annually and is identified in both Excel workbooks available on OFM's website.

During predesign

For predesign projects, agencies must use OFM's life cycle cost analysis model to compare the long-term costs of project alternatives (LCCM, RCW 39.35B.050). This model evaluates the tradeoff over time from increased capital investment in the purchase and/or construction of facilities. Please refer to the predesign manual for more information. The model and instructions are available on OFM's website.

During design, construction, and project close

After a project enters the design phase, agencies must use OFM's life cycle cost tool (LCCT) to demonstrate how the building design contributes to energy efficiency and conservation. The LCCT is required for facilities with an area of 5,000 square feet or greater (Executive Order 13-03). The LCCT evaluates the tradeoff over time from increased initial capital investment in high-performance energy system components that may include, but are not limited to, the building envelope, HVAC system, water-using fixtures and/or lighting. OFM will not allot construction

funds until the analysis is completed. The tool, instructions and training webinars are located on OFM's forms page.

5.9 State efficiency and environmental performance executive order

The state efficiency and environmental performance executive order requires, subject to available funding, newly constructed, state-owned (including lease purchase) buildings be designed as zero energy or zero-energy capable and include consideration of embodied carbon. In unique situations where a cost effective zero-energy building is not yet technically feasible, buildings must be designed to exceed the current state building code for energy efficiency to the greatest extent possible (Executive Order 20-01). The State Efficiency and Environmental Performance Office provides guidance on zero energy projects through the Zero Energy Toolkit.

Since most state facilities are currently operating below their maximum feasible energy efficiency, agencies must also adopt and implement plans to reduce energy use in state-owned facilities. In most cases, agencies will choose to adopt tools to improve energy efficiency, operations, process management, and occupant behavior in the short term, while accelerating planning for deep facility retrofits and new construction in future years.

5.10 Environmental performance of construction materials

To accelerate the reduction of embodied carbon and improve the environmental performance of construction materials, agencies shall, whenever possible, review and consider embodied carbon reported in environmental product declarations when evaluating proposed structural materials for construction projects.

5.11 Sustainable standards

Any building project that receives over $10 million in funding from the capital budget must be built to sustainable standards. "Sustainable building" means a building that integrates and optimizes all major high-performance building attributes, including energy efficiency, durability, life-cycle performance, and occupant productivity, and minimizes greenhouse gas emissions.

5.12 Clean buildings standard

On May 7, 2019, Governor Inslee signed into law House Bill 1257, commonly referred to as the Clean Buildings law. The Clean Buildings standard will apply to Tier 1 buildings, which are large non-residential buildings, including state agency facilities, greater than 50,000 square feet in floor area.

On March 25, 2022, Governor Inslee signed into law Senate bill 5722, which creates new Tier 2 buildings, which are multifamily residential, nonresidential, hotel motel and dormitory buildings exceeding 20,000 square feet in floor area and multifamily residential buildings with floor areas equal to or exceeding 50,000 square feet.

The objective of these laws is to lower costs and pollution from fossil fuel consumption in the state's existing building stock.

Tier 1 buildings. The law required that the Department of Commerce develop and implement an energy performance standard for Tier 1 buildings and provide incentives to encourage efficiency improvements. State agencies are eligible to participate in the incentive program if their buildings

meet criteria required to participate. While mandatory compliance with the standard does not start until 2026, agencies should plan for how they will comply with these standards and submit associated budget requests, as several biennia of improvements may be necessary.

Staged compliance timeline for Tier 1 buildings:

- June 1, 2026, for buildings over 220,000 square feet,
- June 1, 2027, for buildings over 90,000 square feet but less than 220,000 square feet, and
- June 1, 2028, for buildings over 50,000 square feet but less than 90,000 square feet.

Tier 2 buildings. This new law requires that Commerce develop reporting requirements for covered Tier 2 buildings including benchmarking, operations and maintenance planning and energy management planning. Reporting requirements will become effective in 2027 for Tier 2 buildings. Tier 2 buildings, including state-owned facilities, are also able to participate in an incentive program starting in 2025.

5.13 Expected use of bond proceeds and certificates of participation

OFM staff will contact agencies to answer a set of questions for the Office of the State Treasurer (OST) once the budget is enacted, to help verify that individual projects are eligible for funding from tax exempt bonds or certificates of participation, both of which are subject to IRS rules.

5.14 Bond fund cash flow plans

OST conducts a regular survey to collect updated information on agency cash flow needs. This assists in planning future bond sales. Requested agencies must complete and return the bond fund cash flow estimates form, expected use of proceeds form, and any supporting materials to OST by the due date.

Chapter 6

SUPPORT AND CONTACT INFORMATION

6.1 CBS support

For assistance in using the Capital Budgeting System (CBS), a user tutorial and job aids are located at here.

Direct questions to the OFM Help Desk by telephone (360) 407-9100 or email HereToHelp@ofm.wa.gov.

6.2 Other contacts

Art allocation
Mike Sweney, Washington State Arts Commission, (360) 228-4080

Growth Management Act compliance/local government contacts
David Andersen, Department of Commerce, (509) 434-4491

Bond fund cash flow plans
Leslie Yonkers, Office of the State Treasurer, (360) 902-9024

Certificates of participation (COP)
Brianna May, Office of the State Treasurer, 360-902-9022

Archaeological and cultural resources
Dr. Rob Whitlam, Department of Archaeology and Historic Preservation, (360) 890-2615

Building commissioning, energy services and LEED™
Engineering and Architectural Services, Department of Enterprise Services, (360) 902-7272

Puget Sound recovery
Sheridan Tabor, Puget Sound Partnership, (360) 706-4955

Recreation and Conservation Office grant programs
Mark Jarasitis, Recreation and Conservation Office, (360) 902-3006

Office of the Chief Information Officer ociopolicy@ocio.wa.gov

Clean Buildings, Department of Commerce buildings@commerce.wa.gov

SEEP and Zero Energy Buildings Zero Energy Toolkit, hanna.waterstrat@commerce.wa.gov

Chapter 7

HIGHER EDUCATION CAPITAL PROJECT EVALUATION SYSTEM

7.1 Higher education scoring - background and updates

Chapter 43.88D RCW mandates a process for evaluating and scoring capital project requests by the state's four-year higher education institutions. The law highlights the importance of strategic planning in the facility prioritization process, stating that the process must emphasize "objective analysis, a statewide perspective, and a strategic balance among facility preservation, new construction, and innovative delivery mechanisms."

The statute requires a transparent and objective system that gives four-year institutions the opportunity to articulate their capital facility needs while enabling decision makers to identify tradeoffs and make the best strategic choices.

New **The 2023-25 capital budget suspended the higher education scoring process** for the 2023-25 and the 2025-27 biennia. Instead of these requirements, **the public four-year institutions of higher education must submit additional supporting information for major project funding requests for the 2025-27 biennium**, to be submitted as attachments along with the institution's capital budget requests due by **Tuesday**, **September 10, 2024**.

1. Space efficiency
   a. Space utilization – "Availability of Space" tab
   b. Efficiency of space – "Efficiency of Space Allocation" tab
2. Reasonableness of project cost – "Reasonableness of Cost" tab
3. Building/facility condition – "Condition of Building" tab
4. Enrollment growth/anticipated impacts of the requested major projects on projected degree totals – "Enrollment Growth" tab

See additional details on each element below. For questions, contact Kelsey Rote, Capital Budget Advisor to the Governor, OFM.

7.2 Project proposal submittal guidelines

Submittal instructions and due date

As attachments within CBS alongside agency budget requests, please submit the following for each project expected to have a cumulative total project cost (predesign through construction) of more than $2 million:

Space utilization. Identify the average number of hours per week that each classroom seat and classroom lab is expected to be utilized in fall 2024 on the proposed project's campus. If the campus does not meet the utilization standards of 22 hours per classroom seat and/or the 16 hours per class lab, describe any institutional plans for achieving that level of utilization. Fall 2024 utilization should be estimated by increasing the fall 2023 actual enrollment by the fiscal growth factor by which the 2024-25 academic year state-supported enrollments is budgeted.

Building condition. Provide the facility's most recent condition score (1 superior–5 marginal functionality) in the 2016 Comparable Framework study and summarize the major structural and systems conditions that resulted in that score. Attach any necessary supporting documentation to your CBS submittal.

*For renovation projects only, identify whether the building is on the Washington Heritage Register, and if so, summarize its historic significance.

Efficiency of space allocation. For each major function in the proposed facility (classroom, instructional labs, offices), identify whether space allocations will be consistent with the Facility Evaluation and Planning Guide (FEPG) assignable square feet standards. If any proposed allocations exceed FEPG standards, explain the alternative standard that has been used and why.

Example: efficiency of space allocation – FEPG standard

FEPG room classification number	FEPG room classification type	Project ASF per station	FEPG standard	Meets standard (Y/N)	Comments
110	Classroom	20	16-26	Y	
110	Classroom	30	16-26	N	Exceeds standards due to programmatic need for demonstration space
210	Class lab – physical science	70	40-90	Y	
215	Class lab – services			N/A	Sized appropriately to serve two labs
230	Computer lab	45	60	N	Falls below FEPG guideline, but meets programming needs
250	Research lab	80		N/A	Sized for research program needs
255	Research lab – service			N/A	Sized appropriately to serve research labs
311	Faculty office	140	140	Y	
311 & 312	Faculty chair office	175	175	Y	
311 & 312	Dean's office	200	200	Y	
313	Student assistants	140 per 4	140 per 2 min.	Y	4 student assistants = 2 FTEs
314	Clerical office	140	140	Y	2 FTEs
315	Office service, clerical station	100	100	Y	2 FTEs
316 & 317	Staff & other office	120	120	Y	
350	Conference room	300	310	N	Total SF shown; FEPG = total office area/12; project SF insignificant amount below standards, still meets FEPG guideline of 20 SF per station
610	Auditorium/ lecture hall	20	15-16	N	Additional SF needed to meet ADA requirements due to site conditions
FEPG room classification number	FEPG room classification type	Project ASF per station	FEPG standard	Meets standard (Y/N)	Comments
760	Hazardous material storage		As appropriate by code	N/A	Sized appropriately to serve labs
770	Hazardous waste storage		As appropriate by code	N/A	Sized appropriately to serve labs

Identify the (a) assignable square feet in the proposed facility; (b) the gross square feet; and (c) the net building efficiency ("a" divided by "b").

Reasonableness of cost. Provide detailed cost estimates for the entire project, regardless of fund source. Complete and attach the Excel C-100 form for each project. If project costs exceed OFM cost standards (see Chapter 5 for reference), provide a description of any building or system alternatives that are expected to result in significant operational savings. Selected systems alternatives for which a life-cycle cost analysis shows net present savings over baseline options may receive additional points.

Enrollment growth. Identify the estimated number of additional FTE students the project is expected to enable the institution to serve when the space is fully occupied. Describe the method by which additional FTEs are calculated, including an analysis of probable student enrollment demand from project completion to full occupancy. Also provide an estimate of the number of additional FTE enrollments in high-demand fields and the fields in which such growth is expected to occur. Per RCW 43.88D.010(1)(a), growth projects must also demonstrate that they can more cost- effectively provide enrollment access than alternatives such as university centers and distance learning.

7.3 Project cost standards

Expected project cost range in January 2019 dollars

The following expected maximum allowable construction cost (MACC) per square foot for program types are from the 2019 Higher Education Facilities Study, prepared by NAC Architecture and Ayers Saint Gross.

Program type	Number of data points	Standard deviation	Expected MACC/GSF
Classrooms	31	99.84	$405
Instructional labs	34	99.43	$397
Research labs	8	136.36	$545
Administration	38	96.44	$406
Libraries	5	64.97	$340
Athletic	3	81.53	$385
Assembly, exhibit, and meeting rooms	8	68.85	$428

Construction cost index 2024

The construction cost index is based on the S&P Global Market Intelligence February 2024 U.S. Economic Outlook and is to be used for adjusting the expected costs from January 2019 to the mid-construction date for comparison to project estimates. Please see the "Construction Cost Index" tab in the higher education Excel file attachment.

Adjustment of expected cost ranges

Institutions should use the Reasonableness of Cost tab to calculate the expected weighted-average cost of the proposed project at the mid-point of construction.

Here is an example of how to determine the expected cost range for a specific project:

Facility Type: Classrooms

Construction Dates:

Start: August 2025

End: December 2027

Midpoint: October 2026 (calculated)

Construction Index for Midpoint: 1.4509 (from index tab)

Expected MACC in 2019 dollars: $405 (from expected cost range table above)

Expected MACC at construction midpoint: $588 ($405*1.4509)

Chapter 8

PREDESIGN MANUAL

8.1 About the predesign

Purpose of the capital project predesign

The Office of Financial Management (OFM) is required by RCW 43.88.110(5) to institute procedures for reviewing capital projects proposed by state agencies. A predesign is one step in a comprehensive review and funding process for state agency capital construction.

The intent of a predesign is to explore alternatives for proposed capital projects. The predesign should assess which alternative best addresses the problem, opportunity, or program requirement and at what cost, generally at less than schematic-level design information. Decision makers in the Governor's Office, OFM and the Legislature use this information to determine whether the project should proceed toward design and construction.

Predesign basics

It is highly recommended that agencies schedule an initial scoping meeting with their OFM capital budget analyst and predesign consultant (if selected) to confirm the predesign requirements and expectations for the project. To ensure that major construction projects are carried out in accordance with legislative and executive intent, design and construction appropriations may not be expended or encumbered until OFM has reviewed and approved the agency's predesign.

Predesigns are required for all capital construction projects:

- Valued over $10 million, or
- Select projects valued at under $10 million may also be required to complete predesigns under certain circumstances (i.e., high risk or identified in the Capital Budget).

  Note: For projects under $10 million that involve: (a) housing of new state programs, (b) a major expansion of existing state programs or (c) relocation of state agency programs, agencies must submit a modified predesign to OFM's Facilities Oversight program. This includes the consolidation of multiple state agency tenants into one facility, as directed by 43.82.035 RCW Information about the modified predesign is available on OFM's facilities webpage. Projects that meet the capital requirements for predesign on major facility projects with an estimated project cost of $10 million or more are not required to also prepare a modified predesign (the MPD form).Information about the modified predesign is available on OFM's facilities webpage. Projects that meet the capital requirements for predesign on major facility projects with an estimated project cost of $10 million or more are not required to also prepare a modified predesign (the MPD form).

If an appropriation for a predesign is included in the budget, the predesign scope must align with any associated budget provisos. Agencies undertaking a predesign without an appropriation should coordinate with their capital budget analyst.

OFM has authority to make exception to some of the predesign requirements but must report any exceptions to the fiscal committees of the Legislature with a justification. Contact your capital budget analyst for approval early in the predesign process if your agency believes one or more elements of the

predesign will not add value for decision makers or if there are other compelling reasons that may warrant an exception.

Predesign submittal

For projects to qualify for design consideration in the capital budget, submit the predesign no later than July 1 of even-numbered years, as required in the capital budget instructions. If predesign and design are funded in the same biennium, OFM will not release the allotment for design of the project until the predesign is approved (RCW 43.88.110).

- If the predesign is below the 20 MB restriction for email, email it to ofm.budget@ofm.wa.gov, your OFM capital budget analyst.
- For agencies *within the State Government Network (SGN)*, larger files should be copied to OFM's FTP site by pasting the following address into File Explorer (not a browser) – "ftp://ftp.ofm.wa.gov/OFM/Capital Budget Submittals." Please notify your capital budget analyst as files are posted on the FTP site as it is not monitored year-round.
- For agencies *not within the SGN*, files larger than 20 MB can be placed on an agency FTP site for download or mailed on a thumb drive to OFM at the following address:

  Office of Financial Management
  Capital Budget
  P.O. Box 43113
  Olympia, WA 98504-3113

Predesign review and approval

After receiving a predesign, OFM will review the document to ensure that projects are carried out in accordance with this predesign manual and the direction provided in the capital budget. OFM may require changes or additional information before approval. Agencies should make an appropriate allowance in their consultant contracts for the time involved in the OFM review and approval process. Approval of the completed predesign does not guarantee additional appropriation for design or construction.

To facilitate the approval process, we recommend agencies meet with OFM and legislative staff to present a high-level summary of their predesign and to answer any preliminary questions. Agencies should contact their capital budget analyst to schedule this meeting.

Please note that the purpose of a predesign is to explore alternatives for proposed capital projects. Predesigns also provide professional cost estimates to inform appropriation amounts. If a predesign is completed several biennia before design funding is appropriated, it may have limited value for decision makers. In some cases, agencies may be required to complete additional analysis if the predesign for a project is more than two biennia old, or less in areas experiencing rapid market changes.

8.2 Contents of a predesign

A predesign should include the content detailed in this section. Contact a capital budget analyst early in the predesign process if specific content detailed below will not aid decision makers in assessing which alternative best addresses the problem, opportunity or program requirement. OFM will approve limited scope predesigns on a case-by-case basis.

Executive summary

Summarize the problem, opportunity, or program requirements; alternatives considered; preferred alternative; and why that alternative was selected. Include basic project cost information.

Problem statement

A. Identify the problem, opportunity or program requirement addressed by the project and how it will be accomplished.
B. Identify and explain the statutory or other requirements that drive the project's operational programs and how these affect the need for space, location, or physical accommodations. Include anticipated caseload projections (growth or decline) and assumptions, if applicable.
C. Explain the connection between the agency's mission, goals, and objectives; statutory requirements; and the problem, opportunity, or program requirement.
D. Describe in general terms what is needed to solve the problem.
E. Include any relevant history of the project, including previous predesigns or budget funding requests that did not go forward to design or construction.

Analysis of alternatives (including the preferred alternative)

A. Describe all alternatives that were considered, including the preferred alternative. Alternatives may include collocation, renovation, leased space, purchase, new construction, or other options explored. Include the following:
    i. A no action alternative. Describe the programmatic outcome of not addressing the problem or opportunity. Do the problems which were driving the project still exist? Are the necessary technologies available to meet the project objectives within the proposed project funding and timeline?
    ii. The advantages and disadvantages of each alternative. Include a high-level summary table with your analysis that compares the alternatives, including the anticipated cost for each alternative.
    iii. Cost estimates for each alternative.
        a. Provide enough information so decision makers have a general understanding of the project costs.
        b. To compare the life cycle cost of different alternatives, use OFM's Life Cycle Cost Model (LCCM, RCW 39.35B.050). Include the completed life cycle cost summary as an appendix. OFM's LCCM is the only authorized tool for the completion of this section because it provides a standard methodology and set of assumptions for state agency facility construction.

            Note: In addition to the LCCM, there are two other additional life cycle cost analysis tools maintained by the state, the Life Cycle Cost Tool (LCCT) maintained by the OFM and the Energy Life Cycle Cost Analysis (ELCCA) maintained by the DES Energy Program. Although these two tools are not required for predesign, they are required in the early stages of in design phase for state agency facility construction projects. Consider incorporating these tools in predesigns where the focus of the project is the replacement of building systems.

            1) OFM's Life Cycle Cost Tool (LCCT) is used for the design of facilities with an area of 5,000 square feet or greater (Executive Order 13-03) to demonstrate how the building design contributes to energy efficiency and conservation. The tool, instructions and training webinars are available at OFM's forms webpage.

2) The DES Energy Program's Energy Life Cycle Cost Analysis (ELCCA) is required for projects over 25,000 square feet (RCW 39.35.050). This tool evaluates energy-using systems such as heating, cooling, lighting, building envelope and domestic hot water.

iv. Schedule estimates for each alternative. Estimate the start, midpoint, and completion dates.

Detailed analysis of preferred alternative

A. Describe the preferred project alternative in detail, including the following:
   i. Nature of space. How much of the proposed space will be used for what purpose (e.g., office, lab, conference, classroom, etc.).
   ii. Occupancy numbers.
   iii. Basic configuration of the building, including square footage and the number of floors.
   iv. Space needs assessment. Compare the project space needs to currently recognized space planning guidelines and identify the guidelines used. These may include
      a. OFM's Statewide Space Use Guidelines.
      b. For four-year higher education facilities, Facilities Evaluation and Planning Guide.
      c. For community and technical colleges, the Facilities Coding Manual for space use coding, the Capital Analysis Model (6.70 Facility Guidelines), and Policy Manual and Guidelines on Utilization of Classrooms and Labs.

B. Site analysis
   i. Identify site studies that are completed or underway and summarize their results. These studies may include:
      a. Phase 1 environmental survey assessment
      b. Geotechnical assessment
      c. Transportation or traffic study

      Please be prepared to provide these documents upon request.
   ii. Provide the following:
      a. Location.
      b. Building footprint and its relationship to adjacent facilities and site features. Provide an aerial view, sketches of the building site and basic floor plans.
      c. Water rights and water availability.
      d. Stormwater requirements.
      e. For projects including proposed land acquisition, please attach a title report including legal description and analysis of easements as an appendix to the predesign document. Please also detail any acquisition issues.
      f. Property setback requirements.
      g. Potential issues with the surrounding neighborhood, during construction and ongoing once operational.
      h. Utility extension or relocation issues.
      i. Potential environmental impacts:
         (i) Green space and natural amenities that need to be preserved or accorded special treatment.
         (ii) Required or potential site mitigation, including history of possible contamination.
         (iii) Wetlands and shoreline impacts, including a wetlands delineation and the need to fill wetlands.
         (iv) Shoreline jurisdiction issues.
         (v) Requirements for the State Environmental Policy Act, National Environmental Policy Act, or an environmental impact statement.

(vi) Other regulatory requirements, such as hydraulic project approval and U.S. Army Corps of Engineers permits.

j. Parking and access issues, including improvements required by local ordinances, local road impacts and parking demand.

k. Impact on surroundings and existing development with construction lay-down areas and construction phasing.

C. Identify whether the proposed project is consistent with applicable long-term plans (such as Thurston County and Capitol campus master plans and agency or area master plans) as required by RCW 43.88.110. Please be prepared to provide pertinent documentation submitted to planning authorities.

D. Consistency with other laws and regulations. Provide documentation that indicates the preferred option is consistent with the following:

i. High-performance public buildings (Chapter 39.35D RCW). All state-funded buildings 5,000 square feet or more must be designed, constructed, and certified to the LEED™ silver standard at a minimum.

ii. The state efficiency and environmental performance (SEEP) executive order requires, subject to available funding, newly constructed state-owned (including lease purchase) buildings be designed as zero energy or zero energy capable and include consideration of embodied carbon. In unique situations where a cost-effective, zero energy building is not yet technically feasible, buildings must be designed to exceed the current state building code for energy efficiency to the greatest extent possible (Executive Order 20-01). For questions about SEEP or zero energy buildings, please visit the Zero Energy Toolkit or contact SEEP Director Hanna Waterstrat at hanna.waterstrat@commerce.wa.gov.

iii. Proposed building projects over 20,000 gross square feet must follow the state energy standards for clean buildings, per RCW 19.27A.210.

a. Tier 1 Buildings: non-residential buildings, including state agency facilities, greater than 50,000 square feet in floor area. State agencies are eligible to participate in the incentive program if their buildings meet criteria required to participate. While mandatory compliance with the Standard does not start until 2026, agencies should plan for how they will comply with these standards and submit associated budget requests, as several biennia of improvements may be necessary.

b. Tier 2 Buildings: multifamily residential, nonresidential, hotel, motel and dormitory buildings exceeding 20,000 square feet in floor area but less than 50,001 square feet and all multifamily residential buildings with floor areas equal to or exceeding 50,000 square feet. This new law requires that Commerce develop reporting requirements for covered Tier 2 buildings including benchmarking, operations and maintenance planning and energy management planning. Reporting requirements will become effective in 2027 for Tier 2 buildings. Tier 2 buildings, including state-owned facilities, are also able to participate in an incentive program starting in 2025. For more information, see Commerce's website or contact buildings@commerce.wa.gov.

iv. Compliance with required vehicle charging capability for new buildings that provide on-site parking (RCW 19.27.540).

v. Greenhouse gas emissions reduction policy (RCW 70A.45.050), including consideration of:

a. The state's limits on the emissions of greenhouse gases established in

b. Statewide goals to reduce annual per capita vehicle miles traveled by 2050, in accordance with RCW 47.01.440, except that the agency shall consider whether project locations in rural counties, as defined in RCW 43.160.020, will maximize the reduction of vehicle

miles traveled; and

c. Applicable federal emissions reduction requirements.

vi. Archeological and cultural resources (and Section 106 of the National Historic Preservation Act of 1966). Agencies must consult with DAHP and affected tribes on the potential effects of projects on cultural resources and historic properties proposed in state-funded construction or acquisition projects, including grant or pass-through funding that culminates in construction or land acquisitions. Consultation with the department of archaeology and historic preservation and affected tribes must be initiated early in the project planning process, prior to construction or taking title. Agencies must attach a letter from DAHP confirming that the proposed capital project was reviewed. (Some agencies may have an exemption from this requirement from DAHP.) If the request is a grant that contains multiple subprojects, ensure that this requirement is contained in the application process or the contract. Contact Dr. Rob Whitlam at DAHP (360) 890-2615 for assistance. Please allow DAHP a minimum of 30 days for review. If mitigation is anticipated, please ensure it is worked into the project schedule and budget.

vii. Americans with Disabilities Act implementation (Executive Order 96-04).

viii. Compliance with planning under Chapter 36.70A RCW, as required by RCW 43.88.0301.

ix. Information required by RCW 43.88.0301(1).

x. Other codes or regulations.

E. Identify problems that require further study (for example, environmental contaminants, traffic studies or IT or other infrastructure challenges). Evaluate identified problems to establish probable costs and risk.

F. Identify significant or distinguishable components, including major equipment and ADA requirements in excess of existing code.

G. Identify planned technology infrastructure and other related IT investments that affect the building plans. Contact the Office of the Chief Information Officer (OCIO) at ocio@policy.wa.gov to coordinate IT requirements. Some projects may require oversight by OCIO and the Technology Services Board. See RCW 43.88.092 and 43.105.205 (for higher education).

H. Identify any site-related security measures such as setbacks, lighting, etc. and/or physical security measures such as security systems, barrier protection, etc. for the project.

I. Describe planned building commissioning to ensure systems function as designed.

J. Describe any future phases, plans or other facilities that will affect this project, including impacts to current lease contracts. Include detail on the need to backfill space or cost assumptions for vacant space.

K. Project management and delivery method alternatives considered.

v. Provide a comparative discussion of the pros and cons of the project delivery methods considered for this project and offer a recommendation of proposed procurement method for the preferred alternative. The delivery methods considered could include design-build, phased construction, general contractor/construction manager (GC/CM) or conventional design/bid/build (DBB). The proposed method of project delivery must be justified.

(a) For design-build, link the justification to RCW 39.10.300 for uses, RCW 39.10.320 requirements and RCW 39.10.330 for process.

(b) For GC/CM, link the justification to the requirements in RCW 39.10.340 for uses, RCW 39.10.350 for requirements and RCW 39.10.360 for process.

vi. Describe how the project will be managed within the agency:

(a) Identify roles and responsibilities for the project.

(b) Identify in-house staffing requirements for the proposed project.

(c) Identify consultant services, DES resources or additional staff needed to manage the project.

L. Schedule

vii. Provide a high-level milestone schedule for the project, including key dates for budget approval, design, bid, acquisition, construction, equipment installation, testing, occupancy and full operation.

viii. Incorporate value-engineering analysis and constructability review into the project schedule, as required by RCW 43.88.110(5)(c).

ix. Describe factors that may delay the project schedule, such as an environmentally sensitive location, possible presence of archaeological or historical assets, or possible contamination of the site or buildings undergoing renovation.

x. Describe the permitting or local government ordinances or neighborhood issues (such as location or parking compatibility) that could affect the schedule.

xi. Identify when the local jurisdiction will be contacted and whether community stakeholder meetings are part of the process.

Project budget analysis for the preferred alternative

A. Cost estimate. Provide the following:

i. Major assumptions used in preparing the cost estimate
ii. Summary table of Uniformat II Level 2 cost estimates
iii. The C-100 in Excel

B. Proposed funding

i. Identify the fund sources and expected receipt of the funds.
ii. If alternatively financed, such as through a Certificate of Participation (COP), provide the projected debt service and fund source. Include the assumptions used for calculating finance terms and interest rates. For assistance, please contact Brianna May, Office of the State Treasurer, 360-902-9022 or email.

C. Facility operations and maintenance requirements

i. Define the anticipated impact of the proposed project on the operating budget for the agency or institution. Include maintenance and operating assumptions (including FTEs) and moving costs.
ii. Show five biennia of capital and operating costs from the time of occupancy, including an estimate of building repairs, replacement, and maintenance.
iii. Identify the agency responsible for ongoing maintenance and operations, if not maintained by the owner.

D. Furniture, fixtures, and equipment. Clarify whether furniture, fixtures and equipment are included in the project budget. If not included, explain why.

8.3 Appendices

Appendix 1: Predesign checklist and outline

A predesign should include the content detailed here. OFM will approve limited scope predesigns on a case-by-case basis.

Executive summary

Problem statement, opportunity, or program requirement

☐ Identify the problem, opportunity, or program requirement that the project addresses and how it will be accomplished.

- ☐ Identify and explain the statutory or other requirements that drive the project's operational programs and how these affect the need for space, location, or physical accommodations. Include anticipated caseload projections (growth or decline) and assumptions, if applicable.
- ☐ Explain the connection between the agency's mission, goals, and objectives; statutory requirements; and the problem, opportunity, or program requirements.
- ☐ Describe in general terms what is needed to solve the problem.
- ☐ Include any relevant history of the project, including previous predesigns or budget funding requests that did not go forward to design or construction.

Analysis of alternatives (including the preferred alternative)

- ☐ Describe all alternatives that were considered, including the preferred alternative. Include:
- ☐ A no action alternative.
- ☐ Advantages and disadvantages of each alternative. Please include a high-level summary
- ☐ table with your analysis that compares the alternatives, including the anticipated cost for each alternative.
- ☐ Cost estimates for each alternative:
- ☐ Provide enough information so decision makers have a general understanding of the costs.
- ☐ Complete OFM's Life Cycle Cost Model (RCW 39.35B.050).
- ☐ Schedule estimates for each alternative. Estimate the start, midpoint, and completion dates.

Detailed analysis of preferred alternative

- ☐ Nature of space – how much of the proposed space will be used for what purpose (i.e., office, lab, conference, classroom, etc.)
- ☐ Occupancy numbers.
- ☐ Basic configuration of the building, including square footage and the number of floors.
- ☐ Space needs assessment. Identify the guidelines used.
- ☐ Site analysis:
  - ☐ Identify site studies that are completed or under way and summarize their results.
  - ☐ Location.
  - ☐ Building footprint and its relationship to adjacent facilities and site features. Provide aerial view, sketches of the building site and basic floorplans.
  - ☐ Water rights and water availability.
  - ☐ Stormwater requirements.
  - ☐ Ownership of the site, easements, and any acquisition issues.
  - ☐ Property setback requirements.
  - ☐ Potential issues with the surrounding neighborhood, during construction and ongoing.
  - ☐ Utility extension or relocation issues.
  - ☐ Potential environmental impacts.
  - ☐ Parking and access issues, including improvements required by local ordinances, local road impacts and parking demand.
  - ☐ Impact on surroundings and existing development with construction lay-down areas and construction phasing.
  - ☐ Consistency with applicable long-term plans (such as the Thurston County and Capitol campus master plans and agency or area master plans) as required by RCW 43.88.110.

- ☐ Consistency with other laws and regulations:
  - ☐ High-performance public buildings (Chapter 39.35D RCW).
  - ☐ State efficiency and environmental performance, if applicable (Executive Order 20-01).
  - ☐ State energy standards for clean buildings (RCW 19.27A.210).
  - ☐ Compliance with required vehicle charging capability for new buildings that provide on-site parking (RCW 19.27.540).
  - ☐ Greenhouse gas emissions reduction policy (RCW 70.235.070).
  - ☐ Archeological and cultural resources (Executive Order 21-02 and Section 106 of the National Historic Preservation Act of 1966). If mitigation is anticipated, please note this in the predesign with narrative about how mitigation is worked into the project schedule and budget.
  - ☐ Americans with Disabilities Act (ADA) implementation (Executive Order 96-04).
  - ☐ Compliance with planning under Chapter 36.70A RCW, as required by RCW 43.88.0301.
  - ☐ Information required by RCW 43.88.0301(1).
  - ☐ Other codes or regulations.
- ☐ Identify problems that require further study. Evaluate identified problems to establish probable costs and risk.
- ☐ Identify significant or distinguishable components, including major equipment and ADA requirements in excess of existing code.
- ☐ Identify planned technology infrastructure and other related IT investments that affect the building plans.
- ☐ Identify any site-related and/or physical security measures for the project.
- ☐ Describe planned commissioning to ensure systems function as designed.
- ☐ Describe any future phases or other facilities that will affect this project, including impacts to current lease contracts. Include detail on the need to backfill space or cost assumptions for vacant space.
- ☐ Provide a comparative discussion of the pros and cons of the project delivery methods considered for this project and offer a recommendation of proposed procurement method for the preferred alternative. The proposed method of project delivery must be justified.
- ☐ Describe how the project will be managed within the agency.
- ☐ Schedule.
- ☐ Provide a high-level milestone schedule for the project, including key dates for budget
- ☐ approval, design, bid, acquisition, construction, equipment installation, testing, occupancy and full operation.
- ☐ Incorporate value-engineering analysis and constructability review into the project schedule, as required by RCW 43.88.110(5)(c).
- ☐ Describe factors that may delay the project schedule.
- ☐ Describe the permitting or local government ordinances or neighborhood issues (such as location or parking compatibility) that could affect the schedule.
- ☐ Identify when the local jurisdiction will be contacted and whether community stakeholder meetings are a part of the process.

Project budget analysis for the preferred alternative

- ☐ Cost estimate.
  - ☐ Major assumptions used in preparing the cost estimate.
  - ☐ Summary table of Uniformat Level II cost estimates.
  - ☐ The C-100.
- ☐ Proposed funding.
  - ☐ Identify the fund sources and expected receipt of the funds.
  - ☐ If alternatively financed, such as through a COP, provide the projected debt service and fund source. Include the assumptions used for calculating finance terms and interest rates.
- ☐ Facility operations and maintenance requirements.
  - ☐ Define the anticipated impact of the proposed project on the operating budget for the agency or institution. Include maintenance and operating assumptions (including FTEs) and moving costs.
  - ☐ Show five biennia of capital and operating costs from the time of occupancy, including an estimate of building repair, replacement, and maintenance.
  - ☐ Identify the agency responsible for ongoing maintenance and operations, if not maintained by the owner.
- ☐ Clarify whether furniture, fixtures and equipment are included in the project budget. If not included, explain why.

Predesign appendices

- ☐ Completed Life Cycle Cost Model.
- ☐ A letter from DAHP.
- ☐ Title report for projects including proposed acquisition.

Appendix 2: Glossary

Acquisition. This type of project includes the acquisition of land, structures, and buildings. These are fixed assets that have no relationship to the addition or improvement to, or the repair or replacement of, existing fixed assets. Examples of an acquisition are the purchase of a tract of land or a building.

Alternate financing. Proposals that cover a wide range of financial contracts that call for the development or use of space by state agencies through a contractual arrangement with a developer or financing entity. Financing may involve the sale of debt obligations (certificates of participation, or COPs, through the State Treasurer) or funding from a private developer. Title to the property involved may transfer to the state either upon exercise of an option or at the termination of the contract.

Constructability review. A review by an independent consultant or contractor to determine if a project can be physically built as designed. This is to reduce construction change orders and claims. Conduct this review at 75–95 percent completion of the construction documents.

Consultant. A person or entity who provides advice or services to an agency/institution.

Contractor. A person, firm, or corporation who, in the pursuit of an independent business, undertakes or submits a bid to construct, alter, repair, add to, subtract from, improve, move, or

demolish any building, excavation or other structure, project, development or improvement attached to real estate or to do any part thereof.

Design/bid/build. A method of project delivery subject to provisions in Chapter 39.04 RCW in which the agency/institution contracts directly with a single entity responsible for the design of a project and competitively bids the construction services for the construction project.

Design/build. A method of project delivery subject to provisions in Chapter 39.10 RCW in which the agency or institution contracts directly with a single entity that is responsible for both design and construction services for a construction project.

Facility. A building or other structure with at least one wall, a roof, and a permanent foundation, regardless of occupancy.

Furniture, fixture, and equipment (FF&E). The moveable furniture, fixtures, or equipment that require no permanent connection to utilities or to the structure.

General contractor. A contractor whose business operations require the use of more than two unrelated building trades or crafts whose work the contractor will superintend or do in whole or in part. A general contractor does not include an individual who does all work personally without employees or other specialty contractors as defined in this glossary. The terms "general contractor" and "builder" are synonymous.

eGeneral contractor/construction manager (GC/CM). A firm with which an agency or institution has selected and negotiated a guaranteed maximum allowable construction cost for a project. A competitive selection process is used through formal advertisement and competitive bid to provide services during the design phase that may include life cycle cost design considerations, value engineering, scheduling, cost estimating, constructability, and alternative construction options for cost savings and sequencing of work. The GC/CM acts as the construction manager and general contractor during the construction phase. The GC/CM process is subject to provisions in Chapter 39.10 RCW.

LEED™ silver standard. The U.S. Green Building Council leadership in energy and environmental design green building rating standard, referred to as silver standard.

Life cycle cost. The capital and operational cost of a construction item, system or building during its estimated useful life.

Master plan. A document setting forth the concepts and guiding principles for development of campus facilities, landscaping, and infrastructure.

Midpoint of construction. Date midway between the commencement date and substantial completion date.

Operations and maintenance (O&M) costs. The costs of the regular custodial care and repair, annual maintenance contracts, utilities, maintenance contracts and salaries of facility staff performing O&M tasks. The ordinary costs required for the upkeep of property and the restoration required when assets are damaged but not replaced. Items under O&M include the costs of inspecting and locating trouble areas; cleaning and preventive work; replacement of minor parts; power; labor; and materials.

O&M work is required to preserve or restore buildings, grounds, utilities, and equipment to their intended running condition so they can be effectively used for their intended purpose.

Phased construction. Construction that is split into multiple phases due to fund availability and/or occupancy issues, such as completing a renovation in an occupied building.

Project budget. The sum established by the agency/institution that is available for the entire project, including the construction budget; acquisition costs; costs of furniture, furnishings, and equipment; and compensation for professional services and all contingencies.

Project delivery system. Method of how an owner plans to contract a project, such as design/bid/build, design/build, GC/CM, etc.

Uniformat. A system for classifying building products and systems by functional subsystem, such as substructure, superstructure, or exterior closure.

Value engineering (VE). A systematic, orderly approach to defining a facility's required function, verifying the need for the function, and creating alternatives for providing the function at minimum life cycle cost. Value is the lowest life cycle cost to achieve the required function. VE is a problem-solving system that emphasizes the reduction of cost while maintaining the required quality and performance of the facility.

Zero-energy building. The total amount of energy used by the building on an annual basis is roughly equal to the amount of renewable energy created on site. Buildings that are zero energy capable are designed to be as efficient as zero energy buildings, so that these buildings can achieve zero energy when on site renewable energy is added in the future.

Chapter 9

GUIDELINES FOR DETERMINING ARCHITECT/ENGINEER FEES FOR PUBLIC WORKS BUILDING PROJECTS

(Effective July 1, 2025)

When budgeting for state capital projects, the estimated value of the Architectural/Engineering (A/E) Basic Services fee (See fee table) will be determined by using these fee guidelines. The guidelines are divided into three levels determined by the type and complexity of the building. They are used in the preparation of capital budget requests for Washington State agency public works building projects.

The payment of A/E fees represents some of the most important dollars spent on a project. These funds are an investment affecting both the quality and successful completion of a project. Recognizing this, calculation of a fee structure to obtain quality design at a reasonable cost presents a challenge. There are pros and cons associated with any system used to set fees, and there is great variation in the types and complexity of state construction projects.

These fee guidelines originally were the outcome of a 2014 study coordinated by the Office of Financial Management (OFM) to review other fee guidelines and identify approaches used by other states, with a follow-up study in 2022 to provide updates and adjustments. The initial study included state agencies and universities, the Washington Council of the American Institute of Architects, and the American Council of Engineering Companies of Washington. The 2022 update included engagement with state agencies, state higher education institutions, the Capital Projects Advisory Review Board, the Washington Council of the American Institute of Architects, and industry (including firms identified by Office of Minority and Women's Business Enterprises - OMWBE).

Use of the guidelines

These fee guidelines should be used in preparing capital budget requests for projects over $1,000,000 to determine the maximum amount that may be payable for A/E basic service fees in fixed price agreements and percent of construction cost agreements. The guidelines define the standard basic services (based on the definition of basic services) that should be included in each design phase of state public works projects for:

- Design/bid/build (DBB)
- GC/CM - general contractor as construction manager
- Design build – traditional (design and price competition)
- Design build – bridging documents
- Design build – progressive

They also provide further definition of what are considered reimbursable expenses, extra and other services.

For projects under $1,000,000, the fee must be based on expected services and cost of work. It is strongly recommended that agencies pay design consultant fees using this guidance as a maximum, as these fee schedules are incorporated into the C-100 cost estimating form for capital project cost estimates.

Project costs may not exceed the project's appropriation. Agencies should be prepared to justify their decision to exceed the maximum.

Percent fee compensation

The standard fee schedule has been prepared to establish a basis for determining the scope and cost of design services and to focus the attention of agencies on the quality, capability, and prior performance of the firms being selected for public works projects.

The fee schedule is used to prepare agency capital project budget requests. The actual contracts for basic services payable to the A/E shall be a negotiated fixed amount or percentage of the maximum allowable construction cost (MACC) of the projects, not including fees, licenses, permits, sales taxes, contingencies, and change orders caused by A/E errors or omissions or change orders which do not require design consultant services. Based on the specific circumstances of each project, the final negotiated fee may be above or below the guidelines shown on the schedule. In addition to the basic services fee, allowances will be negotiated for services not covered in the basic services contract.

Basic services

The project budget for A/E basic services is based on the following, as reflected in the C-100 cost estimating form:

- For design/bid/build: the maximum allowable construction cost (MACC), plus construction contingency,
- For design build: the design build equivalent of the MACC, namely the amount budgeted for construction, plus construction contingency,
- For GC/CM: the total cost of construction

The negotiated fee for A/E basic services should be based on the MACC only as shown in the A/E fee schedule. Any design services required to support work related to an expenditure from the construction contingency should be negotiated and funded as needed from the construction contingency.

Remodel design

A/E costs and effort may vary greatly between individual remodel projects of the same dollar amount. Consequently, each project will be analyzed on an individual basis. As a rule, the fee will be based on the building type classification. Generally, when program changes are significant or, if warranted by other conditions, fees noted under those schedules may be increased by up to three percent for basic services. Factors to be considered include:

- Age and character of the building
- Availability and accuracy of existing plans and specifications
- Extent and type of program revisions
- Requirement to maintain the building's existing character
- Extent of mechanical and electrical involvement

Phased construction in occupied buildings may substantially affect the construction schedule. More field observation and coordination may require consideration of additional fees beyond the basic services contract amount.

Fee modifications

It is recognized that there may be considerable variance between projects of a similar size and type that may necessitate modification of the A/E fee schedule. Circumstances where a fee modification may be appropriate include the following:

Repetitive design. Where all or part of a project is a site adaptation of a previous design, the basic services fee shall be negotiated, recognizing the reduced level of services. This usually reduces the program analysis, design, and bidding document preparation costs to an amount necessary to update the documents for site work, code revisions, etc. Reductions must be considered on a case-by-case basis.

Equipment and substantially reduced work requirements. Where a project involves a substantial amount of expensive equipment that may be relatively easy to accommodate, fees should be reduced accordingly. Likewise, any contract or modification to a contract where work requirements are substantially less than indicated by the application of a percentage fee need to be addressed separately. Projects with disproportionate elements of high cost, such as earth moving, may be relatively easy to design and fees should be reduced accordingly.

Prototype design. The initial design of a prototype facility, such as a housing unit at an institution, may not warrant a full design fee based on the previous development of the prototype. Generally, the fee for A/E basic services for all additional replications of the prototype constructed at the same time or at other locations in the future shall be calculated at 40 percent of full fees.

Contractor design. Contractor design services, such as roof trusses, pre-engineered metal buildings, fire suppression systems, controls, etc. may require less work for the consultant and their fees should be reduced accordingly. Reductions should be considered on a case-by-case basis.

Policy regarding geographic location of consultant

It is the state's policy to obtain the highest quality design services for a fair and equitable payment to the design firm. The state recognizes the investment for quality design services is directly related to a well-organized construction process and maximum functionality of the completed project. Proposals for design services will be accepted from all firms wishing to work for the state, and evaluated based on the firm's capability, competency, and experience in successfully completing similar projects.

The fee structure should be appropriate for each project, regardless of the location of the consultant. The basic services fee includes all travel costs associated with the performance of basic services within a 50-mile radius of the project. General expenses for the cost of travel and per diem between 50 and 350 miles shall be based on state rates and may be reimbursable to the extent they are reasonable and negotiated within the A/E agreement. Travel expenses beyond 350 miles for both the agency and consultants must be justified in writing when submitting a budget request or allotments to OFM.

Application of guidelines to alternative delivery projects

General contractor as construction manager (GC/CM)

The fee calculation for a GC/CM delivery method is based on the total cost of construction (TCC), which is the MACC plus the GC/CM risk contingency, preconstruction services, overhead and fee. The fee table for the GC/CM delivery method includes additional A/E fees to cover the additional coordination and reconciliation inherent in the delivery method. The basic and extra services should follow the AE guidelines in all other respects. Where the GC/CM scope includes "design assist", with transfer of elements of the AE services to the contractor or subcontractor, (for example: deferred approvals, design detailing, etc.), the AE fee must be reduced accordingly.

Design build

Fees for design build delivery method should be based on the total design cost for both the design build Entity and any design consultants retained by the agency, and should be included on Tab B consultant services, regardless of whether the design services are provided by an owner retained consultant or the design build entity. It is important to note that sales tax is chargeable on services provided by the design build entity, and the C-100 does not automatically add these.

The project budget calculation for a design build delivery method should be based on the estimated cost of construction only, excluding any design services provided by the design build entity, essentially the same cost items that would make up the MACC in a conventional design-bid-build approach. The budget should then be allocated between the owner retained consultants and the design build entity according to which will perform each basic service and any extra services.

The negotiated fee for owner-related consultants will be based on the extent of services provided. In principle, the total design build fee for design should not exceed that for a comparable GC/CM project. The fee for design build contracts should be based on the services required and whether the services are to be provided by an agency retained A/E or by the design build entity.

A/E basic services

A/E basic design services consist of the services described in the following pages. These design services include normal architectural, structural, civil, mechanical, and electrical engineering services.

Basic services fee breakdown

The following is a guide for splitting the A/E fee into approximate percentages for each phase of work. Although it is not intended to be absolute, significant deviations should be closely reviewed. The intent of the guidelines is to ensure that design requirements progress in an orderly manner and that essential planning and system development occur when most beneficial to the project. Essential elements of the work should be completed and approved prior to initiating succeeding design phases. For a more detailed explanation of activities normally included in each phase, see the A/E basic services section. The basic fee categories are described below:

Percent of Basic Services Fee	
Schematic design	18
Design development	20
Construction document	31
Bidding	2
Construction	27
Project closeout	2

Schematic design services (18 percent)

In the schematic design phase, the A/E provides those services necessary to prepare schematic design documents consisting of drawings and other documents illustrating the general scope, scale, and relationship of project components for approval by the agency. Design should be conceptual in character, based on the requirements developed during the predesign phase, approved by the agency, or program requirements provided by the agency and reviewed and agreed upon by the A/E.

Schematic design includes the following

Project administration	Services related to schematic design administrative functions including consultation, meetings and correspondence, and progress design review conferences.
Disciplines coordination	Coordination between the architectural work and engineering work and other involved consultants for the project. When specialty consultants are used, additional coordination beyond basic services may be required and negotiated for appropriate phases of the work.
Document checking	Review and coordination of project documents.
Consulting permitting authority	Consultations, research of critical applicable regulations, preparation of written and graphic explanatory materials. The services apply to applicable laws, statutes, regulations, and codes.
Data coordination user agency	Review and coordination of data furnished for the project by the agency.
Architectural design	Services responding to scope of work (program/predesign) requirements and consisting of preparation of conceptual site and building plans, schematic sections and elevations, preliminary selection of building systems and materials, development of approximate dimensions, areas and volumes.
Structural design	Services consisting of recommendations regarding basic structural material and systems, analysis, and development of conceptual design solutions.
Mechanical design	Services consisting of consideration of alternate materials, systems and equipment, and development of conceptual design solutions for energy sources/conservation, heating, ventilating and air conditioning (HVAC), plumbing, fire protection, and general space requirements.
Electrical design	Services consisting of consideration of alternate systems, recommendations regarding basic electrical materials, systems and equipment, analysis, and development of conceptual design solutions for power service and distribution, lighting, communication raceways, fire detection and alarms, and general space requirements.
Civil/site design	Services consisting of site planning including layout of site features, building position, preliminary grading, location of paving for walkways, driveways and parking, and fencing locations. Also included are the normal connections required to service the building such as water, drainage, and sanitary systems, if applicable.
Specifications	Services consisting of preparation for agency's approval of proposed development of architectural outline specifications, and coordination of outline specifications of other disciplines.
Materials research	Services consisting of identification of potential of architectural materials, systems, and equipment.
Scheduling	Services consisting of reviewing and updating previously established project schedules or initial development of schedules for decision-making, design, and documentation.
Cost estimating	Services consisting of development of a probable construction cost from quantity surveys and unit costs of building elements for the project. Parametric costs shall reflect the level of design elements presented in the schematic design documents, plus appropriate design contingencies to encompass unidentified scope ultimately included in the program. Reconcile statement of probable construction cost with C-100 budget forms. Assist user agency with analyzing scope, schedule, and budget options to stay within the MACC.
Presentations	Services consisting of appropriate presentation(s) of schematic design documents by the A/E to agency representatives.

Design development services (20 percent)

In the design development phase, the A/E shall provide those services necessary to use the approved schematic design documents to prepare the design development documents consisting of drawings and other documents to fix and describe the size and character of the entire project for approval by the agency. Consideration shall be given to availability of materials, equipment and labor, construction sequencing and scheduling, economic analysis of construction and operations, user safety and maintenance requirements, and energy conservation.

Design development includes the following

Project administration	Services consisting of design development administrative functions including consultation, meetings and correspondence, and progress design review conferences with user agency.
Disciplines coordination	Coordination of the architectural work and the work of engineering with other involved consultants for the project.
Document checking	Review and coordination of documents prepared for the project.
Consulting permitting authority	Consultations, research of critical applicable regulations, preparation of written and graphic explanatory materials. The services apply to applicable laws, statutes, regulations, and codes. Assist in obtaining approval from approving agencies as required.
Data coordination user agency	Review and coordination of data furnished for the project by the agency.
Architectural design	Services consisting of continued development and expansion of architectural schematic design documents to establish the final scope, relationships, forms, size, and appearance of the project through plans, sections and elevations, typical construction details, three-dimensional sketches, materials selections, and equipment layouts.
Structural design	Services consisting of continued development of the specific structural system(s) and schematic design documents in sufficient detail to establish basic structural system and dimensions, structural design criteria, foundation design criteria, preliminary sizing of major structural components, critical coordination clearances, and outline specifications or materials lists.
Mechanical design	Services consisting of continued development and expansion of mechanical schematic design documents and development of outline specifications or materials lists to establish approximate equipment sizes and capacities, preliminary equipment layouts, required space for equipment, chases and clearances, acoustical and vibration control, visual impacts, and energy conservation measures.
Electrical design	Services consisting of continued development and expansion of electrical schematic design documents and development of outline specifications or materials lists to establish criteria for lighting, electrical and communication raceways, approximate sizes and capacities of major components, preliminary equipment layouts, required space for equipment, chases, and clearances.
Civil/site design	Services consisting of continued development of civil/site schematic design documents and development of outline specifications required for the project that are normally prepared by the architect. See the Extra Services section for detailed civil design services beyond basic services.
Specifications	Services consisting of preparation for the agency's approval of proposed General and Supplementary Conditions of the Contract for construction, development of architectural outline specifications, coordination of outline specifications of other disciplines, and production of design manual including design criteria, and outline specifications of materials lists.
Materials research	Services consisting of identification of potential of architectural materials, systems, and equipment.
Scheduling	Services consisting of reviewing and updating previously established schedules for the project.
Cost estimating	Services consisting of development of a probable construction cost from quantity surveys and unit costs of building elements for the project. Parametric costs reflect the level of design elements presented in the design development documents, plus appropriate design contingencies to encompass unidentified scope ultimately included in the program. Reconcile statement of probable construction cost with schematic estimate and C-100 budget forms. Assist user agency with analyzing scope, schedule, and budget options to stay within the MACC.
Presentations	Services consisting of appropriate presentation(s) of design development documents by the A/E to agency representatives.

Construction document services (31 percent)

In the construction documents phase, the A/E shall provide the services necessary to prepare for approval by the agency – from the approved design development documents; construction documents consisting of drawings, specifications, and other documents describing the requirements for construction of the project; and bidding and contracting for the construction of the project.

Project administration	Services consisting of construction documents, administrative functions (including consultation, meetings and correspondence), and progress design review conferences.
Disciplines coordination	Coordination of the architectural work and the work of engineering with other involved consultants for the project
Document checking	Review and coordination of documents prepared for the project.
Consulting permitting authority	Consultations, research of critical applicable regulations, preparation of written and graphic explanatory materials. The services apply to applicable laws, statutes, regulations, and codes. Assist in obtaining approval from approving agencies as required
Data coordination user agency	Review and coordination of data furnished for the project by the agency
Architectural design	Services consisting of preparation of drawings based on approved design development documents setting forth in detail the architectural construction requirements for the project.
Structural design	Services consisting of preparation of final structural engineering calculations, drawings, and specifications based on approved design development documentation, which details structural construction requirements for project
Mechanical design	Services consisting of preparation of final mechanical engineering calculation, drawings and specifications based on approved design development documentation, setting forth in detail the mechanical construction requirements for the project
Electrical design	Services consisting of preparation of final electrical engineering calculation, drawing and specifications based on approved design development documentation, setting forth in detail the electrical construction requirements for the project
Civil/site design	Services consisting of preparation of final civil/site design drawings and specifications based on approved design development documentation required for the project, which are normally prepared by the architect. See the Extra Services section for detailed civil design services beyond basic services.
Specifications	Services consisting of activities of development and preparation of bidding documents, Conditions of the Contract, architectural specifications, coordination of specifications prepared by other disciplines, and compilation of the project manual
User agency assistance	Provide necessary information to user agency for the preparation of OFM requirements for release of allotments including preparation of cost statistics
Scheduling	Services consisting of reviewing and updating previously established schedules for the project.
Cost estimating	Services consisting of development of a probable construction cost from quantity surveys and unit costs of building elements for the project. Cost Estimates shall reflect the level of design elements presented in the Construction documents plus appropriate design contingencies to encompass unidentified scope ultimately included in the program. Reconcile statement of probable construction cost with design development estimate and C-100 cost estimator forms. Assist user agency with analyzing scope, schedule, and budget options to stay within the MACC

Bidding phase (2 percent)

In the bidding phase, the A/E, following the agency's approval of the construction documents and the most recent statement of probable construction cost, shall provide those services necessary for the A/E to assist the agency in obtaining bids and in awarding and preparing contracts for construction. In the case of phased construction, the agency may authorize bidding on portions of the work.

Project administration	Services consisting of bidding administrative functions.
Disciplines coordination	Coordination of the architectural work and the work of engineering with other involved consultants for the project
Bidding materials	Services consisting of organizing, coordinating, and handling Bidding documents for reproduction, distribution and retrieval, receipt, and return of document deposits
Addenda	Services consisting of preparation and distribution of Addenda as may be required during bidding and including supplementary drawings, specifications, instructions, and notice(s) of changes in the bidding schedule and procedure
Bidding	Services consisting of participation in pre-bid conferences, responses to questions from bidders, and clarification or interpretations of the bidding documents, attendance at bid opening, and documentation and distribution of bidding results

Analysis of substitutions	Services consisting of consideration, analysis, comparisons, and recommendations relative to substitutions proposed by bidders prior to receipt of bids.
Bid evaluation	Services consisting of validation of bids, participation in review of bids and alternates, evaluation of bids, and recommendation on award of contract.
Contract agreements	Assist using agency in notification of contract award, assistance in preparation of construction contract agreements when required, preparation and distribution of sets of contract documents for execution of the contract, receipt, distribution and processing, for agency approval, of required certificates of insurance, bonds and similar documents, and preparation and distribution to contractor(s) on behalf of the agency, of notice(s) to proceed with the work.

Construction contract administration phase (27 percent)

In the construction contract administration phase, the A/E shall provide services necessary for the administration of the construction contract as set forth in the general conditions of the contract for construction.

Project administration	Services consisting of construction contract administrative functions including consultation, conferences, communications, and progress reports
Disciplines coordination/ document checking	Coordination between the architectural work and the work of engineering and other involved consultants for the project. Reviewing and checking of documents (required submittals) prepared for the project.
Consulting permitting authority	Services relating to applicable laws, statutes, regulations and codes of regulating entities relating to the agency's interests during construction of the project.
Data coordination user agency	Review and coordination of data furnished for the project by the agency
Construction administration	Services consisting of processing of submittals, including receipt, review of and appropriate action on shop drawings, product data, samples, and other submittals required by the contract documents. Distribution of submittals to agency, contractor, and field representatives as required. Maintenance of master file of submittals and related communications.
Construction field Observation	Services consisting of visits to the site at intervals appropriate to the stage of construction or as otherwise agreed to become generally familiar with the progress and quality of the work and to determine in general if the work is proceeding in accordance with the contract documents and preparing related reports and communications. A/E to chair project meetings.
Project representation	Services consisting of assisting the agency in selection of full- or part-time project representative(s).
Documents	Services consisting of preparation, reproduction, and distribution of clarification documents and interpretations in response to requests for clarification by contractors or the user agency. Maintenance of records and coordination of communications relative to requests for clarification or information (RFI). Preparation, reproduction and distribution of drawings and specifications to describe work to be added, deleted or modified, review of proposals, review and recommend changes in time for substantial completion, assisting in the preparation of modifications of the contracts and coordination of communications, approvals, notifications, and record- keeping relative to changes in the work. Additional fees for changes to the scope of a project shall be negotiated.
Scheduling	Services consisting of monitoring the progress of the contractors relative to established schedules and making status reports to the user agency.
Cost accounting	Services consisting of maintenance of records of payments on account of the contract and all changes thereto, evaluation of applications for payment and certification thereof, and review and evaluation of cost data submitted by the contractors for work performed.

Project closeout (2 percent)

Project closeout	Services initiated upon notice from the contractor that the work is sufficiently complete, in accordance with the contract documents, to permit occupancy or utilization for the use for which it is intended, and consisting of a detailed inspection for conformity of the work to the contract documents, issuance of certificate of substantial completion, issuance of a list of remaining work required (punch list), final inspections, receipt and transmittal of warranties, affidavits, receipts, releases and waivers of lien or bonds, permits, and issuance of final certificate for payment.
Record documents (as-builts)	Receive and review the contractors marked up field records. Supply the record documents to user agency. (Transferring the contractor's record of field changes to the original record drawings may be authorized by the owner as an additional service.)
Operations and maintenance manuals	Services consisting of processing, reviewing, commenting on, taking appropriate action, and transmitting Operations and Maintenance Manuals provided by the contractor to user agency.
Warranty period	Continued assistance to investigate contract problems that arise during the warranty period.

A/E extra services and reimbursables

Most projects should be completed within the structure of the basic fee schedule. However, some projects will be more complex and require a range of Extra Services and Reimbursables, which will be negotiated for specific tasks. These services typically require specialist expertise and may not neatly fall within one phase of service or another. As projects become more complex, they demand a variety of special studies and services. Extra Services and Reimbursables include services generally provided by the same A/E providing the basic services, and services generally provided by additional specialty consultants, either as subs to the prime A/E or as independent consultants directly contracted with the agency. The use of specialty consultants on a project does not automatically authorize extra services.

Extra services are generally not authorized for work included in the MACC for which the consultants were already compensated as part of basic services. Extra services are intended to compensate consultants for work outside of the MACC and earned from the percent fee for basic services.

Extra services are not intended as an adjustment to basic services and should reflect actual anticipated cost. The following provides a guideline for evaluating the pricing of extra services and establishing the eligibility of reimbursable expenses. Service charges on specialty consultants who perform extra services should not exceed 10 percent.

A/E extra services/reimbursable expenses

When drafting the A/E agreement, the project manager should review the following list in determining eligible reimbursable items. It is not all inclusive and should only be used as a guide.

Alternative cost studies	Additional costing beyond the cost estimating services required in basic to determine the probable cost and stay within the MACC. As an extra service, alternative cost studies may be requested by the Washington State Department of Enterprise Services for costs unrelated to the project's MACC.
Energy life cycle cost analysis (ELCCA)	Prepare and submit ELCCA preliminary report as required by Chapter 39.35 RCW, in accordance with Energy Life Cycle Cost Analysis guidelines for public agencies in Washington state, published by DES
Life cycle cost analysis (LCCA):	Perform Life Cycle Cost Analysis of major building systems and components as required by Chapter 39.35 RCW and EO 13-03 for all projects valued over $5,000,000 or projects constructing new building space over 5,000 square feet, using the OFM Life Cycle Cost Tool (LCCT).
Commissioning and training	Cost to the A/E for supporting any independent commissioning of the project, including providing documentation and reviewing design concepts as part of any design phase commissioning. Cost to the A/E of assembly, tabulation, and indexing of all shop drawings and submittals on all equipment, controls, systems, and participating in an independent commissioning of the project and providing initial operator training on the maintenance of systems.

Enhanced commissioning	Costs related to attendance on, and cooperation with, enhanced commissioning work, to the extent they are in excess of services included for basic commissioning. Enhanced Commissioning can include a range of additional commissioning services undertaken by an external commissioning agent, including whole building and envelope commissioning.
On-site representative	On-site observation beyond the periodic site visits required under basic services for construction field observation.
Thermal scans	Cost of an examination of a structure for thermal loss on existing facilities to be remodeled.
Value engineering participation and implementation	Cost to the A/E for participation in an independent value engineering study and implementation of the accepted ideas that generate during the study.
Constructability review participation and implementation	Cost to the A/E for participation in the constructability review and implementation of the accepted changes
Environmental and sustainability certifications (LEED, living building challenge, etc.)	Services related to LEED certification to a silver level, including completion of all documentation required to complete the application and responding to questions related to the application. Cost of providing services directly related to obtaining certification for a sustainability certification in excess of LEED Silver, including negotiation, documentation, and associated required services.
Separate bid packages	Cost to the A/E for preparation of separate bid packages typically used in GC/CM type projects.
Professional liability insurance	Where coverage is required in excess of $1 million, reimbursement of excess premium costs will be considered as a reimbursable cost.
Consultant selection cost	Additional costs for private sector members of a selection committee if required (Chapter 39.80 RCW).
Specialty consultants	Cost of only those additional consultant services beyond A/E services provided under basic services. Specialty consultants include, but are not limited to: Acoustical Consultant Civil Engineering additional services may include: Studies, reports, and calculations required to determine adequacy of existing systems or those required for permit review such as drainage, fire protection, or sewer Storm drainage design and connections Design or study of issues for "sensitive areas" such as wetlands, steep slopes, or flood plains Water supply connections to wells, treatment systems, storage, and off-site main extensions Sanitary sewer design and infrastructure Road and pavement improvements Storm water quality and quantity computations, reports, design and details Temporary erosion and sediment control reports and drawings Special studies and reports for other agencies Communications Consultant Cost Estimating Consultant (in excess of basic services) Electronic/Audio Visual Consultant Elevator Consultant Hazardous Material Consultant Hospital/Laboratory Consultant Interior Design Consultant Indoor Air Quality Consultant Kitchen Consultant Landscape Consultant Quality Control Consultant Security Consultant Cost of Specialty Consultants should not normally be greater than 50% of the Basic A/E Fee
Geotechnical investigation	Cost of subsurface testing and evaluation.
Entitlements, environmental permitting, agency approvals, etc.	Costs associated with any entitlements, permits or approvals, including any surveys, facility evaluations, preparation of reports or applications, monitoring, etc.
Commissioning	Cost of an independent commissioning of the project.
HVAC balancing	Cost to balance systems.
Site survey	Cost of conducting a survey independent from design A/E.
Testing	Cost of a technician's services in acquiring and testing samples of materials used in the project as required in the state building code.
Energy LCCA review	Fee to be paid for review of the energy life cycle cost analysis.
Constructability review/plan check	Cost for an independent consultant or contractor to review bid documents and determine if a project can be built as designed.
Graphics	Cost of special graphic and signage design.
Design/code plan check	Cost of an independent plan check if not available within the local jurisdiction.
Travel and per diem	Customary and approved costs to A/E during basic and additional services (based on state rates and limited to between 50 and 350 miles).

Renderings, presentations and models	Cost for special presentations, renderings, and physical models required for the project.
Document reproduction	Cost of printing and mailing documents.
Advertising	Cost of required advertisements and placing bidding documents in plan centers announcing the bidding of the project.
Risk management	Schematic phase Review and update risk register developed in the predesign/budget submission process. Establish risk management protocols appropriate to the scale of the project. • For projects valued over $50,000,000, the risk management process should include a formal quantitative risk register and risk based contingency valuation • For projects valued between $10,000,000 and $50,000,000 the risk management process should include a formal qualitative risk register • For projects under $10,000,000 the risk management process may be an informal qualitative risk documentation Subsequent phases Review and update risk register. Maintain risk management protocols appropriate to the scale of the project developed in the schematic phase. Project Close-out Review and reconcile risk register with project experience. Prepare project risk closeout report.
Escalation and market assessment	Schematic phase Review and update escalation and market assessment developed in the predesign/ budget submission process. At completion of the schematic design phase, update escalation and market assessment. • For projects valued over $50,000,000, the escalation and market assessment should include a formal report identifying key cost and escalation drivers, together with an assessment of the market capacity and readiness to deliver the project. • For projects valued under $50,000,000 the escalation and market assessment may be an informal qualitative market assessment documentation. Subsequent phases Review and update escalation and market assessment.
Cost estimating/project accounting	Reconcile final account with C-100 budget forms and prepare project close-out accounting using [***] for submission to OFM database.

Non-eligible expenses

- Consultants hired at A/E's option to perform basic services required by contract
- Postage and handling of submittals, bid documents, correspondence, etc.
- Phone service
- Copies of documents used by the A/E to perform normal services and not provided to owner

A/E fee schedule - building types

Schedule A	Schedule B	Schedule C
Art galleries Auditoriums (with stage) Communications buildings Courthouses Detention/correctional facilities, maximum Exposition buildings Extended care facilities Fish hatcheries Heating and power plants Hospitals Laboratories (research) Medical office facilities and clinics Mental institutions Museums Observatories Research facilities Sewer treatment plants Special schools Theaters and similar facilities Veterinary hospitals Water treatment plants	Apartment buildings Archive building Armories Auditoriums (without stage) College classroom facilities Computer rooms Convention facilities Day care families Detention/correctional facilities, minimum and medium Dining halls/institutes Dormitories Fire and police stations Gymnasiums Laundry and cleaning facilities Libraries Neighborhood centers and similar recreation facilities Nursing homes Office buildings Recreational building Residences Schools (primary and secondary) Science labs (teaching) Stadiums, multi-purpose Storage facilities, cold Transportation terminals Vocational schools	Civil and utility projects Emergency generator facilities Farm structures Greenhouses Guard towers Industrial buildings without special facilities Parking structures and garages Printing plants Prototype facilities (for any replication of previously designed facility) Service garages Shop and maintenance facilities Simple loft-type structures (without special equipment) Stadiums, grandstand type Warehouses
Use of building type schedule: The schedule is intended for guidance by major building use/type. Where projects have mixed use, or contain elements that cross schedule types, adjustments should be made, either by prorating by type, or by allowing additional consultant services.		

Definitions

Maximum allowable construction cost/total cost of construction

For design bid build projects. The maximum allowable construction cost (MACC) is defined as the total sum available to the general contractor for construction purposes, including all alternates.

The **MACC** includes all construction related allowances, including the **design contingency**. The **MACC** excludes:

- Washington state sales tax,
- Professional fees, including any services provided by or retained under, the **general contractor,** such as design services or professional construction management services
- Project contingency funds, or
- Other charges that may not be under the scope of the general contractor.

For GC/CM projects. The maximum allowable construction cost (MACC) is defined as the total of direct costs of construction, excluding the GC/CM risk contingency, pre-construction services, field and home office overhead and fee.

The **MACC** includes all construction related allowances, including the **design contingency**. The **MACC** excludes:

- Washington state sales tax,
- Professional fees, including any services provided by or retained under, the general contractor, such as design services or professional construction management services
- Project contingency funds, or
- Other charges that may not be under the scope of the general contractor

The Total Cost of Construction (TCC) is the total sum available to the GC/CM for construction purposes, including the GC/CM risk contingency, pre-construction services, field and home office overhead and fee.

For design build. For the purpose of calculating AE Fees, the design build maximum allowable construction cost (DBMACC) is defined as the total sum available to the design build entity for construction purposes, including all alternates.

The **DBMACC** includes all construction related allowances, including the **design contingency**. The **DBMACC** excludes:

- Washington state sales tax,
- Professional fees, including any services provided by or retained under, the **design build entity,** such as design services or professional construction management services
- Project contingency funds, or
- Other charges that may not be under the scope of the general contractor.

Contingencies

Contingencies and allowances follow the guidance set forth in ASTM E2168 Standard Classification for Allowance, Contingency, and Reserve Sums in Building Construction Estimating

Design contingency and allowances. Design contingency and allowances are amounts included in the cost estimate within the MACC. They are used for planned project items until they can be better defined. The design contingency and allowances cover events and activities that are directly controllable within the project design. Design contingency and allowances reduce as the design progresses and should be entirely eliminated by the time the design is completed.

Construction contingency. The construction contingency is a contingency included in the project budget to address in-scope changes to the contract sum after bid and award. It is used for unintended, not directly controllable project occurrences, such as unforeseen site conditions or design coordination. The construction contingency is not part of the MACC.

Design build/GMP contingency. A design build or GMP contingency is an allowance included in the contractual GMP to address scope required within the design build or GMP contract, but not fully defined in the GMP buy-out. The design build/GMP contingency covers events and activities that are directly controllable within the project design, and is included in the MACC.

Risk management

Specific technical components of risk management

Identification of risk

Characterization and quantification of risk. Characterize and quantify the risk. Characterization identifies the non-numeric aspects of the risk, while quantification addresses the numeric aspects. Characterization covers a range of aspects, including:

- Drivers and outcomes of the risk
- Owner and controller of the risk
- Phase of the project during which the risk is active
- Point of closure of the risk
- Epistemic nature of the risk (degree to which further knowledge will reduce the risk)

Quantification covers:

- The probability distribution of the risk event occurring
- The cost/benefit of the risk event occurring

Document the identified risks along with their characterization and their quantification in the form of a risk register.

Identification of mitigation strategies

Identify and document mitigation strategies including:

- Possible actions that could be taken to reduce or eliminate the risk
- Identification of cost of mitigation action
- Identification of responsible parties
- Assignment for development and implementation of the strategy

Optimization of allocation of risk

Identify and document how the risk is allocated.

Establishment of appropriate contingencies

Identify and document contingency allowances related to risks, including sunsetting of specific risks.

Risk and contingency management process

Establish a risk and contingency management process including:

- Regular and routine updating of the Risk Register
- Monitoring of the contingency Drawdown Schedule
- Preparation of recovery actions if required.

Escalation and market study

For projects valued at over $25,000,000, the escalation and market study should include structured research and documentation of local market conditions that will affect the bid cost.

For projects valued below $25,000,000 the escalation and market study may be an informal assessment identifying the key market readiness for the project, and major escalation or market risks.

Specific technical components of escalation and market studies

Data shall be gathered by interviewing local firms having knowledge of the construction activity in the area and the skills / capacity to complete the respective project. Possible sources include but are not limited to: general and subcontractors, builder's associations, local government officials, architectural and engineering firms, builders' exchange and construction-reporting firms, and lenders.

Evaluate recent and expected future bidding conditions that may influence the cost of the project. Address both the general construction market, and project specific market.

Evaluate labor supply, strike possibilities, availability of skilled labor covering all major sub trades.

Evaluate material availability: shortages, oversupplies, or normal market conditions.

Evaluate the project readiness among general and subcontractors, including their willingness to bid on state projects. Identify the anticipated number of bidders (both general and sub-contractors), and their respective experience on similar projects.

Identify projects in the market area currently in the planning, design, bid, and construction phase. Document sources of data.

Appendix A: A/E Fee schedule

Fee calculation

The fee is calculated based on the formulas listed below, adjusted to reflect project specific modifications in basic services. For schedule B, the fee is based on the average of the schedule A and schedule C fee.

Design/bid/build and design/build

Schedule A: 90 ÷ (625 + ((MACC ÷ (8307 ÷ 2418)) ^ 0.38))

Schedule C: (9.03 ÷ (57.3 + ((MACC ÷ (8307 ÷ 2418)) ^ 0.25))) - 0.02

GC/CM

Schedule A: 90 ÷ (545 + ((MACC ÷ (8307 ÷ 2418)) ^ 0.38))

Schedule C: (9.03 ÷ (43.0 + ((MACC ÷ (8307 ÷ 2418)) ^ 0.25)))- 0.02

Hourly rates

Multiplier	Negotiated rate within a range of 2 to 3.2 times employee direct base salary (not including fringe benefits, taxes, retirement contributions, or profit sharing).
Employee of Firm	Negotiated rate not to exceed a maximum of $250 per hour.
Principal of firm	A principal is defined as a partner of a partnership, a principal stockholder of a corporation, or a duly authorized officer. The negotiated rate is not to exceed $350 per hour.
Special consulting services	When special consulting services not normally associated with traditional project design are necessary, the fee may be outside of the above guidelines (such as expert witness or special investigations)
Service charge on sub-consultant	Up to 10 percent service charge may be added to sub-consultant work added to the original agreement.

Fee table

MACC ($)	Design-Bid-Build				GC/CM - C		
	A	B	C		A	B	C
1,000,000	12.09%	10.65%	9.21%				
2,000,000	11.54%	10.08%	8.63%				
3,000,000	11.17%	9.72%	8.28%				
4,000,000	10.88%	9.45%	8.02%				
5,000,000	10.65%	9.23%	7.81%		11.77%	10.69%	9.62%
6,000,000	10.46%	9.05%	7.64%		11.53%	10.46%	9.38%
7,000,000	10.29%	8.89%	7.50%		11.32%	10.25%	9.18%
8,000,000	10.14%	8.75%	7.37%		11.14%	10.07%	9.00%
9,000,000	10.00%	8.63%	7.26%		10.98%	9.91%	8.85%
10,000,000	9.88%	8.52%	7.16%		10.83%	9.77%	8.71%
11,000,000	9.77%	8.42%	7.07%		10.69%	9.64%	8.59%
12,000,000	9.66%	8.32%	6.98%		10.57%	9.52%	8.47%
13,000,000	9.56%	8.23%	6.90%		10.45%	9.41%	8.37%
14,000,000	9.47%	8.15%	6.83%		10.35%	9.31%	8.27%
15,000,000	9.39%	8.08%	6.77%		10.24%	9.21%	8.18%
16,000,000	9.31%	8.01%	6.70%		10.15%	9.12%	8.09%
17,000,000	9.23%	7.94%	6.64%		10.06%	9.04%	8.02%
18,000,000	9.16%	7.87%	6.59%		9.97%	8.96%	7.94%
19,000,000	9.09%	7.81%	6.54%		9.89%	8.88%	7.87%
20,000,000	9.03%	7.76%	6.49%		9.81%	8.81%	7.80%
25,000,000	8.74%	7.50%	6.27%		9.47%	8.49%	7.51%
30,000,000	8.50%	7.29%	6.09%		9.19%	8.23%	7.27%
35,000,000	8.29%	7.11%	5.94%		8.95%	8.01%	7.08%
40,000,000	8.11%	6.96%	5.80%		8.74%	7.82%	6.90%
45,000,000	7.95%	6.82%	5.69%		8.56%	7.66%	6.75%
50,000,000	7.81%	6.70%	5.58%		8.39%	7.51%	6.62%
55,000,000	7.68%	6.59%	5.49%		8.24%	7.37%	6.50%
60,000,000	7.56%	6.48%	5.40%		8.11%	7.25%	6.39%
65,000,000	7.45%	6.39%	5.33%		7.98%	7.14%	6.29%
70,000,000	7.35%	6.30%	5.25%		7.87%	7.03%	6.20%
75,000,000	7.26%	6.22%	5.19%		7.76%	6.93%	6.11%
80,000,000	7.17%	6.15%	5.12%		7.66%	6.84%	6.03%
85,000,000	7.09%	6.08%	5.06%		7.56%	6.76%	5.95%
90,000,000	7.01%	6.01%	5.01%		7.47%	6.68%	5.88%
95,000,000	6.94%	5.95%	4.96%		7.39%	6.60%	5.82%
100,000,000	6.86%	5.89%	4.91%		7.31%	6.53%	5.75%
125,000,000	6.56%	5.63%	4.69%		6.97%	6.23%	5.48%
150,000,000	6.31%	5.42%	4.52%		6.69%	5.98%	5.27%
175,000,000	6.11%	5.24%	4.37%		6.46%	5.77%	5.08%
200,000,000	5.93%	5.09%	4.24%		6.26%	5.59%	4.93%
250,000,000	5.64%	4.84%	4.03%		5.93%	5.30%	4.67%