

Chapter 6

Other Budget Considerations and Requirements

6.1 OTHER CONSIDERATIONS

Architect/engineer fees

For the purpose of budgeting for capital projects, the fees for A/E services are calculated using the Guidelines for Determining Architect/Engineer Fees for Public Works Building Projects (<http://www.ofm.wa.gov/budget/instructions/capital.asp>). The guidelines define the basic services that should be included in each design phase and provide definitions for reimbursable expenses and extra or other services.

Energy conservation considerations

Energy conservation considerations should be included in the narrative section of the Capital Project Request report (CBS002). It is important to identify choices made in the predesign phase. Be sure to explain how these measures meet Executive Order [05-01](#), Establishing Sustainability and Efficiency Goals for State Operations. Buildings should be designed and built to the lowest life-cycle cost. For assistance in developing the energy-related components of project requests, contact the Energy Program Manager in the Division of Engineering and Architectural Services at the Department of Enterprise Services at 360-902-7272.

Sustainable design information

State law (Chapter 39.35D RCW) requires agencies to design sustainable facilities to achieve a minimum of a U.S. Green Building Council LEED™ (Leadership in Energy and Environmental Design) Silver Standard or an equivalent standard on all construction projects over 5,000 square feet, including grants and local community projects.

Sustainable design and construction is a holistic approach that minimizes environmental impact, reduces maintenance and creates a more desirable workspace for occupants. Sustainable building focuses on siting issues, energy and water efficiency, recycled content building materials, minimization of local and global environmental effects caused by buildings, and indoor environmental quality.

Executive Order [13-03](#) (Section 2d) requires the Department of Enterprise Services to develop sustainable design principles for agencies to apply to siting, design, and construction of new facilities. These principles are intended to optimize life-cycle costs, pollution, and other environmental and energy costs associated with the total cost to own and operate the building. Information about sustainable design principles can be found at [Sustainable Design Principles](#) produced by the Department of Enterprise Services' E&AS. Energy services support can be found at: <http://des.wa.gov/services/facilities/Energy/Pages/default.aspx>.



Coordination with regional and local governments on project siting

OFM is required under the Growth Management Act under Chapter 36.70A RCW to maintain an Essential State Public Facilities list to inform regional and local governments of the construction or siting of facilities across the state. This facility inventory contains information on all of the state's essential public facilities.

Local governments cannot preclude the siting of essential state public facilities. For its part, the state must comply with local planning ordinances. While not all capital projects are sited at the time the budget is considered, it is important, whenever possible, to identify the preferred area or optional sites for locating each facility.

The state also has a strong interest in community-based facilities that are not owned by the state but are operated by other entities under contract to the state. State agencies with an interest in the siting of these community-based facilities should contact the appropriate local governments to provide input for their consideration.

Growth management information is required in capital plan

RCW 43.88.030(1) promotes state capital facility expenditures that minimize unplanned or uncoordinated infrastructure and development costs, support economic and quality of life benefits for existing communities, and support local government planning efforts. Prior to capital budget submittal, agencies should make early contact with affected local governments and review their project lists against local plans and ordinances to ensure consistency with local plans.

This information requirement applies only to major capital construction projects greater than \$5 million. For projects located in a city or county listed under RCW 36.70A.040, agencies are required to complete a predesign using the “Capital Budget Applicants Questionnaire” at <http://www.ofm.wa.gov/budget/forms.asp>. The completed template must be submitted to OFM in the ten-year plan submission.

RCW 43.88.030(1) requires state agencies to answer the following questions for each project as part of the 2015-17 capital budget application process:

- Is the proposed capital project identified in the host city or county’s comprehensive plan, including the capital facility plan and implementation rules adopted under Chapter 36.70A RCW?
- Is the proposed capital project located in an adopted urban growth area?
- If located in an adopted urban growth area, does the project facilitate, accommodate or attract planned population and employment growth?
- If located outside an urban growth area boundary, does the proposed capital project create pressures for additional development?
- Was there regional coordination during project development?
- Does the project include leveraging of local or other funds?
- Have environmental outcomes and the reduction of adverse environmental impacts been examined?

Assistance from Department of Commerce

The Department of Commerce can assist agencies in obtaining copies of local comprehensive plans and in answering questions about growth management requirements. For assistance, contact Linda Weyl at 360-725-3066.

OFM reports annually to the Legislature on cost overruns or underruns

RCW 43.88.160 requires OFM to submit an annual report to the Legislature on the status of all appropriated capital projects (including transportation projects) that show significant cost overruns or underruns. As these projects are completed, agencies must provide OFM with a final summary showing estimated start and completion dates of each project phase compared to actual dates, as well as estimated costs of each phase compared to actual costs. OFM will provide this information to the Legislature.

Major lease projects are a required part of the ten-year capital plan

RCW 43.82.035 requires major leases to be included in the ten-year capital plans. To comply with this law, the OFM will provide a list of major lease projects through the 2013-21 Six-Year Facilities Plan published by OFM in conjunction with the 2013-15 budgets. A major lease project is defined as a new space or relocation project over 20,000 square feet. Agencies are required to provide operating budget impacts through an operating budget decision package(s) for all major lease projects. For more information, see Chapter 11 of the 2015-17 Operating Budget Instructions.

Facility inventory system updates are due on September 1 each year

Statewide inventory data plays an important role in budget decisions. RCW 43.82.150 requires agencies to update their facility inventory data by September 1 each year. OFM will provide your agency's data from the previous year, as well as a format for reporting any changes. This information will assist us in reviewing budget requests and assessing agency performance on maintenance and preservation. More information about the Annual Facilities Inventory is available at <http://ofm.wa.gov/budget/facilities/fis.asp>.

Department of Enterprise Services assessments for Thurston County space

Chapter 43.01 RCW directs the Department of Enterprise Services (DES) to assess agencies for costs related to the construction, renovation and occupancy of certain space owned and managed by DES in Thurston County. One of these charges is the recovery of financing costs related to construction or major renovation projects; the other is a capital projects surcharge levied in agency operating budgets to cover some of the costs of capital projects. (These charges are in addition to all existing facilities and services, seat of government, and DES lease management charges.)

These charges will occur in the operating budgets of affected agencies. Refer to the 2013-15 Operating Budget Instructions for additional information about these charges.

Capital project surcharge

A project surcharge is collected from all agencies housed in DES-owned and -managed facilities in Thurston County, except agencies occupying the Natural Resources and Highways-Licenses buildings. These buildings have separate financing cost-recovery agreements and are exempt from the capital project surcharge until the current cost recovery agreements expire or a surcharge is negotiated with DES.

Cost recovery charge

The financing cost recovery charge (debt service) applies to those facilities being purchased, constructed or undergoing major renovation, and will begin once agencies occupy the new or newly renovated space. This charge, like the capital project surcharge, is an OFM central service agency charge adjustment.

DES will include financing plans in its ten-year capital plan requests for new construction or major renovation projects. Tenant agencies must include funds in their operating budget requests to pay the financing cost recovery charges in the biennium in which they occupy the new or newly renovated space. DES and the tenant agencies will coordinate their requests.

Plant operations support consortium

The Plant Operations Support Consortium may be able to assist in the implementation of capital projects. The consortium provides support with project management, on-site assessment/consultation, technical assistance and equipment brokering to facility managers. For more information, call the Consortium at 360-956-2057 or visit <http://www.energy.wsu.edu/PublicFacilitiesSupport/PlantOperations.aspx>.

Lapsing appropriations

There is a limited amount of resources available to meet many capital budget needs. When projects have been completed under budget or are indefinitely stalled for any reason, the appropriation for the project should be “lapsed” to free up the resources to meet other project needs. For this reason, agencies are asked to report savings to their OFM Capital Budget Analyst from completed projects and funding for projects that cannot move forward. Funding for these projects will be lapsed at the end of the 2013-15 biennium. When the issues involved in a stalled project have been resolved, it may be resubmitted in a future biennium.

Capital savings

The Legislature has provided two opportunities for agencies and institutions to take advantage of savings gained from appropriated capital projects. Agencies may transfer between projects and transfer to infrastructure project savings.

- **Transfer between projects:** The Governor, through OFM, may authorize a transfer of appropriation authority from a capital project that has funding in excess of the amount required for completion to another capital project for which the appropriation is insufficient. This transfer is available to all agencies and institutions subject to certain restrictions, as detailed in RCW 43.88.145. Agencies may request a transfer by submitting a letter to OFM.

Report savings and transfer request to OFM

Agencies and institutions are asked to report savings and fund transfer requests to OFM. The request must include the following:

- Project names
- Project numbers
- Fund sources
- Appropriation codes
- Appropriation amounts
- Savings amount
- Description of the transfer

6.2 PUGET SOUND RECOVERY

Agencies have additional reporting requirements to OFM and Puget Sound Partnership (Partnership)



Agencies must follow additional steps in developing and submitting their budget requests if any part of their budget (including capital funding) will be devoted to projects that implement any part of the Partnership’s Action Agenda. These steps, described in more detail below, include:

- Providing specified information in capital project requests submitted to OFM.
- Entering information in a cloud-based template compiling all Puget Sound-related budget requests.
- Providing additional copies of Puget Sound project budget requests to OFM and the Partnership.
- Consulting with the Partnership in advance of submitting capital project requests.
- Reporting to the Partnership the total cost of implementing the Action Agenda.

Per Section 311(2) of the 2013-15 operating budget (Chapter 4, Laws of 2013, Second Special Session), the Partnership must provide the Governor with a single, prioritized list of state agency 2015-17 budget requests related to Puget Sound by October 1, 2014. The primary criterion used by the Partnership to prioritize state agency budget requests is how strongly they align with the Partnership's Action Agenda. More specifically, points are given to budget requests that are strongly tied to a strategic initiative, near-term action or sub-strategy (see below for more information).

The Puget Sound Leadership Council also is required to provide recommendations for funding necessary to implement the Action Agenda in the 2015-17 biennium to the Governor and appropriate legislative fiscal committees by September 1, 2014. In addition, these estimates are reported and published in the Partnership's *State of the Sound* publication (see below for more information).

Capital project requests

All agencies requesting capital budget changes related to Action Agenda implementation must link capital project requests to the Action Agenda as follows:

- In the project summary, agencies should include the statement, "Related to Puget Sound Action Agenda Implementation."
- In the Project Description under "How does the project support the agency and statewide results," agencies should include the applicable strategic initiative, sub-strategies, and near-term actions or key ongoing programs identified in the Action Agenda, and explain how the request relates to these items. This information will help inform the budget ranking process that the Puget Sound Partnership is required to prepare for the Governor.
- Capital project requests with Puget Sound components of statewide requests should provide detailed information about the Puget Sound portion of the request, including project lists with dollar amounts and fund sources, and the project description information described above. "Statewide requests" are capital project requests with projects located in a variety of geographic areas. Examples include wastewater treatment facility grants and habitat restoration projects.
- Capital project requests that include multiple near-term action or sub-strategy components should provide detailed information for each near-term action to help distinguish the portion of the request that pertains to each near-term action including dollar amounts, FTEs, fund sources, and the narrative justification information described above.

To facilitate Partnership input to OFM on Action Agenda-related budget requests, please send an e-mail with copies of all Action Agenda-related operating and capital requests to Linda Steinmann at OFM and Ginger Stewart at the Partnership by your budget submittal due date. Their contact information is noted at the end of this section. Agencies also will be asked to complete a template summarizing all Puget Sound requests. OFM and the Partnership will provide instructions for the summary template in June.

Spring/summer 2014 consultation with the Partnership

To ensure coordinated budget proposals that align well with the Action Agenda, all agencies requesting capital budget changes that impact the Action Agenda are required by statute to consult with the Partnership prior to submitting their budget requests to OFM. Agencies should seek Partnership concurrence on proposed funding levels. Early consultation is recommended allowing time for agencies to respond to Partnership feedback while meeting budget submittal due dates.

Partnership staff will be working closely with agencies to assist them in reviewing their programs and actions in the updated Action Agenda and identifying potential priorities for inclusion in budget packages.

By June 2014 the Partnership will provide information to affected agencies about the requirements and timelines of the 2014 budget consultation process.

More about the Puget Sound Partnership Action Agenda and reporting requirements for near-term actions

The Partnership's Action Agenda guides recovery and protection efforts of federal and state agencies, as well as local and tribal governments in the Puget Sound basin. As part of the budget development process, statute directs state agencies to work closely with the Partnership and OFM on current and proposed activities and projects.

As required by [RCW 90.71.320](#), all agencies that implement any portion of the Action Agenda, including new or ongoing programs and activities, **must provide estimates of their costs to implement near-term Actions for the 2015-17 biennium**. Agencies must use the Excel template provided by the Partnership to report the information. While statute requires this information to be submitted by June 1 of even-numbered years, this deadline has been moved to **July 31, 2014**, to accommodate the May 2014 adoption of the Action Agenda update by the Partnership's Leadership Council. In June the Partnership will transmit specific instructions and schedule a meeting with affected state agency staff to review the methodology.

As required by RCW 90.71.370(1), the Puget Sound Leadership Council must provide recommendations for funding necessary to implement the Action Agenda in the 2015-17 biennium to the Governor and the appropriate legislative fiscal committees **by September 1, 2014**. This information is collected annually and reported to the Ecosystem Coordination Board and Leadership Council, as well as published biennially in the *State of the Sound* report on Puget Sound Recovery (see below for web link).

If a state agency submits an amount different from the amount identified in the September 1, 2014, *State of the Sound* report, the agency and Partnership must jointly identify the amount and reason for the difference, and submit this information to OFM.

Summary timeline

Event	Deadline
Action Agenda adopted	May 2014
Partnership instructions to agencies for reporting the total estimated cost to implement the Action Agenda	June 2014
Partnership consultation/feedback to agencies on budget requests	Spring/Summer 2014
Agency submittal of total estimated cost information for near-term actions to Partnership via Excel template	July 31, 2014
Agency budget submittals to OFM; agencies e-mail Puget Sound decision packages/capital project requests to OFM and Partnership staff listed below	September 2014
Agencies complete template for Puget Sound requests	September 2014
Partnership funding recommendations and gap analysis to OFM	September 2014
Partnership prioritized list of budget requests to OFM	October 1, 2014

Contact information

If you have any questions about these requirements, please contact the following individuals:

Puget Sound Partnership	Office of Financial Management
Ginger Stewart, Chief Financial Officer 360-464-1218 or Ginger.Stewart@psp.wa.gov	Linda Steinmann, Budget Assistant to the Governor 360-902-0573 LindaSt@ofm.wa.gov

References

Puget Sound Partnership Action Agenda Update website:

http://www.psp.wa.gov/2014_action_agenda_update.php

2013 State of the Sound, Appendix A: 2012 Action Agenda – Near Term Action Financial Estimates, All

Owners: <https://app.box.com/s/aubp3d07hacnt3a26pud>

Puget Sound Vital Signs: <http://www.psp.wa.gov/vitalsigns/>