



STATE OF WASHINGTON

OFFICE OF FINANCIAL MANAGEMENT

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August 31, 2017

TO: Craig Bill, Governor's Office of Indian Affairs
Michael Itti, Commission on Asian-Pacific Affairs
Lisa van der Lugt, Commission on Hispanic Affairs
Ed Prince, Commission on African American Affairs
Sharon Ortiz, Human Rights Commission
Aaron Butcher, Office of Financial Management
Cherie Berthon, State Board for Community & Technical Colleges
Bob Maki, Washington State Patrol
Sarian Scott, Department of Corrections
Judy Fitzgerald, Department of Social and Health Services

FROM: Jim Crawford 
Assistant Director for Budget

SUBJECT: INSTRUCTIONS FOR STATE LEASE COST POOL

Sections 723 and 949 of the 2017-19 operating budget (Substitute Senate Bill 5883) direct the Office of Financial Management (OFM) to administer a new lease cost pool for a specified list of agencies with real estate projects. You are receiving this memorandum because your agency is included on this list. I have provided below the process for requesting preliminary approval for funding and allotments from this pool.

For a new project, agencies should follow both the preliminary approval process and allotment approval. A new project includes any new, relocated or reconfigured facility request that has not already been approved by OFM through a modified pre-design or similar project approval process. See Attachment A for a list of these projects.

For projects that have already received OFM approval, agencies are required to complete the allotment approval process only. See Attachment B for a list of these projects.

Approval Process

- Agencies shall submit a completed modified pre-design with the lease cost pool identified as one of the fund sources to the [OFM Facilities Oversight Program](#).
- OFM will evaluate the request in accordance with current modified predesign review practices (this includes reviewing the project for consistency with the [space use policy](#)) and determine the appropriate funding level from the lease cost pool.
- If the project is approved, OFM's modified pre-design approval letter will include a maximum amount for funding from the lease cost pool. In addition:
 - OFM will update the agency's EA schedule with the lease cost pool EA code (6X0).

- Agencies must submit an allotment package to OFM using EA Code 6X0 and Account 22A - State Agency Office Relocation Pool Account.
- The allotment package must include the following back-up materials demonstrating actual costs:
 - Actual ongoing costs requiring a fully negotiated lease.
 - Actual one-time cost estimates defined as a fully negotiated cost proposal from vendors. (This may include an interagency agreement with DES, a bid cost breakdown for construction from a developer through DES, furniture costs from Correctional Industries, a cost estimate from a premise wiring vendor, etc.).
- No funds may be expended prior to approval of the allotment package authorizing the use of funds from the State Agency Office Relocation Pool. Any federal funds associated with projects in the lease cost pool must be allotted in the same allotment package. It is the responsibility of the agency to ensure it can secure federal funds.

The agency's funding from the lease cost pool will not exceed the amount listed in the Governor's proposed 2017-19 operating budget for each project.

Based on our knowledge of lease cost pool projects to date and the limited number of pool projects with uncertain costs moving forward, it appears the total legislative funding for the lease pool may be insufficient to cover the actual costs for all pool projects. For new projects for which sufficient funding may not be available, OFM plans to work with agencies to request supplemental funding to cover the biennial cost of all projects in the pool, once the new project costs have been determined.

In the meantime, for projects on the pre-approved list (Attachment B), please submit a biennial allotment request. For projects on the new project list (Attachment A), after your project has been approved by Facilities Oversight, please request an allotment for fiscal year 2018 only.

If you have any questions about the preliminary approval process, please contact your assigned [facilities analyst](#). If you have any questions about the allotment approval process, please contact your [assigned budget analyst](#).

cc: Amy McMahan, Facilities Oversight Program Manager, OFM
Cheri Keller, Senior Budget Assistant for General Government, OFM
Richard Pannkuk, Senior Budget Assistant for Human Services, OFM
Gwen McClanahan, Department of Enterprise Services

Attachment A: New Project List

Below is the lease cost pool project list that require approval through the modified pre-design process.

- DOC Lakewood Relocation (one-time and ongoing)
- DOC Richland New Space (one-time only)
- DOC Wenatchee New Space (one-time only)
- DOC Federal Way New Space (one-time only)
- DOC Olympia Relocation (one-time and ongoing)
- DOC Marysville Relocation (one-time and ongoing)
- DOC Lacey Relocation (one-time and ongoing)
- DOC Ephrata Tenant Improvements (one-time only)
- DSHS Bellingham Relocation (one-time and ongoing)
- DSHS Bremerton Relocation (CA and LTC) (one-time and ongoing)
- DSHS Bremerton Relocation (DDA) (one-time only)
- DSHS Everett Reconfiguration-Phases 1-4 (one-time only)
- DSHS Lynnwood Expansion (one-time and ongoing)
- DSHS North Spokane New Space (one-time and ongoing)
- DSHS Pt. Townsend Relocation (one-time and ongoing)
- DSHS Reconfiguration of ESA HQ (one-time only)
- DSHS Lynnwood RCS Backfill (one-time only)
- DSHS Downsize in Richland (one-time only)
- DSHS SeaTac New Space (one-time and ongoing)
- DSHS CSD-Seattle Reconfiguration/Downsize (one-time only)
- DSHS DDA-Seattle Reconfiguration/Downsize (one-time only)
- DSHS Spokane Valley Reconfiguration (one-time only)
- DSHS Spokane Expansion (one-time only)
- DSHS Spokane Valley New Space (one-time and ongoing)
- DSHS Centennial One Reconfiguration- Tacoma (one-time only)
- DSHS Vancouver New Space-CA (one-time and ongoing)
- DSHS Vancouver New Space-DDA (one-time only)
- DSHS Yakima Reconfiguration (one-time only)

Attachment B: Pre-Approved Project List

Below is the lease cost pool project list that have been approved.

- APA Capital Court Relocation (one-time and ongoing)
- CAA Capital Court Relocation (one-time and ongoing)
- CHA Capital Court Relocation (one-time and ongoing)
- CTCS HQ Lease Adjustments (ongoing only)
- CTCS Seattle Lease Adjustment (ongoing only)
- DOC Ephrata Expansion (ongoing only)
- DOC Okanogan Relocation (one-time and ongoing)
- DOC Thurston County HQ Expansion (one-time only)
- DOC Walla Walla Relocation (ongoing only)
- DSHS Colfax Relocation (one-time and ongoing)
- DSHS Renton New Space (one-time only)
- GOIA Capital Court Relocation (one-time and ongoing)
- HUM Capital Court Relocation (one-time and ongoing)
- OFM 1063 Project (one-time and ongoing)
- WSP 1063 Project (one-time and ongoing)