

2004 Supplemental Capital Budget Highlights

Overview

The 2004 Supplemental Capital Budget, ESHB 2573, added a net \$211 million in new appropriations for capital projects and programs. The legislature faced three primary questions in considering the supplemental capital budget: (1) whether to appropriate funds for a prison expansion at Coyote Ridge and a related question regarding whether to enact a bond bill in 2004; (2) whether to appropriate funds for additional water-related projects; and (3) whether to authorize new higher education projects in 2004 or wait and consider the prioritized project lists in 2005.

The legislature decided to wait until 2005 to consider the prison expansion when more information will be available such as the Department of Corrections strategic or master plan update and interim studies of related policy and fiscal issues. Once this decision was made, the legislature decided to forego a new bond bill in 2004, adding a limited number of new projects using existing bond capacity from 2003 and a few fund switches. This enabled a smaller water package to be approved in consultation with the Governor's Office. The legislature decided to appropriate about \$115 million in pre-authorized Gardner-Evans bonds in 2004 based on indications from higher education institutions that these projects were ready to go and would be at the top of the 2005 project prioritization lists.

Approximately \$145 million of total new appropriations is financed with state bonds. Gardner-Evans bonds fund \$111 million of this and previously authorized Referendum 38 bonds funded another \$4 million, leaving \$30 million in "regular" state bonds. A new bond bill was not necessary to finance this remaining \$30 million in new appropriations given \$13 million in bond authority remaining from the 2003 bond bill for a variety of reasons, a \$6 million fund switch in higher education, and an \$11 million fund switch in K-12.

The 2003-05 capital budget including the 2004 supplemental budget totals \$2.78 billion, with \$1.48 billion financed by state bonds. Gardner-Evans bonds appropriated by the legislature now total \$287 million (of the \$750 million authorized).

Prison Expansion

The Department of Corrections (DOC) initially requested \$7 million for design of a 768-bed medium security facility at Coyote Ridge Correctional Center in Connell. DOC later revised the amount requested to \$46 million to include site and foundation work, citing capacity issues and the need for more medium security beds.

The Coyote Ridge request is one of several major prison expansion decisions the legislature will be asked to make in the next couple years, many of which are related. The need for additional medium security beds is tied to DOC's future plans to close the 432-bed medium security Blue Mountain Unit at the Washington State Penitentiary and build a 576-bed close security facility in its place. Regardless of any decision in 2004, no significant new beds will come on line until 2007, at which point the 768 beds authorized in 2003 will be available. The legislature delayed any decision on prison expansion until the 2005 session, which will enable it to consider the

results of the department's current master planning efforts and provide an opportunity to address numerous issues facing DOC in addition to overcapacity (such as accuracy of forecasts, community custody and sentencing policy issues, and community treatment alternatives).

Water Projects/Programs

The legislature continued efforts to address water-related issues by adding approximately \$46.7 million in the 2004 supplemental capital budget. \$2.7 million is provided for water rights mitigation for Quad City and Sunnyside Valley Irrigation District. \$5.8 million is provided for water conveyance infrastructure projects. \$1.5 million is added to water irrigation efficiency projects. \$14.4 million is added to the Water Pollution Control Program. \$22.3 million is provided for drinking water assistance programs.

Habitat Protection and Conservation

\$16.8 million is added for habitat protection and conservation: \$4 million for the Conservation Reserve Enhancement Program; \$2 million for forest riparian easements; and \$10.8 million for critical habitat acquisition.

Higher Education

The legislature appropriated \$115 million in net new projects for higher education. These included: Guthrie Hall and the Infectious Disease Laboratory Facilities at the University of Washington that both will receive federal matching funds; WSU's Spokane Riverpoint Academic Center Building; completion of Senior Hall at Eastern Washington University; Central Washington University's Des Moines and Wenatchee higher education centers; chemistry lab remodels at The Evergreen State College; Bond Hall at Western Washington University; and 13 projects for community and technical colleges (including three COP projects).

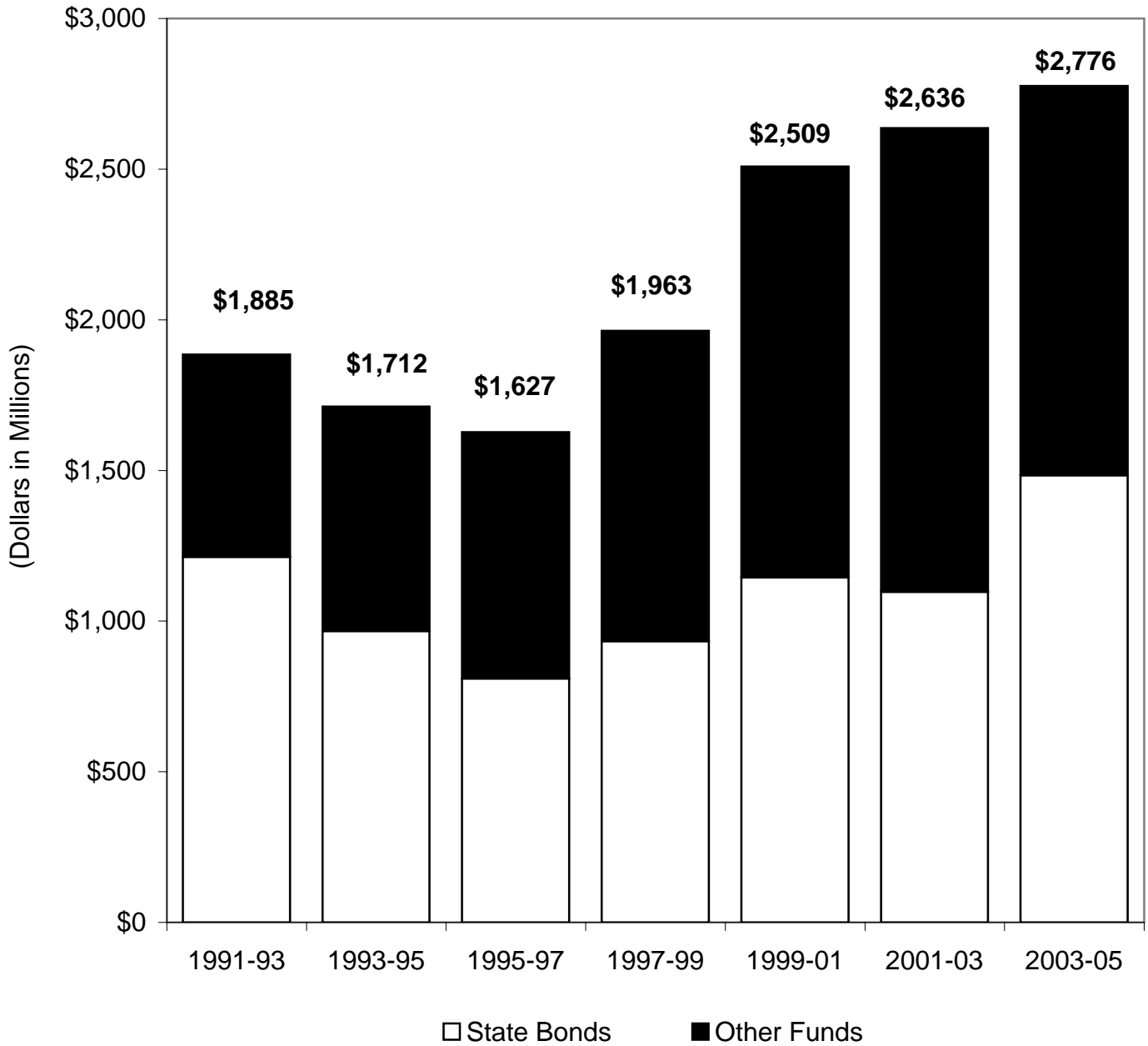
Other Projects

The 2004 supplemental capital budget also included appropriations for the Lewis and Clark Confluence Project (\$2 million); Port of Walla Walla land acquisition for asparagus-related facilities (\$2 million); the Cherberg Building remodel (\$5 million); equipment for an Employment Resource Center related to Boeing's 7E7 project (\$6 million); and Cama Beach State Park (\$2 million financed by bonds and \$4.8 using a certificate of participation).

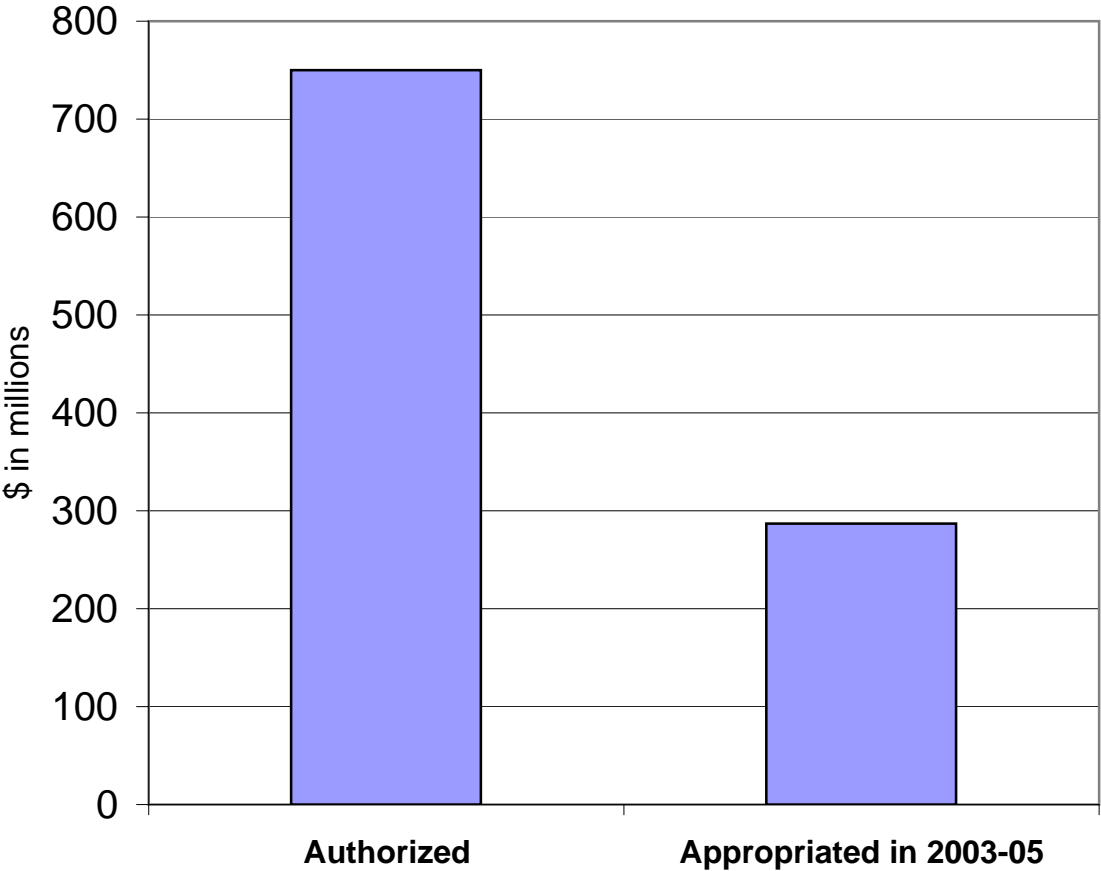
Policy Regarding Appropriating the Full Amount of the Construction Phase of a Project

General capital budgeting principles divide a major capital project into pre-design, design, and construction. Capital budgeting principles also generally provide that if the legislature decides to fund the construction of a project, the legislature appropriate the full amount necessary to complete construction (or at least a usable, stand-alone phase). The legislature embraced this fiscal budgeting principle by fully funding construction of WSU's Spokane Riverpoint Academic Center, agreeing with testimony by the Governor's Office that it is inappropriate to fund a shell as was proposed by the university.

Total Appropriations in the Capital Budget (14 Year History)



Gardner-Evans Higher Education Bonds



- Notes:
- (1) Bond bill (SSB 5401) states intent is to augment traditional capital budget appropriations.
 - (2) Bond bill intends to enhance enrollment capacity by funding new space or maintaining usefulness of existing space through preservation and renovation.
 - (3) These bonds are expected to be appropriated over 3 biennia.

2003-05 Capital Budget - 2004 Supplemental
Signed by Governor
New Appropriations

April 1, 2004

	Bonds	Total
NEW PROJECTS		
Governmental Operations		
Dept Community, Trade, Econ Dev		
Building for the Arts	-32,000	-32,000
Drinking Water Assistance Account	0	4,200,000
Housing Assistance, Weatherization, and Affordable Housing	1,000,000	1,000,000
Lewis and Clark Confluence Project	2,000,000	2,000,000
Local/Community Projects	1,117,000	1,117,000
Port of Walla Walla Land Acquisition	2,000,000	2,000,000
Rural Washington Loan Fund	0	4,542,969
Total	6,085,000	14,827,969
Office of Financial Management		
Capital Budget and Facilities Management Enhancement	0	165,000
Dept of General Administration		
Cherberg Building: Rehabilitation	5,000,000	5,000,000
Engineering & Architectural Services	987,000	0
Legislative Building Technology Infrastructure	1,400,000	1,400,000
Legislative Building: Rehabilitation and Capital Addition	0	2,500,000
Total	7,387,000	8,900,000
Total Governmental Operations	13,472,000	23,892,969
Human Services		
Criminal Justice Training Comm		
Minor Works - Facility Preservation	50,000	50,000
Department of Health		
Drinking Water Assistance Program	0	18,100,000
Department of Corrections		
Minor Works - Health, Safety and Code	-250,000	-250,000
Statewide-Water System Plans	110,000	110,000
WCCW - Sewer Connection Fee	140,000	140,000
Department of Employment Security		
Employment Resource Center	0	6,000,000
Total Human Services	50,000	24,150,000

**2003-05 Capital Budget - 2004 Supplemental
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New Appropriations**

April 1, 2004

	Bonds	Total
Natural Resources		
Department of Ecology		
Centennial Clean Water Program	-1,500,000	-1,350,000
Local Toxics Grants to Locals for Cleanup and Prevention	0	2,050,000
Padilla Bay Expansion	0	144,932
Quad City Water Right Mitigation	2,200,000	2,200,000
Sunnyside Valley Irrigation District Water Conservation	525,000	525,000
Water Conveyance Infrastructure Projects	5,275,000	5,800,000
Water Irrigation Efficiencies	1,500,000	1,500,000
Water Pollution Control Program	0	14,391,000
Total	8,000,000	25,260,932
State Parks and Recreation Comm		
Iron Horse Trail	-262,500	0
Major Park Renovation-Cama Beach	2,000,000	2,000,000
Unforeseen Needs - Special Federal and Local Projects	0	500,000
Total	1,737,500	2,500,000
Interagency Comm for Outdoor Rec		
Firearms and Archery Range Recreation Program (FARR)	0	100,000
Nonhighway and Off-Road Vehicle Activities Program (NOVA)	0	700,000
Total	0	800,000
State Conservation Commission		
Conservation Reserve Enhancement Program	4,000,000	4,000,000
Conservation Reserve Enhancement Program - Loans	0	500,000
Total	4,000,000	4,500,000
Dept of Fish and Wildlife		
Facility, Infrastructure, Lands, and Access Condition Improvement	0	100,000
Fish & Wildlife Opportunity Improvements	0	300,000
Fish and Wildlife Population and Habitat Protection	0	-500,000
Internal and External Partnership Improvements	0	10,800,000
Total	0	10,700,000
Department of Natural Resources		
Community and Technical College Trust Land Acquisition	0	269,000
Grazing Study	0	50,000
Small Timber Landowner Program	2,000,000	2,000,000
Total	2,000,000	2,319,000
Total Natural Resources	15,737,500	46,079,932

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	Bonds	Total
Higher Education		
University of Washington		
Classroom Improvements	4,000,000	4,000,000
Guthrie Hall Psychology Facilities Renovation	3,000,000	3,000,000
Infectious Disease Laboratory Facilities	4,000,000	4,000,000
UW Bothell /Cascadia CC - SR522 Offramp	1,750,000	1,750,000
UW Campus Communications Infrastructure	2,000,000	2,000,000
UW Emergency Power Expansion - Phase II	0	700,000
Total	14,750,000	15,450,000
Washington State University		
Agriculture Research Facility Improvements	500,000	500,000
WSU Spokane Riverpoint - Academic Center Bldg: New Facility	31,600,000	31,600,000
Total	32,100,000	32,100,000
Eastern Washington University		
EWU Senior Hall Renovation	8,120,012	8,120,012
Central Washington University		
CWU/Des Moines Higher Education Center	4,962,000	2,000,000
CWU/Wenatchee Higher Education Center	1,500,000	1,500,000
Minor Works - Health, Safety, and Code Requirements	0	450,000
Minor Works - Infrastructure	0	713,500
Total	6,462,000	4,663,500
The Evergreen State College		
Lab II 3rd Floor - Chemistry Labs Remodel	1,600,000	0
Spokane Intercollegiate & Tech Inst		
Emergency Repairs	337,000	337,000
Western Washington University		
Bond Hall Renovation/Asbestos Abatement	4,900,000	4,900,000
Community/Technical College System		
Bellingham Technical College: Welding/Auto Collision Replacement	14,357,000	14,357,000
Cascadia Community College: UW Bothell/Cascadia Phase 2B Offramp	1,750,000	1,750,000
Columbia Basin College: Health Sciences Center	2,000,000	2,000,000
Employability Co-location Study	0	50,000
Grays Harbor College: Replacement-Instructional Building	19,471,749	19,471,749
Highline Community College: Higher Ed Center/Childcare	-2,412,000	550,000
Lower Columbia College: Instructional/Fine Arts Bldg Replacement	2,500,000	2,500,000
Minor Works - Program (Minor Improvements)	1,513,000	0
Peninsula College: Replacement Science and Technology Building	1,134,000	1,134,000
South Seattle: Training Facility	722,000	722,000
Spokane Falls: Business and Social Science Building	1,800,000	1,800,000
Wenatchee Valley College: Anderson Hall and Portable Replacement	1,618,000	1,618,000
Total	44,453,749	45,952,749
Total Higher Education	112,722,761	111,523,261

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	Bonds	Total
Public Schools		
State Board of Education		
Apple Award Construction Achievement Grants	0	100,000
School Construction Assistance Grants	-11,000,000	2,500,000
Total	-11,000,000	2,600,000
Other Education		
East Wash State Historical Society		
Cheney Cowles Museum: Addition and Remodel	3,200,000	3,200,000
Projects Total	134,182,261	211,446,162

Note: The Governor vetoed \$1 million in the Centennial Clean Water Program for the City of Enumclaw, \$1.8 million in the Local Toxics Grants for tire clean-up in Klickitat County, and \$3.4 million for WSU's water reclamation project.

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April 1, 2004

	State Bonds			Total Appropriated Funds		
	Original	2004 Supp	Revised Total	Original	2004 Supp	Revised Total
NEW PROJECTS						
Governmental Operations						
Jt Leg Audit & Review Committee	500,000	0	500,000	500,000	0	500,000
Public Disclosure Commission	270,172	0	270,172	270,172	0	270,172
Office of the Secretary of State	100,000	0	100,000	100,000	0	100,000
Dept Community, Trade, Econ Dev	139,438,780	6,085,000	145,523,780	435,310,780	14,827,969	450,138,749
Office of Financial Management	150,000	0	150,000	150,000	165,000	315,000
Dept of General Administration	9,354,000	7,387,000	16,741,000	26,155,000	8,900,000	35,055,000
Military Department	9,294,001	0	9,294,001	30,244,001	0	30,244,001
State Convention and Trade Center	0	0	0	2,045,000	0	2,045,000
Total Governmental Operations	159,106,953	13,472,000	172,578,953	494,774,953	23,892,969	518,667,922
Human Services						
Criminal Justice Training Comm	4,800,000	50,000	4,850,000	4,800,000	50,000	4,850,000
Dept of Social and Health Services	36,248,213	0	36,248,213	43,523,213	0	43,523,213
Department of Health	0	0	0	28,122,000	18,100,000	46,222,000
Department of Veterans' Affairs	12,750,001	0	12,750,001	44,070,701	0	44,070,701
Department of Corrections	198,030,116	0	198,030,116	199,630,116	0	199,630,116
Department of Employment Security	0	0	0	0	6,000,000	6,000,000
Total Human Services	251,828,330	50,000	251,878,330	320,146,030	24,150,000	344,296,030
Natural Resources						
Department of Ecology	46,420,804	8,000,000	54,420,804	223,757,414	25,260,932	249,018,346
State Parks and Recreation Comm	12,837,000	1,737,500	14,574,500	21,137,000	2,500,000	23,637,000
Interagency Comm for Outdoor Rec	59,000,000	0	59,000,000	132,609,669	800,000	133,409,669
State Conservation Commission	5,681,000	4,000,000	9,681,000	8,121,000	4,500,000	12,621,000
Dept of Fish and Wildlife	19,725,000	0	19,725,000	43,355,000	10,700,000	54,055,000
Department of Natural Resources	60,219,800	2,000,000	62,219,800	108,437,900	2,319,000	110,756,900
Department of Agriculture	200,000	0	200,000	200,000	0	200,000
Total Natural Resources	204,083,604	15,737,500	219,821,104	537,617,983	46,079,932	583,697,915

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	State Bonds			Total Appropriated Funds		
	Original	2004 Supp	Revised Total	Original	2004 Supp	Revised Total
Transportation						
Washington State Patrol	22,415,000	0	22,415,000	22,415,000	0	22,415,000
Department of Transportation	0	0	0	15,500,000	0	15,500,000
Total Transportation	22,415,000	0	22,415,000	37,915,000	0	37,915,000
Higher Education						
University of Washington	81,103,001	14,750,000	95,853,001	123,211,001	15,450,000	138,661,001
Washington State University	80,637,001	32,100,000	112,737,001	117,816,001	32,100,000	149,916,001
Eastern Washington University	31,191,808	8,120,012	39,311,820	39,217,808	8,120,012	47,337,820
Central Washington University	23,288,001	6,462,000	29,750,001	34,736,001	4,663,500	39,399,501
The Evergreen State College	27,800,001	1,600,000	29,400,001	36,884,001	0	36,884,001
Spokane Intercol Rsch & Tech Inst	0	337,000	337,000	0	337,000	337,000
Western Washington University	16,700,330	4,900,000	21,600,330	27,564,330	4,900,000	32,464,330
Community/Technical College System	320,213,029	44,453,749	364,666,778	380,007,055	45,952,749	425,959,804
Total Higher Education	580,933,171	112,722,761	693,655,932	759,436,197	111,523,261	870,959,458
Public Schools						
State Board of Education	121,550,000	-11,000,000	110,550,000	403,268,513	2,600,000	405,868,513
Public Schools	0	0	0	2,038,390	0	2,038,390
Total Public Schools	121,550,000	-11,000,000	110,550,000	405,306,903	2,600,000	407,906,903
Other Education						
State School for the Blind	3,717,000	0	3,717,000	3,717,000	0	3,717,000
Washington State Historical Society	5,521,200	0	5,521,200	5,521,200	0	5,521,200
East Wash State Historical Society	0	3,200,000	3,200,000	0	3,200,000	3,200,000
Total Other Education	9,238,200	3,200,000	12,438,200	9,238,200	3,200,000	12,438,200
Projects Total	1,349,155,258	134,182,261	1,483,337,519	2,564,435,266	211,446,162	2,775,881,428