



OLYMPIA UPDATE

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Capital Budget Passes Before “Sine Die”

Budgets sent to Gov. Chris Gregoire; 2009 Legislature adjourns “sine die”

Construction bills that support four new WSU buildings at three campuses were decided in the final hours of the legislative session as legislators barely accomplished an on-time adjournment of the 2009 Legislature.

"We look forward to returning to our homes, our families, and our non-legislative lives," Senate Capital Chair Karen Fraser, D-Olympia, said in the Sunday morning prayer on the Senate floor.

The Legislature took the difficult operating budget issues off the table Saturday and dealt with the \$9 billion state budget shortfall. The compromise operating budget bill (Substitute House Bill 1244) narrowly passed the state House of Representatives 54-42 Friday night and then was adopted by the Senate 29-20. It was delivered to the governor Sunday. The House-Senate compromise operating budget is structured to reduce WSU funding by a net of 10.4 percent or \$54.2 million.

As it turned out, it is the capital budget that Fraser negotiated and related bills that would be the last obstacles to adjournment Sunday. After two attempts, the capital construction bill (Engrossed Substitute House Bill 1216) passed the state House of Representatives by the bare minimum of votes required to be successful. The Senate added some technical amendments in a late 31-15 vote Sunday. The House concurred with another 61-35 vote.

The capital budget and supporting legislation provide funding for construction to perhaps begin two WSU buildings this year. The \$36.7 million Vancouver Applied Technology Classroom Building construction dollars is funded by the legislative budget. The bill also provides \$6.2 million of a \$10 million match necessary to begin construction of the Global Animal Health building, Phase I.

In addition, the capital budget provides design funds that are structured in a way to allow for acceleration of two more new buildings, perhaps allowing construction to begin in two years or less. Design funds for the Pullman Veterinary Medical Research Building are provided with a

funding authority that allows ultimate construction of a \$96 million facility. Also, the new budget provides that a \$45 million Riverpoint Biomedical and Health Sciences Building that was scheduled to begin construction in four years. It will now be eligible for state funding to break ground in two years.

Vancouver, Pullman, and Spokane Buildings Move Ahead

The compromise 2009-2011 capital construction budget is substantially smaller for WSU than the record budget for this current biennium. About \$740 million in money usually spent in capital construction was transferred by legislators to the operating budget. A key provision is that more than \$15 million in WSU building fees were retained in the compromise capital budget for buildings at WSU. Those funds which are part of WSU students' tuition payments were proposed by the House to be spent elsewhere in the operating budget. In an unusual Senate alternative funding package adopted in the final budget, WSU student fees monies and local funds will be retained and bonded. That will make possible many of the projects that the compromise budget funds:

Vancouver Applied Technology Classroom Building. The \$36.7 million construction funding for the Vancouver building will help meet some of the most pressing employment needs in computer science and electrical engineering for the state. The largest single chunk of the WSU capital budget, it was controversial throughout most of the legislative session. Originally proposed by the governor in her unsuccessful state stimulus bill, the House later proposed that the building not be funded next biennium. The Senate, however, persisted in its support for the building. Sen. Karen Fraser, D-Olympia, and Sen. Craig Pridemore, D-Vancouver, are credited by their colleagues in both houses for the successful funding of the building. The House Vancouver legislative delegation also pressed for the building throughout the session, led by Reps. Jim Jacks, Tim Probst, Jim Moeller, and others. The four-story Vancouver building includes specialized laboratories, engineering classrooms, departmental offices, general classrooms, and support spaces to serve students in computer science and engineering. The building is the number one state construction priority for the WSU system at all campuses. It was recommended by the Higher Education Coordinating Board and scored highest among all projects by the Office of Financial Management process. WSU building fees are among the funds that will be bonded to pay for up to \$10 million of the Vancouver building's costs. Construction will likely begin this year. The final budget funding level is about \$2 million below the amount requested by WSU. A companion silicone chip research and development facility for the Washington Technology Center (WTC) was not funded in any legislative budgets and was not recommended by the governor.

Riverpoint Biomedical & Health Sciences The appropriation in this capital budget may make possible the long-awaited construction of the Spokane health sciences research building in 2011. WSU's original request was for a \$250,000 pre-design. Spokane legislators led by Senate Majority Leader Lisa Brown and Sen. Chris Marr, and supported by Inland Northwest business leaders, convinced the Legislature to accelerate the project by two years. This compromise budget adopts the Senate position to provide \$4.34 million is provided for design as well as pre-design. The building includes space to consolidate WSU health science programs, to expand biomedical research including an animal research facility. The Biomedical and Health Sciences facility will also strengthen interdependent program and research connections between WSU Pullman and WSU Spokane (the WWAMI medical program, for instance), and initiatives associated with new federal funding, the Life Sciences Discovery Fund and private partnerships. Total project cost is estimated at \$45 million for 86,000 square feet.

Global Animal Health, Phase I. The Legislature's action on WSU's 22,840-square foot Global Animal Health Building was timely. It came on the day when federal officials were declared a national public health effort to prevent the spread of a new strain of "swine flu" in the United States. The Global Animal Health building is designed to directly assist the mission of the state Department of Health to protect Washington State citizens from diseases transmitted from animals to humans (for example, bird flu, West Nile Virus, Salmonella, and other agents potentially found as contaminants in our food supply). WSU received \$6.2 million toward the \$10 million match required by a \$25 million gift from the Bill and Melinda Gates Foundation. If WSU can secure the remaining \$3.8 million through private gifts or other funds, the state appropriation will make possible construction of a \$35 million building. The alternative funding model, known as "Certificates of Participation," was also used for this project.

Veterinary Medical Research Building. This building is designed to get neuroscience, cardiac muscle and bioengineering research and education out of crowded and antiquated space on the Pullman campus. \$7.4 million in design funding was requested to prepare for construction in 2011-2013. The budget authorizes that amount as well as construction of up to \$95.78 million. The building is WSU's second highest priority (behind the Vancouver building.) The alternate funding method used for this building might accelerate completion of the project. The university has identified it as crucial to the success of innovative biomedical research and high-demand undergraduate, graduate, and professional education programs of the College of Veterinary Medicine and of related programs and collaborators in bioengineering and animal science. There are 35-40 faculty biomedical researchers to be moved to this building, along with the approximately 200 graduate students, post-docs, and technicians that participate in the research. The faculty are among the most successful and productive scientists at WSU. About 100 undergraduate students per year also have their education enriched by conducting research in these labs. Because of the health sciences emphasis, some of these programs like sleep research work closely with WSU Spokane scientists.

The final legislative capital budget bill also provides minor capital preservation and programs, funding them at \$45.16 million.

Other Construction Bills

Certificates of Participation (Engrossed Substitute House Bill 2254.) This bill has now passed the Legislature and was delivered to the governor Sunday. It allows the universities to use local higher education building and capital project accounts for debt service payments. It specifically references Washington State University and the University of Washington. This provides the funding method for funding for the Veterinary Medical Research Building and Global Animal Health, Phase I. The bill's sponsor, Rep. Scott White, D-Seattle, has wasted no time in urging the governor to sign the bill. "We are fortunate to have two world class public research universities in our state with the University of Washington and Washington State University," White wrote the governor.

UW-WSU Public Works Dies (Senate Bill 5760) A negotiated version of this bill that could help expedite projects built by WSU with non-appropriated funds died in dispute between the two houses. The two houses differed dramatically in their approaches. The Senate strongly favored the proposal as a way to more efficiently build with alternate construction dollars. The House-passed version prevents WSU from benefitting from the bill. The negotiated version is closer to a Senate-passed bill but encountered strong opposition in the final days from

contractor and architect associations. The compromise would have granted UW and WSU the authority to use a small works roster for projects up to \$1 million (instead of \$200,000) for non-appropriated funds. It also allows WSU and UW general contractor-construction manager authority for projects of more than \$1 million (typically it's used for projects of more than \$10 million on complex buildings.)

Capital Bonds Bill (Substitute House Bill 1272). This is legislation that provides the bonding authority to implement the capital construction budget passed both houses on the final day of the session. It funds more than \$2 billion in projects including most of the Vancouver Applied Technology Building and all of the Riverpoint Biomedical & Health Sciences building. It required a 60 percent majority in each house to pass. It passed the Senate 30-15 and the House 60-36 to send the matter to the governor.

Regents Confirmed

A record eight WSU Regents were nominated by Gov. Christine Gregoire for confirmation this session and were confirmed by the state Senate during the 2009 session of the Legislature that ended today.

Ted Baseler, president and CEO of Stimson Lane Vineyards and Estates, was confirmed to a term ending Sept. 30, 2014. (Senate Gubernatorial Appointment 9150, Adopted 45-0 on April 22.)

Scott Carson, president of Boeing Commercial Airplanes, was confirmed for a term ending Sept. 30, 2013. (SGA 9016, Adopted 48-0 on March 5.)

Harold Cochran, a Walla Walla farmer and founding stockholder of Bank of the West, was confirmed to a term ending this year on Sept. 30. (SGA 9022, Adopted 48-0 on March 5.)

Betsy Cowles, chairman of Cowles Publishing Company, was confirmed to a term ending Sept. 30, 2011. (SGA 9023, Adopted 48-0 on March 5.)

Derick En'wezoh, an undergraduate honors student majoring in neuroscience, was confirmed to a term ending this year on June 30. (SGA 9034, Adopted 48-0 on March 5.)

Laura Jennings, a consultant and former Microsoft executive, was confirmed to a term ending this year on Sept. 30. (SGA 9055, Adopted 48-0 on March 5.)

Rafael Stone, a partner in the law firm of Foster Pepper PLLC, was confirmed to a term ending Sept. 30, 2011. (SGA 9116, Adopted 48-0 on March 5.)

Connie Niva, a Port of Everett commissioner and a former member of the Washington Transportation Commission, was confirmed for a term ending Sept. 30, 2014. (SGA 9140, Adopted 47-0 on March 5)

Other Business

The Health Care Eligibility Bill, Engrossed Substitute House bill 2245 has passed the Legislature and was delivered to the governor Sunday. It contained amendments supported by WSU including using an 80-hour averaging rule for higher education.

A King County funding bill (Substitute Senate Bill 6116) that may have provided public funds for Husky Stadium and other projects died before it could be brought to a vote of the full Senate.

For the status of bills affecting WSU - http://www.olympia.wsu.edu/Status/2009_Shortlist_SineDie.aspx

Olympia Update is produced for persons interested in state government developments affecting Washington State University. For more information, go to www.olympia.wsu.edu. Contact: Larry Ganders, Assistant to the President, 360-534-2330. From WSU campuses, dial 4-2330. If you wish to subscribe to Olympia Update directly by email go to www.olympia.wsu.edu/Update.aspx