

Chapter 39.35B RCW
LIFE-CYCLE COST ANALYSIS OF PUBLIC FACILITIES

Sections

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RCW 39.35B.010 Legislative findings. The legislature finds that:

- (1) Operating costs of a facility over its lifetime may greatly exceed the initial cost of the facility;
- (2) In the planning, design, and funding for new construction or major renovation of state-owned facilities it is desirable to consider not only the initial costs relating to design and construction or acquisition, but the anticipated operating costs relating to the building throughout its life;
- (3) The consideration of both initial and operating costs is known as life-cycle cost or life-cycle cost analysis;
- (4) Operating costs of a facility for purposes of this chapter include, but are not limited to, energy costs, maintenance and repair costs, and costs of the work or activity performed within the facility, including wages and salaries;
- (5) Current law, chapter 39.35 RCW, speaks to life-cycle cost analysis only in relation to energy conservation; and
- (6) Life-cycle cost may not be suitable or cost-effective for all capital projects or all components of a facility, and is not an exclusive criteria for decision-making, but is nonetheless a useful framework for evaluating design and capital investment alternatives. [1986 c 127 s 1.]

RCW 39.35B.020 Legislative declaration. The legislature declares that:

- (1) It is the policy of the state to consider life-cycle costs in the selection of facility design alternatives, to the full extent practical, reasonable, and cost-effective;
- (2) Life-cycle cost should be considered by the state government, school districts, and state universities and community colleges in the planning, design, and funding for new construction or major renovations; and
- (3) Use of life-cycle cost should be encouraged for cities, counties, and other governmental districts including special purpose districts. [1986 c 127 s 2.]

RCW 39.35B.030 Intent. It is the intent of the legislature to:

- (1) Expand the definition and use of "life-cycle cost" and "life-cycle cost analysis" to include consideration of all operating costs, as opposed to only energy-related costs as addressed by chapter 39.35 RCW;

(2) Encourage the recognition, development, and use of life-cycle cost concepts and procedures by both the executive and legislative branches in the state's design development and capital budgeting processes;

(3) Ensure the dissemination and use of a common and realistic discount rate by all state agencies in the calculation of the present value of future costs;

(4) Allow and encourage the executive branch to develop specific techniques and procedures for the state government and its agencies, and state universities and community colleges to implement this policy; and

(5) Encourage cities, counties, and other governmental districts including special purpose districts to adopt programs and procedures to implement this policy. [1986 c 127 s 3.]

RCW 39.35B.040 Implementation. The principal executives of all state agencies are responsible for implementing the policy set forth in this chapter. The office of financial management in conjunction with the department of enterprise services may establish guidelines for compliance by the state government and its agencies, and state universities and community colleges. The office of financial management shall include within its biennial capital budget instructions:

(1) A discount rate for the use of all agencies in calculating the present value of future costs, and several examples of resultant trade-offs between annual operating costs eliminated and additional capital costs thereby justified; and

(2) Types of projects and building components that are particularly appropriate for life-cycle cost analysis. [2015 c 225 s 47; 1986 c 127 s 4.]

RCW 39.35B.050 Life-cycle cost model and analysis—Duties of the office of financial management. The office of financial management shall:

(1) Design and implement a cost-effective life-cycle cost model by October 1, 2008, based on the work completed by the joint legislative audit and review committee in January 2007 and in consultation with legislative fiscal committees;

(2) Deploy the life-cycle cost model for use by state agencies once completed and tested;

(3) Update the life-cycle cost model periodically in consultation with legislative fiscal committees;

(4) Establish clear policies, standards, and procedures regarding the use of life-cycle cost analysis by state agencies including:

(a) When state agencies must use the life-cycle cost analysis, including the types of proposed capital projects and leased facilities to which it must be applied;

(b) Procedures state agencies must use to document the results of required life-cycle cost analyses;

(c) Standards regarding the discount rate and other key model assumptions; and

(d) A process to document and justify any deviation from the standard assumptions. [2007 c 506 s 3; (2011 1st sp.s. c 48 s 7005 expired June 30, 2013).]

Expiration date—2011 1st sp.s. c 48 s 7005: "Section 7005 of this act expires June 30, 2013." [2011 1st sp.s. c 48 s 7038.]

Effective dates—2011 1st sp.s. c 48: "This act is necessary for the immediate preservation of the public peace, health, or safety, or support of the state government and its existing public institutions, and takes effect immediately [June 15, 2011], except for sections 7022 through 7025 and 7027 of this act which take effect July 1, 2011." [2011 1st sp.s. c 48 s 7039.]

Findings—Intent—2007 c 506: See note following RCW 43.82.035.