



Direct Appropriations Status Report

Pursuant to Laws of 2023, Chapter 474 (SB 5200, Section 6012)

January 15, 2025

Report to the Legislature

Interim Director Diane Klontz



**LOCAL AND COMMUNITY
PROJECTS**

Acknowledgments

Washington State Department of Commerce

Mark Barkley, Assistant Director, Local Government
Division

Buck Lucas, Policy Communication Manager, Local
Government Division

Mike Kendall, Manager, Capital Programs

Addeline Craig, Managing Director, Community
Capital Facilities

360-688-0041

addeline.craig@commerce.wa.gov

Community Capital Facilities

1011 Plum St. SE

P.O. Box 42525

Olympia, WA 98504-2525

www.commerce.wa.gov

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call 7-1-1 and ask to be connected to 360-725-4000.

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Introduction

In 2023, the Legislature directed the Department of Commerce to identify any projects that are not under contract by end of 2024, and which will lapse from the list of 2018 Local and Community Projects. Specifically:

- (1) The reappropriation is subject to the provisions of section 1052, chapter 296, Laws of 2022.
- (2) The reappropriation for any project for which the department has not executed a contract by December 31, 2024, shall lapse. The department shall provide a list of lapsed projects to the legislative fiscal committees no later than January 15, 2025.

Findings

- Of the 191 projects, 82% have been completed (156 of 191 projects) with an investment of approximately \$98 million in communities statewide. As of this report, 30 additional projects remain in progress.
- Only three projects (1.5% of all projects) are not under contract as of Dec. 31, 2024, and are expected to lapse ([Table 1](#)).
- Direct appropriations come in varying degrees of project readiness, and every project is subject to constraints, including scope changes, supply chain challenges and economic realities.
- Commerce continues to work with all recipients to strengthen communities through state capital investments by:
 - Providing robust technical assistance through contract negotiation
 - Providing additional notification of contract end dates
 - Collaborating with legislative staff on requests to change project scopes as project plans evolve
- In recent years, Commerce launched a community resource toolkit for grant recipients navigating the contracting process. On [the Community Capital Facilities webpage](#), awardees can find guidance for common topics such as proving site control, documenting insurance needs, and consulting tribes. This is one of many ways Commerce strengthens communities' ability to meet funding requirements and deliver public benefit to their residents.

Background

Every session, the Legislature considers community capital projects to include in the state's capital budget. The [Office of Financial Management defines](#) capital projects as "a broad range of construction, renovation, rehabilitation and acquisition."

Commerce stewards many direct appropriations, such as lists of Local and Community Projects. Commerce administered these appropriations as reimbursement-style grants to local governments and nonprofits, to help them build and improve community facilities. This relationship requires the department to maintain the integrity of significant state investments, in alignment with stated requirements and appropriate risk management procedures.

The precise language within the capital budget may vary over biennia, but these appropriations are generally subject to the following conditions and limitations.

- 1) Except as directed otherwise prior to the effective date of this section, the department may not expend the appropriation in this section unless and until the non-state share of project costs have been either expended, or firmly committed, or both, in an amount sufficient to complete the project or a distinct phase of the project that is useable to the public for the purpose intended by the legislature. This requirement does not apply to projects where a share of the appropriation is released for design costs only.
- 2) Prior to receiving funds, project recipients must demonstrate that the project site is under control for a minimum of ten years, either through ownership or a long-term lease. This requirement does not apply to appropriations for pre-construction activities or appropriations whose sole purpose is to purchase real property that does not include a construction or renovation component.
- (3) Projects funded in this section may be required to comply with Washington's high performance building standards as required under [chapter 39.35D RCW](#).
- (4) Project funds are available on a reimbursement basis only, and shall not be advanced under any circumstances.
- (5) Projects funded in this section must be held by the recipient for a minimum of ten years and used for the same purpose or purposes intended by the legislature as required in [RCW 43.63A.125\(6\)](#).
- (6) Projects funded in this section, including those that are owned and operated by nonprofit organizations, are generally required to pay state prevailing wages.

Identified projects

From the 191 projects that received direct appropriations funding within the 2018 Local and Community Projects (40000005), only three did not execute a contract before Dec. 31, 2024 ([Table 1](#)).

Table 1: Lapsed 2018 Local and Community Projects

Grantee	Project	Grant amount
Homesight	Multicultural Community Center	\$1,300,000
Seattle Indian Health Board	Seattle Indian Health Board	\$200,000
City of Sumner	Daffodil Heritage Float Barn	\$103,000
Total		\$1,603,000