



STATE OF WASHINGTON  
OFFICE OF THE GOVERNOR

P.O. Box 40002 • Olympia, Washington 98504-0002 • (360) 902-4111 • [www.governor.wa.gov](http://www.governor.wa.gov)

**EXECUTIVE ORDER 13-03**

**REQUIRING CONSIDERATION OF LIFE CYCLE  
AND OPERATING COSTS IN PUBLIC WORKS PROJECTS**

**WHEREAS**, in order to reduce energy and other operating costs, consideration must be given to all costs for constructing and operating a building;

**WHEREAS**, these costs must be considered at the beginning of the planning process;

**WHEREAS**, all reasonable steps should be taken to implement measures designed to achieve more efficient building costs for both construction and operations costs, and to consider clean energy systems with life-cycle costs;

**NOW THEREFORE**, I, Jay Inslee, Governor of the State of Washington, by virtue of the authority vested in me do hereby direct:

All state agencies shall consider operating and life-cycle costs when planning a building as follows:

1. **Definitions**

a) "Life cycle costs" means the sum of present values of investment costs, capital costs, acquisition costs, installation costs, operating costs, maintenance costs, and disposal costs over the life of the building.

b) "Operating costs" means the costs required to: provide energy to the building or grounds in the form of electricity, natural gas, or other methods; maintain the building including labor and materials; replacement of building systems; wastewater disposal; and water.

c) "Operating performance contract" means a contract that provides for the performance of services for the design, acquisition, financing, installation, testing, operation, and where appropriate, maintenance and repair, of an identified energy or water conservation measure or series of measures at one or more locations. Such contracts shall provide that the contractor guarantee the operating and maintenance costs for an agreed upon length of time.

d) "Agency" means a state agency under the authority of the Governor, and any entity that receives funds from the capital budget.

## 2. **Implementation**

a) Life-cycle cost analysis shall determine the reasonably expected fuel costs for the economic life of the building that are required to maintain illumination, power, temperature, humidity, ventilation of such state-funded facility, and all other energy consuming equipment in a facility and the reasonably expected costs of probable facility ownership, operation, and maintenance including labor, and materials, and building operation. Life-cycle cost may be expressed as an annual cost for each year of the facility's use. Further, the life-cycle cost analysis may demonstrate for each design how the design contributes to energy efficiency, and conservation with respect to, any of the following: energy use, energy cost, clean energy use, water use, and water cost.

b) Within 180 days of this Executive Order, the director of the Office of Financial Management (OFM), in collaboration with other agency directors, shall: provide the life cycle cost model to be used for analysis; provide assistance in using the life cycle cost model; and issue guidance to clarify how agencies determine the life cycle cost for investments required by this Executive Order, including how to compare different energy and fuel options and assess the current tools. The director of the OFM also shall provide direction in the Capital Budget Instructions to follow these rules.

c) Construction shall proceed only upon the disclosure to the OFM, for the facility chosen, of the life-cycle costs as determined in this section and the capitalization of the initial construction costs of the building. The results of life-cycle cost analysis shall be a primary consideration in the selection of a building design. Such analysis shall be required only for construction of buildings with an area of 5,000 square feet or greater. An energy consumption analysis for the term of a proposed lease shall be required only for the leasing of an area of 20,000 square feet or greater.

d) The Department of Enterprise Services shall develop sustainable design principles. The principles shall include using an energy use index or other measurements that identify energy and operating savings. Agencies shall apply such principles to the siting, design, and construction of new facilities. Agencies shall optimize life-cycle costs, pollution, and other environmental and energy costs associated with the construction, life-cycle operation, and decommissioning of the facility. Agencies shall consider using Operating Performance Contracts or utility energy-efficiency service contracts to aid them in constructing sustainably designed buildings.

## 3. **Architectural and Engineering Firm Selection**

a) Each cabinet agency, and any other state agency that receives funds from the capital budget, shall consider the architectural and engineering firm's experience using life cycle costs, operating costs, and energy efficiency measures when evaluating the selection of the architectural and engineering firm for projects where life cycle costs, operating costs, and energy efficiency measures are applicable.

b) When selecting an architectural and engineering firm, agencies shall consider the architectural and engineering firm's experience with highly efficient systems, in new construction or retrofit projects when life-cycle cost effective. Agencies shall consider

combined cooling, heat, and power when upgrading and assessing facility power needs and shall use combined cooling, heat, and power systems when life-cycle cost-effective. Agencies shall survey local natural resources to optimize use of available biomass, bioenergy, geothermal, or other naturally occurring energy sources.

c) Agencies shall consider successful implementation in areas such as Energy-Savings Performance Contracts, sustainable design, energy efficient procurement, energy efficiency, water conservation, and renewable energy projects in the evaluations of architectural and engineering firms.

d) If an agency determines that a waiver of this requirement is necessary, the agency may ask the OFM for a waiver of the provision. The OFM will include a list of any waivers it grants in a report to the Legislature.

4. **General Contractor/Construction Manager Selection**

a) Each cabinet agency, and any other state agency that receives funds from the capital budget, shall consider the General Contractor/Construction Manager (GCCM) firm's experience using life cycle costs, operating costs, and energy efficiency measures, when evaluating the selection of the GCCM firm for projects where life cycle costs, operating costs, and energy efficiency measures are applicable.

b) Agencies shall consider GCCM firms that have experience optimizing life-cycle costs, pollution, and other environmental and energy costs associated with the construction, life-cycle operation, and decommissioning of the facility, when evaluating GCCM experience for selection.

c) When selecting a GCCM, agencies shall consider the GCCM firm's experience with highly efficient systems in new construction or retrofit projects when life-cycle cost effective.

d) Agencies shall consider the GCCM firm's successful implementation in areas such as Energy-Savings Performance Contracts, sustainable design, energy efficient procurement, energy efficiency, water conservation, and renewable energy projects in the evaluations of architectural and engineering firms.

e) If an agency determines that a waiver of this requirement is necessary, the agency may ask the OFM for a waiver of the provision. The OFM will include a list of any waivers it grants in a report to the Legislature.

5. **Design Build Contractor Selection**

a) Each cabinet agency, and any other state agency that receives funds from the capital budget, shall consider the Design Build firm's experience using life cycle costs, operating costs, and energy efficiency measures, when evaluating the selection of the Design Build firm for projects where life cycle costs, operating costs, and energy efficiency measures are applicable.

b) Agencies shall consider Design Build firms that have experience optimizing life-cycle costs, pollution, and other environmental and energy costs associated with the construction, life-cycle operation, and decommissioning of the facility when evaluating design build firms for selection.

c) When selecting a Design Build firm, agencies shall consider the Design Build firm's experience with highly efficient systems, in new construction or retrofit projects when life-cycle cost effective.

d) Agencies shall consider the Design Build firm's successful implementation in areas such as Energy-Savings Performance Contracts, sustainable design, energy efficient procurement, energy efficiency, water conservation, and renewable energy projects in the evaluations of architectural and engineering firms.

e) If an agency determines that a waiver of this requirement is necessary, the agency may ask the OFM for a waiver of the provision. The OFM will include a list of any waivers it grants in a report to the Legislature.

This Executive Order shall take effect immediately.

Signed and sealed with the official seal of the state of Washington on this 21st day of August, 2013, at Olympia, Washington.

By:

/s/

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Jay Inslee  
Governor

BY THE GOVERNOR:

/s/

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Secretary of State