PugetSoundPartnership
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September 18, 2009

To: Leadership Council,
Ecosystem Coordination Board and
Science Panel

From: David D. Dicks, Executive Director

RE: PSP Guide to Reviewing Natural Resource Agency Reform Options

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This past spring the legislature asked Gov. Gregoire to convene a workgroup to examine how other states organize their Natural Resources agencies and what opportunities there might be for consolidation, reorganization, cost savings, and improved service to the public.

After many meetings and work sessions over the last several months, the Natural Resources Subcabinet (the directors of all of the natural resource agencies and the governor's policy staff) has released a series of reform ideas to the public for comment.

Although all of the ideas have a state-wide scope, many of the ideas on the table would directly influence the Puget Sound Partnership. Several of the options are supportive of or would directly implement priorities in the Action Agenda. The attached memo summarizes the report and highlights potential affects on the Partnership and the Action Agenda.

We have provided you with this memo to guide your review of the natural resource agency reform options from the perspective of the Puget Sound Partnership. Text in ***bold italics*** suggests areas to comment on regarding affect on the Puget Sound Partnership and the Action Agenda.

Goals and Criteria

Earlier this year, the legislature requested that the governor consider options for reforming natural resource governance in Washington State. The governor established three goals for the reform effort:

- Reduce the size of government
- Deliver 21st century customer service
- Streamline state agencies and operations to maximize impact of limited dollars

The Governor also identified three criteria for what reform ideas should accomplish:

1. Improve customer service
2. Increase efficiencies by improving productivity and reducing cost
3. Advance the state's commitment to:
    a. Protecting and restoring natural resources and the environment

b. Working collaboratively on natural resource issues with the state's tribal governments
c. Promoting sustainable commercial and recreational use of natural resources
d. Protecting public health

The Natural Resources Subcabinet, which is comprised of the directors of all natural resource agencies and the governor's policy staff, identified four broad categories of reform opportunities: 1) Reduce the Number of Agencies and/or Improve Coordination; 2) Share Services and Resources; 3) Improve Permitting and Compliance; and 4) Streamline Quasi-Judicial Boards.

Complete descriptions of each of the options are in the Appendices. I have provided you with the appendix reference in parenthesis next to the description of each option.

Reduce the Number of Agencies and/or Improve Coordination

Options 1-1 through 1-4 would have significant effect on the Puget Sound Partnership (PSP). These options would reduce the number of agencies from 15, which is the current number, to between 2 and 5 agencies. Each of these options would fold PSP into a new agency with a subset of responsibilities for managing natural resources. ***Please consider providing comments regarding placement of Puget Sound within another agency***.

Please review each of the models that reduce the number of agencies and provide comments regarding whether or not PSP is located in the appropriate new agency, assuming that option is selected for implementation.

1. **Two-Agency Model (1-1) –** Reorganize existing agencies into the following two new agencies
    a. Department of Environmental Regulation, which would manage environmental permits, land use, and other environmental issues.
    b. Department of Resource, Recreation, and Land Management, which would manage state lands and recreation. **PSP would be placed here.**
2. **Three-Agency Model (1-2) -** Reorganize existing agencies into the following three new agencies:
    a. Environmental Protection Agency, which would manage pollution impacts and land use.
    b. Agriculture and Natural Resources Land Management Agency, which would manage state conservation and working lands (agriculture, logging, etc.)
    c. Recreation, Resources, and Ecosystem Conservation Agency, which would manage fish, wildlife and recreation; regulate hydraulic approvals; and address ecosystem-based management and recovery. **PSP would be placed here.**
3. **Four-Agency Model (1-3)** keeps the Departments of Ecology, Agriculture, and Natural Resources remaining as they are and a creates a new "Department of Ecosystem Management and Recreation" through the merger of the Department of Fish and

Wildlife and State Parks. **PSP would be placed in the "Ecosystem Management" department under this model.**

4. **Five-Agency Model (1-4)** creates five independent agencies and shifts programs from current agencies to align related programs.
    a. Environmental Protection Agency, which would manage pollution impacts and land use.
    b. Agricultural Agency, which would support and promote agriculture.
    c. Public Land Management Agency, which would manage state-owned lands.
    d. Resource and Ecosystem Conservation Agency, which would manage public resources (fish and wildlife), regulate natural resources activities, and address ecosystem-based management and recovery. **PSP would be placed here.**
    e. Environmental and Natural Resources Financial Assistance Agency, which would provide leadership and accountability for all natural resources and environmental grant and loan programs.

Options 1-5 through 1-8 do not require a reduction in the overall number of agencies. However, they could be implemented in combination with one of the options that reduce the number of agencies.

Option 1-5 and 1-7 were written by PSP. Option 1-5 recommends aligning the mission and goals of all state resource agencies at the state level to eliminate conflict and create opportunities for collaboration in natural resource management. Option 1-7 encourages the same thing but at the regional level. Option 1-7 does not rely on the re-alignment of agency regional boundaries based on eco-regions but would benefit from that option. Option 1-8 would support and encourage increased collaboration between entities with a role in resource management.

These four options would move the rest of the state closer to the ecosystem management model that PSP is pioneering for the Puget Sound ecoregion. These options are relatively low cost and can be implemented relatively quickly. ***Please consider reviewing and commenting on these four options.***

5. **Unified vision (1-5) –** This idea creates a unified vision for all natural resources agencies to better enable state government to focus increasingly scarce time and money on the most important things. Under this idea, agencies would create a unified vision, mission, goals, and outcomes for natural resources management through strategic planning. Agencies would identify a common set of environmental threats and would prioritize and synchronize management strategies, and then collaborate to achieve the goals.
6. **Re-Align Regional Boundaries and co-locate regional offices (1-6)** – Under this idea, agencies, over time, would combine and relocate their current regional offices into regional offices made up of multiple agency employees, supported by shared work centers.
7. **Collaborative Ecosystem-based Management (1-7)–** Under this idea, agencies collaboratively would establish goals and priorities in eco-regions, which are large geographic areas (such as Puget Sound), that have topographical and ecological characteristics that differentiate them from other eco-regions. This idea could use science and local planning and prioritization processes to better focus state efforts.

8. **Formalize Multi-Agency Collaboration (1-8)–** In this idea, cross-agency teams and formal working relationships would be established between agencies. These cross-agency teams would have dedicated employees, budgets, and missions that focus on strategy, coordinated responses, and shared responsibilities. This model is known as "structured collaboration."

Sharing Services and Functions

1. **GIS Data Consolidation and Governance (2-1).** Share Geographic Information System (GIS) technology, which is used to inventory, manage, and map information about Washington's natural and human built environment. This information is used to manage natural resources, protect Washington's environment, and ensure public safety. ***This option would make it more likely that tribes and local governments are able to access state data to assist in their management, regulatory and planning activities. It would also provide a platform for the watershed assessment project that is the top priority in the protect category in the Action Agenda and are in progress for all Puget Sound watersheds. PSP is already working on this for the Puget Sound region.***
2. **Coordinate Citizen Science (2-2)** – Agencies conduct diverse environmental monitoring that requires unique expertise. Under this idea, agencies and citizens better collaborate to gather data. ***This is consistent with a near term action in section E of the Action Agenda. PSP is working to do this in the Puget Sound region. This option would support that effort.***
3. Consolidate Natural Resources Law Enforcement Officers – Several ideas were presented, such as:
    a. **Reclassify all natural resource agency law enforcement officers (2-3)** to expand their authority to that of general police officers.
    b. **Combine law enforcement officers (2-4)** from the Departments of Fish and Wildlife and Natural Resources into an independent agency.
    c. **Create a Natural Resource Enforcement Bureau (2-5)** by merging law enforcement officers from the Department of Fish and Wildlife and the Department of Natural Resources into the Washington State Patrol.

    Enforcement of existing regulations is a key concept in the Action Agenda (See section D5). These options have the potential to result in improved enforcement. Review the pros and cons section for each of these ideas in the appendices and consider providing comment on the preferred option.
4. Consolidate Grants and Loans – Two ideas were presented here:
    a. **Create a Natural Resources Financial Assistance Agency (2-6)** that would co-locate current grant and loan programs. This one agency would develop a web-based portal for customer access; standardize forms and reporting; and coordinate compliance of contractual obligations.
    b. **Create a Natural Resources Grants and Loans Council (2-7),** which would create a centralized information portal and develop common forms, procedures, protocols, and performance measures. Under the council, grants and loans

would remain in multiple agencies, but some of the current grant programs would be aligned along functional lines.

Improving Environmental Protection, Permitting and Compliance

Priority A in the Action Agenda recognizes that land use planning tools such as the GMA are key to protecting ecosystem function. Priority D in the Action Agenda addresses the need to work better together including streamlining permitting, improving mitigation success, and better compliance and enforcement of existing regulations. This section of ideas has the potential to achieve several priority actions in the Action Agenda. Please review consider reviewing carefully and providing comments.

1. **Update the Growth Management Act (3-1)**. ***Action A.1 in the Action Agenda calls for the use of land use management tools to protect ecosystem function. This is an important idea to provide comments on in relation to PSP priorities.***
2. **Expand current pilot projects testing consolidated and coordinated permitting systems (3-2).** ***This is Near Term Action 2 in Section D4 of the Action Agenda. Part of the focus of this effort should be in Puget Sound.***
3. **Give agencies authority to do permit by rule (3-3),** which allows them to pre-package a set of requirements applicants must comply with to receive permits. ***This is specifically related to issuance of HPA's. It would be consistent with D4.1.4 if it were only allowed for projects that did not negatively impact important ecosystem functions. Review carefully.***
4. **Consolidate regulation of manure waste from two agencies to one (3-4)**. This idea provides two options… either give DOE or Department of Agriculture the authority to regulate manure waste. ***This idea may help improve compliance with regulations in areas such as the Samish. Please consider reviewing and commenting.***
5. **Target delivery of incentive-based programs for landowners (3-5)** – Under this idea, the state Conservation Commission would be the point-of-contact for incentive programs. Conservation districts would coordinate with state, federal, local and tribal agencies to provide a package of tailored incentives to a landowner. ***This idea is consistent with and would promote implementation of Section A4 and related near term actions in the Action Agenda. Please provide comments.***
6. **Implement Outcome-Based Environmental Management (3-6)**– Under this idea, the State would shift its emphasis for managing environmental resources from a single resource view to a view that attempts to achieve larger ecosystem objectives. ***This option would directly implement several recommendations from Section A and D of the Action Agenda (especially sections D4 and D5). It covers improvements to the permitting, mitigation, compliance and enforcement of environmental regulations. Please review carefully and consider providing comments.***

Streamlining quasi-judicial boards

1. **Move select environmental appeals from the Office of Administrative Hearings to boards with environmental expertise. (4-1)**
2. **Consolidate boards into a single agency (4-2)** – Under this idea the functions performed under the Environmental Hearings Office and the Growth Management Hearings Boards would be merged into a single adjudicative agency containing two major quasi-judicial

components: Appeals of natural resources and environmental regulatory matters, and land use related appeals.

3. **Consider restructuring or consolidating the three regional Growth Management Hearings Boards. (4-3)**
4. **Eliminate duplicative administrative review for some agency decisions (4-4)** – This idea would eliminate the ability to request remission or mitigation of civil penalties from the Departments of Ecology and Natural Resources. Appeals of the civil penalty would go directly to the appropriate board.