

# SENATE BILL REPORT

## SB 5669

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As Reported by Senate Committee On:  
Natural Resources & Marine Waters, February 21, 2011  
Ways & Means, May 18, 2011

**Title:** An act relating to consolidating natural resources agencies and programs.

**Brief Description:** Regarding the consolidation of certain natural resources agencies and programs. [**Revised for 2nd Substitute:** Regarding the consolidation of natural resources agencies and programs.]

**Sponsors:** Senators Ranker, Swecker, Regala, Rockefeller, Nelson, White, Pflug and Shin; by request of Governor Gregoire.

**Brief History:**

**Committee Activity:** Natural Resources & Marine Waters: 2/10/11, 2/21/11 [DPS-WM, DNP, w/oRec].  
Ways & Means: 5/16/11, 5/18/11 [DP2S, DNP].

**Brief Summary of Second Substitute Bill**

- Directs Natural Resources Agencies to conduct certain actions involving the consolidation of administrative services and functions; and
- Consolidates the Pollution Liability Insurance Agency, certain reclaimed water functions, and certain support functions for the Columbia River Gorge Commission into the Department of Ecology, and consolidates low-level radioactive waste site use permitting functions into the Department of Health.

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**SENATE COMMITTEE ON NATURAL RESOURCES & MARINE WATERS**

**Majority Report:** That Substitute Senate Bill No. 5669 be substituted therefor, and the substitute bill do pass and be referred to Committee on Ways & Means.

Signed by Senators Ranker, Chair; Regala, Vice Chair; Fraser and Swecker.

**Minority Report:** Do not pass.

Signed by Senators Morton, Ranking Minority Member; Hargrove.

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*This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.*

**Minority Report:** That it be referred without recommendation.

Signed by Senator Stevens.

**Staff:** Curt Gavigan (786-7437)

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## SENATE COMMITTEE ON WAYS & MEANS

**Majority Report:** That Second Substitute Senate Bill No. 5669 be substituted therefor, and the second substitute bill do pass.

Signed by Senators Murray, Chair; Kilmer, Vice Chair, Capital Budget Chair; Zarelli, Ranking Minority Member; Baxter, Brown, Conway, Fraser, Hewitt, Kastama, Keiser, Kohl-Welles, Pflug, Regala, Rockefeller and Schoesler.

**Minority Report:** Do not pass.

Signed by Senators Parlette, Ranking Minority Member Capital; Hatfield and Honeyford.

**Staff:** Chris Godwin (786-7441)

**Background:** Natural Resources Agency Overview. Washington has a number of state agencies and programs involved in the management of the state's natural resources. In turn, these natural resource agencies represent an array of governance structures. Some of these agencies and programs include the Department of Agriculture; the Department of Ecology; the Department of Fish and Wildlife; the Department of Natural Resources; the Recreation and Conservation Office; the Puget Sound Partnership; and the State Parks and Recreation Commission.

### Overview of Relevant Natural Resources Programs.

- *Pollution Liability Insurance Agency (PLIA).* PLIA offers insurance coverage for cleanup of contamination from active heating oil tanks that are registered in the program prior to contamination occurring. PLIA serves as the reinsurer for policies that cover underground storage tanks (USTs). PLIA also provides financial assistance to public and private owners and operators of USTs that are certified as meeting vital local government public health and safety needs.
- *Reclaimed Water Program.* Reclaimed water is an effluent derived from a wastewater treatment system that has been treated to be suitable for a beneficial use that otherwise would not occur. Reclaimed water may be used for a variety of non-potable water purposes, including irrigation, agricultural uses, industrial and commercial uses, streamflow augmentation, dust control, fire suppression, surface percolation, and discharge into constructed wetlands. The Department of Health (DOH) issues permits to water generators for commercial or industrial uses of reclaimed water. The Department of Ecology (DOE) issues reclaimed water permits for land applications of reclaimed water.
- *Columbia River Gorge Commission.* The Columbia River Gorge National Scenic Area Act (Act) authorized an interstate compact between Washington and Oregon to create the Columbia River Gorge Commission (CRGC), which develops and adopts land use and resource protection policy for nonfederal lands through the Scenic Area Management Plan. The CRGC is the appeals board when Scenic Area land use

decisions are challenged. The CRGC works with the counties administering the land use ordinances that implement the Management Plan.

- *Site Use Permit Authority.* The Northwest Interstate Compact on low-level radioactive waste management (Compact) consists of eight states, including Washington. The commercial low-level radioactive waste disposal facility is located near the center of the Hanford Site on approximately 100 acres of federal land leased to the state of Washington. DOE implements requirements of the Compact, including administering a user permit system and issues site use permits for generators, packagers, or brokers using the commercial low-level radioactive waste disposal site. DOH is responsible for implementing a regulatory and inspection program for ionizing radiation, issues licenses for the receipt and disposal of low-level radioactive waste. It is authorized to inspect the premises and determine financial assurance for a license applicant.

**Summary of Bill (Recommended Second Substitute): Directs Natural Resources Agencies to Conduct Certain Actions Involving the Consolidation of Administrative Services and Functions.** Specified natural resource agencies must consolidate administrative regions so that no agency has more than four. Additionally, the agencies must identify regional office and field offices appropriate for shared use among multiple agencies, and maximize the collocation of staff and resources. The natural resources agencies must also maximize the consolidation of administrative functions among multiple agencies, and must consider functions such as human resources, contracting, accounting, and information technology.

The director of each agency involved must designate an agency representative to serve on an interagency team to implement the administrative consolidation directives. The team will provide progress reports that include budgetary or legislative recommendations to the Office of Financial Management and to the appropriate legislative committees by September 1, 2011, and September 1, 2012.

The administrative consolidation directives apply to the following natural resources agencies:

- the Department of Agriculture
- the Department of Ecology
- the Department of Fish and Wildlife
- the Department of Natural Resources
- the Recreation and Conservation Office
- the Puget Sound Partnership
- the State Parks and Recreation Commission

State Conservation Commission. The State Conservation Commission will work with conservation districts to facilitate the consolidation of conservation districts with a goal of reducing the total number to 39. The commission will provide a progress report to the appropriate legislative committees by October 1, 2011.

Transfers Agencies and Programs To and From DOE and DOH.

- *PLIA is consolidated into DOE its entirety.* The DOE Director must appoint the administrative head of the pollution liability insurance program.

- *DOE must provide administrative assistance to the CRGC.* DOE must provide administrative and functional assistance to the CRGC, including providing the CRGC's budget proposal to the Governor.
- *Consolidates reclaimed water functions into DOE.* Entities that DOE may permit to use reclaimed water include both the owner of an agricultural processing facility generating agricultural industrial process water for agricultural use and the owner of an industrial facility generating industrial process water for reuse.
- *Consolidates Low-level Radioactive Waste Site Use Permitting functions into the Department of Health.* DOH is authorized to administer a user permit system and issue site use permits for generators, packagers, or brokers to use the commercial low-level radioactive waste disposal site.

**EFFECT OF CHANGES MADE BY WAYS & MEANS COMMITTEE (Recommended Second Substitute):**

- Removes all provisions involving the creation of the Department of Fish, Wildlife and Recreation, and the consolidation of existing agencies and programs into the new agency.
- Adds language directing natural resources agencies to conduct certain actions involving the consolidation of administrative services and functions; and
- Retains language consolidating the Pollution Liability Insurance Agency, certain reclaimed water functions, and certain support functions for the Columbia River Gorge Commission into the Department of Ecology, and consolidates low-level radioactive waste site use permitting functions into the Department of Health.

**EFFECT OF CHANGES MADE BY NATURAL RESOURCES & MARINE WATERS COMMITTEE (Recommended First Substitute):** The proposed substitute bill recommended by the Natural Resources & Marine Waters Committee:

- Changes the new agency from the Department of Conservation and Recreation to DFWR;
- Changes the head of the new agency from a Director to a Secretary;
- Requires the Governor to select the Secretary from a list of five candidates accepted by the Governor that have been jointly submitted by the Fish and Wildlife Commission and SPRC;
- Removes many specific DFWR powers and duties provided to the Secretary;
- States the intent of the Legislature to retain the policy and rulemaking authority of the Fish and Wildlife Commission and SPRC upon their transfer to DFWR;
- Removes language providing the Fish and Wildlife Commission and SPRC with advisory duties;
- Removes language transferring numerous powers and duties from the Fish and Wildlife Commission and SPRC to the Secretary;
- Specifies additional requirements for the transition team including consideration of appropriate duties to be exercised by the Secretary in supervising administrative operations of DFWR;
- Specifies that the transition team may invite appropriate persons to participate on the team, and must provide opportunities for representatives of affected bargaining units and stakeholders to provide input;

- Removes language transferring the Department of Archeology and Historic Preservation, and Department of Natural Resources' Natural Heritage Program to DFWR;
- Restores language from the original bill that was removed from the version heard in committee. That language transferred the PLIA to DOE; certain administrative support functions for CRGC to DOE; reclaimed water program functions from DOH to DOE; low-level radioactive waste site use permitting functions from DOE to DOH. Creates a transition team to guide this transition process;
- Removes numerous implementing provisions changing the agency names and references;
- Includes an intent section; and
- Makes technical changes.

**Appropriation:** None.

**Fiscal Note:** Available.

**Committee/Commission/Task Force Created:** No.

**Effective Date:** The bill contains several effective dates. Please refer to the bill.

**Staff Summary of Public Testimony on Proposed Substitute as Heard in Committee (Natural Resources & Marine Waters):** PRO: The proposal arises out of continuing budget challenges and a desire to ensure the state looks at government organizations and does not just cut front-line staff. This will create a simpler, more functional agency structure. It will also save some money now, with the opportunity for more savings in the future. The reorganization must keep key environmental protections in place, and ensuring efficient agencies will help save resources to support these core functions. This proposal is a work in progress; and, there are suggestions for improvement as it moves through the legislative process, including ensuring that the commissions continue to serve as forum for public input.

CON: DAHP is not a good fit with DNR because the two agencies have little nexus and because DAHP must regulate certain DNR projects and activities. DAHP operating under DNR could be seen as a conflict of interest. The SPRC is a well run agency that would not fit well combined with a fish and wildlife management agency. Allowing the Governor to appoint the agency head makes the position more political than under a commission structure. There is no objection to government reform or streamlining, but this consolidation proposal is not the answer. The open public process provided by the Fish and Wildlife Commission is valuable, and should not be changed. Recreational fishing is a \$1 billion industry in the state, and that economic driver more than offsets the small cost of the Fish and Wildlife Commission. The citizens of the state adopted the current fish and wildlife management structure by referendum, and that system has been a success over the last 15 years. The agencies are not broke, and do not need to be fixed. A consolidation process will impact agency morale and distract from substantive duties, with very little in dollar savings to show for it. Before consolidating agencies the state should first try all other means to save money and improve the agencies. The state's natural resources are too fragile to put at risk by merging the managing agencies and changing management structures.

OTHER: This is an important discussion to have. The commissions should retain a role as a communication point between citizens and agencies, and be involved in long-term strategic planning. The recreational fishing industry is open to discussions on this issue, but wants to avoid removing policy authority of the Fish and Wildlife Commission and its authority to appoint the director. DAHP operating under DNR could be viewed as a conflict of interest.

**Persons Testifying (Natural Resources & Marine Waters):** PRO: John Mankowski, Governor's Office; Kirstan Arestad, Office of Financial Management; Bill Robinson, The Nature Conservancy; Mo McBroom, WA Environmental Council; Jeremy Jording, WA Assn. of Fish and Wildlife Professionals.

CON: Robert Rao, Frank Urabeck, Jim Tuggle, Ray Carter, Joe Taller, Wallace Cogley, Teri Nomura, citizens; Larry Snyder, Vancouver Wildlife League; Tim Young, Brian Yearat, Mark James, WA Federation of State Employees; Daniel Fallstrom, WA State Snowmobile Assn; Paul Sparks, Gregg Bufando, Trout Unlimited; Carl Rienstra, Ted Measor, Jim Howard, Coastal Conservation Assn., Puget Sound Anglers; Ed Wickersham, Dave Kuno, Lewis Boyd, Coastal Conservation Assn.; Norman Reinharot, Kitsap Poggie Club; Don Freeman, South Sound Fly Fishers; Ron Garner, Puget Sound Anglers; Jack Field, WA Cattlemen's Assn.; Jennifer Meisner, Susan White, Michael Sullivan, WA Trust for Historic Preservation; Connie Lorenz, Olympia Downtown Assn.

OTHER: Ed Owens, Coalition of Coastal Fisheries, Hunters Heritage Council; Carl Burke, Fish Northwest, NW Sportsfishing Ind; Dawn Vyvyan, Yakama Nation.

**Staff Summary of Public Testimony on Recommended First Substitute (Ways & Means):** PRO: User-groups did not support the earlier version of the bill, but do support this version. Agencies and legislators should consult with user-groups about potential administrative and management savings ideas. The Governor supports Part 2 of the bill, provided that there are no additional savings assumed. Part 2 could damage the agencies' ability to provide services to the citizens of the state. Reductions in the Columbia River Gorge Commission budget are doubly damaging since Oregon matches the reduction. Directors should be given the flexibility to institute management efficiencies in order to continue to provide the same level of service.

CON: Oppose the provisions of the bill that require DNR to consolidate administrative regions and require back-office consolidation across natural resource agencies. Agriculture does not have regions. This bill is better than previous versions of the bill. The bill is not necessary to effect the policy goal of the bill. There are already efficiency measures being implemented.

OTHER: Support the provisions of the bill that move the reclaimed water program from the DOH to the DOE. Have concerns about the level of service that could be lost as a result of consolidating regional offices.

**Persons Testifying (Ways & Means):** PRO: Jim King, Citizens for Parks and Recreation; Kirstan Arestad, Office of Financial Management; Joe King, Friends of the Columbia River Gorge; Jack Field, Washington Cattleman's Association.

CON: Lenny Young, Supervisor, DNR; Tom Davis, Policy Assistant to the Director, Department of Agriculture; Phil Anderson, Director, DFW.

OTHER: Dawn Vyvyan, Yakima Nation.