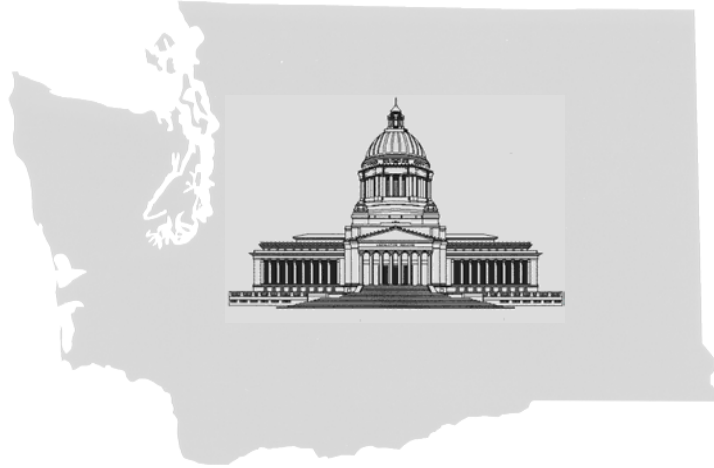


**State of Washington  
Joint Legislative Audit and Review Committee (JLARC)**



**Follow-Up:  
2001 Investing in the Environment  
Performance Audit**

**Briefing Report 01-9**

**September 26, 2001**

*Upon request, this document is available  
in alternative formats for persons with disabilities.*

## **JOINT LEGISLATIVE AUDIT AND REVIEW COMMITTEE**

506 16<sup>th</sup> Avenue SE

Olympia, WA 98501-2323

[Campus Mail: PO Box 40910]

(360) 786-5171

(360) 786-5180 Fax

<http://jlarc.leg.wa.gov>

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Tom Sykes

Established by Chapter 44.28 RCW, the Joint Legislative Audit and Review Committee (formerly the Legislative Budget Committee) provides oversight of state funded programs and activities. This joint bipartisan legislative committee consists of eight senators and eight representatives equally divided between the two major political parties.

Under the direction of the Legislative Auditor, committee staff conduct performance audits, program evaluations, sunset reviews, and other policy and fiscal studies. Studies focus on the efficiency and effectiveness of agency operations, impact of state programs, and compliance with legislative intent. As appropriate, recommendations to correct identified problem areas are made. The Legislative Auditor also has responsibility for facilitating implementation of effective performance measurement throughout state government.

**FOLLOW-UP:  
2001 INVESTING IN THE  
ENVIRONMENT PERFORMANCE  
AUDIT  
BRIEFING REPORT 01-9**

**REPORT DIGEST  
SEPTEMBER 26, 2001**



**STATE OF WASHINGTON  
JOINT LEGISLATIVE AUDIT AND  
REVIEW COMMITTEE**

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**BOB THOMAS**  
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Auditor/Supervisor*

**LEGISLATIVE AUDITOR**

**Tom Sykes**

Copies of Final reports and Digests are available on the JLARC website at:

<http://jlarc.leg.wa.gov>  
or contact  
Joint Legislative Audit & Review  
Committee  
506 16<sup>th</sup> Avenue SE  
Olympia, WA 98501-2323  
(360) 783-5171  
(360) 786-5180 FAX

## 2001 INVESTING IN THE ENVIRONMENT PERFORMANCE AUDIT

### First Progress Report

JLARC completed this performance audit of 12 environmental quality grant and loan programs funded in the capital budget in January 2001. The audit resulted in six recommendations to improve investment effectiveness, performance measurement, and services to local governments. Two pieces of legislation were enacted during the 2001 Legislative Session in support of the audit recommendations.

Agencies have submitted their first of five annual progress reports on implementation of the recommendations. Overall, the reports indicate that, individually, agencies have been attentive to the recommendations. They have developed preliminary implementation plans and have discussed those plans with program stakeholder and advisory groups. In addition, some agencies have moved beyond planning to make initial adjustments to their grant and loan programs.

### Two Areas of Concern

Although individual agencies have generally been attentive to the JLARC's recommendations, progress in two areas is of concern.

First, agencies have not collectively identified the cross-agency processes that will be used to improve the strategic coordination of environmental projects and applications for funding under JLARC's Recommendation 1, and the streamlining and integration of state agency grant and loan program services to local governments under Recommendation 5.

Second, funding to support ongoing operation of the Uniform Environmental Project Reporting System (UEPRS), the only cross-agency mechanism currently available for reporting and coordinating projects across agencies, is uncertain. If interagency support to sustain UEPRS lags, then an important tool to coordinate projects and track and report Legislative investments of capital budget resources in this important policy area will also be diminished.

As agencies continue to move forward in implementing the JLARC audit recommendations, these two areas warrant increased attention. JLARC in its continuing follow-up efforts will pay particular attention to these areas.



# TABLE OF CONTENTS

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Follow-up: 2001 Investing in the Environment Performance Audit	1
	1
I.    BACKGROUND	2
II.   REPORTED PROGRESS	3
III.  TWO AREAS OF CONCERN	4
IV.   CONCLUSION	4
Appendices	
Appendix 1    Report Digest From Original Report	5
Appendix 2    Recommendations From Original Audit Report	9
Appendix 3    2001-03 Appropriations and Appropriations History	13
Appendix 4    ESHB 1785 (Chapter 227, Laws of 2001)	17
Appendix 5    SSB 5637 (Chapter 298, Laws of 2001)	27
Appendix 6    SHB 1204 (Chapter 225, Laws of 1999)	35
Appendix 7    ESHB 1785 Workplan	43
Appendix 8    Summary of Investment Practices Recommended in the Original Audit Report	51

FOLLOW-UP: 2001 INVESTING IN THE ENVIRONMENT PERFORMANCE AUDIT BRIEFING REPORT

# FOLLOW-UP: 2001 INVESTING IN THE ENVIRONMENT PERFORMANCE AUDIT

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## I. BACKGROUND

In response to legislative interest, the Joint Legislative Audit and Review Committee (JLARC) initiated a cross-agency audit of 12 environmental quality grant and loan programs, administered by six agencies, funded in the state capital budget. The audit report, issued on January 22, 2001, focused on two primary themes: the investment performance of the programs (their effectiveness in financing projects with high environmental quality returns), and the services provided by the programs to local governments. The audit found a need for a significant shift in program focus away from distributing funds and towards strategic investment, as well a need to streamline and better integrate services across programs. The report made six recommendations, including one requesting annual reports from agencies describing their progress towards meeting the goals of the recommendations. The original audit report is summarized in Appendix 1. The six original audit recommendations are summarized in Appendix 2. The individual agency progress reports that are the subject of this briefing report are included in a separate document available from JLARC upon request.

### 2001 Legislative Session

In the 2001-03 capital budget, legislative appropriations for the 12 audited programs total \$472 million, an all-time high. Appendix 3 contains a chart depicting historic appropriation levels for the programs, and a detailed breakout of 2001-03 capital appropriations by agency and program.

In addition to appropriating funds, the 2001 Legislature passed two bills that directly relate to the JLARC audit recommendations:

- ESHB 1785 (Chapter 227, Laws of 2001): Establishes legislative intent to begin implementing the audit recommendations, particularly focusing upon development of outcome-focused performance measures and an environmental monitoring program (see Appendix 4).
- SSB 5637 (Chapter 298, Laws of 2001): Establishes a process for cross-agency development of a comprehensive watershed health and salmon recovery monitoring program (see Appendix 5). The Interagency Committee for Outdoor Recreation received a \$1.5 million appropriation in the 2001-03 operating budget to develop strategies and a plan for the monitoring program.

### Related Legislation from the 1999 Session

The audit findings and recommendations are also directly related to the implementation of SHB 1204, which was enacted as Chapter 225, Laws of 1999 (see Appendix 6). This bill directed the Department of Transportation to establish the Uniform Environmental Project Reporting System (UEPRS), and created a multi-agency advisory committee to assist in UEPRS development and improve coordination of environmental projects and funding programs.

## Agencies Involved in Follow-up

Nine agencies are directly involved in audit follow-up and implementation of ESHB 1785, SSB 5637, and SHB 1204. In addition to the six agencies originally included in the audit (Department of Natural Resources, Department of Ecology, State Parks, Public Works Board, Conservation Commission, and the Interagency Committee for Outdoor Recreation), the Department of Fish and Wildlife was added via ESHB 1785, the Department of Transportation has an ongoing role in the implementation of the Uniform Environmental Project Reporting System under SHB 1204, and the Office of Financial Management is helping coordinate agency responses to the audit and ESHB 1785.

## Expectations Surrounding Initial Agency Progress Reports

The original audit report recognized that implementation of some of the audit recommendations would take time, particularly those requiring changes to grant and loan application and evaluation processes with set schedules, and those requiring cross-agency collaboration. For this reason, we were not expecting significant changes at this early stage, but instead were looking for evidence that agencies were being attentive to the audit and had established internal and cross-agency processes to initiate and sustain implementation of the recommendations over time.

## II. REPORTED PROGRESS

Since the conclusion of the JLARC audit, agency activities have been primarily focused on understanding the legislative expectations reflected in the audit report and related legislation, developing preliminary implementation plans, and initiating discussion of those plans with program stakeholder and advisory groups. Several agencies have initiated program adjustments in response to the audit. Examples of reported progress are described below.

- The Office of Financial Management (OFM) has coordinated the development of a workplan under ESHB 1785 for implementation of the audit recommendations related to performance measures and outcome monitoring. This workplan is included in Appendix 7. OFM's budget staff have also been providing hands-on assistance to agencies in developing output and outcome measures.
- The Interagency Committee for Outdoor Recreation (IAC), in conjunction with the Governor's Salmon Recovery Office, has initiated the development of the comprehensive watershed health monitoring strategy called for under SSB 5637. IAC is convening a number of cross-agency workgroups for this purpose, and a detailed workplan is under development.
- Under SHB 1204, the Department of Transportation, along with other participating agencies, has launched an operational version of the Uniform Environmental Project Reporting System (UEPRS) on the Internet. (<http://www.ueprs.wa.gov>) To date, the Department of Transportation (DOT), the Interagency Committee for Outdoor Recreation, the Department of Natural Resources (DNR), and the Conservation Commission have entered projects into the system.



- The Conservation Commission is creating a Grants Policy Advisory Committee to advise the Commission on its grant programs and investment practices. Commission staff are designing an Online Grants Reporting System (OGRS) for Commission grants, which will be interfaced with UEPRS. In addition, the Commission is planning to integrate JLARC investment practices 3, 5, 6, 7, 8, and 11 into the Water Quality Grants Program in FY 2003. (The 16 investment practices identified in the original audit report are described in Appendix 8.)
- The Public Works Board has revised its application form to conform to the UEPRS format. The Board is planning a three-year phased-in implementation of the audit recommendations to test proposed changes and ensure program users receive training. Full implementation is planned for the FY 2004 grant cycle.
- The Department of Natural Resources has developed a web page for the ALEA grant program (<http://www.wa.gov/dnr/htdocs/aqr/alea/>) and is planning to amend grant application materials and scoring criteria in 2002 to reflect the audit recommendations.
- State Parks is collaborating with the IAC to study the status of boat pumpout stations within the state. State Parks plans to focus future program grants on those areas of the state most needing new or replacement pumpouts.

Additional detail is available in the individual reports from agencies, which are contained in a separate volume available from JLARC.

### III. TWO AREAS OF CONCERN

#### Cross-Agency Coordination

The JLARC audit highlighted the importance of a coordinated, cross-agency response to the audit recommendations. Three of the six recommendations explicitly require such cross-agency efforts (Recommendations 1, 3, and 5). Of these, only Recommendation 3—the development of environmental monitoring strategies—is the subject of active, cross-agency discussion at this time (under SSB 5637). Agencies have not clearly identified cross-agency processes that will be used to improve strategic coordination of projects and applications for funding under Recommendation 1, and streamlining and integration of services to local governments under Recommendation 5. Two potential vehicles for cross-agency coordination exist: the advisory committee established in SHB 1204<sup>1</sup>; and the Infrastructure Assistance Coordinating Council, a non-profit organization of state, federal and local governments that seeks to improve the delivery of financial and technical infrastructure assistance to local governments.

#### Funding for Ongoing Operation of UEPRS

During the 1999-01 Biennium, development of UEPRS was supported by transportation budget appropriations to the Department of Transportation (\$1 million), as well as staff time and resources devoted to the project by participating agencies. Though DOT requested \$798,000 for ongoing funding of UEPRS as part of the 2001-03 new law transportation budget, line-item

---

<sup>1</sup> To date, the SHB 1204 advisory committee has focused primarily on UEPRS development, not on the strategic coordination issues identified in Section 4 of the bill.

funding for the system was not included in the budget as enacted by the Legislature. DOT is currently funding operation of UEPRS from its base budget. In addition, the Department of Ecology (the agency that funds the greatest number of environmental projects) has cited a lack of internal agency funding as the primary reason it is not currently entering projects into the system.

#### IV. CONCLUSION

The first progress reports on implementation of the Investing in the Environment audit recommendations indicate that individual agencies have been attentive to the audit. They have developed preliminary implementation plans and have discussed those plans with program stakeholder and advisory groups. Though the audit recognized that implementation would take time, some agencies have already made initial adjustments to their programs. However, there appears to be a lack of focus to begin the strategic, cross-agency work contemplated in two critical areas: project coordination under audit Recommendation 1, and streamlining and integrating services to local government under audit Recommendation 5. In addition, funding to support ongoing operation of the Uniform Environmental Project Reporting System (UEPRS) has not been identified. As agencies continue to move forward in implementing the JLARC audit recommendations, these two areas warrant increased attention. JLARC, in its continuing follow-up efforts, will pay particular attention to these areas.

Thomas M. Sykes  
Legislative Auditor

On September 26, 2001, this report was approved for distribution by the Joint Legislative Audit and Review Committee.

Representative Gary Alexander  
Co-Chair

# Appendix 1

Report Digest From Original Audit Report



INVESTING IN THE  
ENVIRONMENT:  
ENVIRONMENTAL QUALITY  
GRANT AND LOAN PROGRAMS

REPORT 01-1

REPORT DIGEST

JANUARY 22, 2001



STATE OF WASHINGTON  
JOINT LEGISLATIVE AUDIT AND  
REVIEW COMMITTEE

**AUDIT TEAM**

Karl Herzog  
*Principal Management Auditor*  
Rakesh Mohan  
*Principal Management Auditor*  
Heather Moss  
*Senior Management Auditor*  
Bob Thomas  
*Principal Management  
Auditor/Supervisor*

**LEGISLATIVE AUDITOR**

Tom Sykes

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available on the JLARC website at:

<http://jlarc.leg.wa.gov>  
or contact

Joint Legislative Audit & Review Committee  
506 16<sup>th</sup> Avenue SE  
Olympia, WA 98501-2323  
(360) 786-5171  
(360) 786-5180 Fax  
e-mail: [neff\\_ba@leg.wa.gov](mailto:neff_ba@leg.wa.gov)

## ENVIRONMENTAL QUALITY GRANT AND LOAN PROGRAMS PERFORMANCE AUDIT

Twelve capital budget programs administered by six agencies provide grants and loans to local governments and other entities to maintain, restore, or enhance environmental quality. Examples of the broad range of projects and activities funded by the programs include construction of sewage treatment plants, hazardous waste cleanup, dairy waste management, environmental education, and salmon habitat restoration. Approximately \$440 million has been budgeted for these programs in the 1999-01 Biennium – the largest amount in their history.

This audit was initiated by the Joint Legislative Audit and Review Committee (JLARC) in response to legislative interest in the performance of the programs. The audit focuses on two primary themes: the investment performance of the programs (their effectiveness in financing projects with high environmental quality returns), and their collective ability to serve local government environmental investment needs.

### Program Overview

Most of the programs have been created since the mid-1980s to respond to emergent environmental issues in the areas of water quality, solid and hazardous waste management, habitat loss, and, most recently, endangered species recovery. The programs play an important role in a complex environmental quality system. They distribute the vast majority of the funding the state provides to local governments for environmental quality purposes, and consume **over one-fourth of the state's overall natural resources budget**.

**Requests for program funding have been growing.** The number of funding applications increased 37 percent over the past five years. During this time, programs were able to accommodate 59 percent of the \$1.4 billion in total funding requested.

There are large variations in the amount of funding provided to projects across the state's 39 counties. There are, however, **no comprehensive environmental indices** that might be used to explain these variations or gauge the impacts of expenditures. Our analysis shows that program funding allocations closely follow population – more funding is consistently allocated to projects taking place within counties with higher populations.

### Distributing Versus Investing

Environmental investments are intended to produce a return of quality improvements in water, land, or species resources. Without measurable returns, it is impossible to determine if investments have been effective. Measuring investment returns can be difficult, particularly within large and complex environmental systems.

It is often not clear how individual projects contribute to long-term solutions over time. Many of the **systemic environmental issues** we are now facing in Washington, such as salmon recovery and water quality planning for entire river basins, pose significant new challenges to making investments and measuring their returns.

Solid data is missing for monitoring environmental quality, learning from past projects, and coordinating investments across programs. While some steps have been taken towards developing meaningful environmental performance measures and coordinating projects, these efforts are only in their infancy.

At this time, the one output that is most clearly and consistently documented across programs is that money has been distributed. Thus, the programs under this audit can be characterized as being primarily **distributional** in nature.

## Program Investment Practices

Based on our research of environmental funding programs in Washington and other states, we developed a **model** for evaluating program investment practices. The model's 16 key investment practices represent a new program benchmark—a **framework for deliberate environmental investment decision making**. In comparing program structures and operations to the model, we found that many **programs performed well on basic practices related to funding distribution, but poorly in practices that ensure the effectiveness of investments**. Adoption of some of the missing key investment practices could shift the focus of program activities away from distribution and towards investment results.

## Local Government Perspectives

Eighty-two local jurisdictions and organizations across Washington that have applied for and/or received program funding commented on their capacity to make sound environmental investments, as well as on program services. These 82 local entities identified a number of barriers to making strategic long-term

environmental investments at the local level. Several cross-program service issues that increase the time, complexity, and cost of accessing program funding were also identified. Individuals from local entities offered a series of structural and process improvements to increase local capacity to make sound investments and improve program services.

## Recommendations

The report includes six recommendations intended to achieve the following:

- **Increase the systematic collection and sharing of information** about applications for funding, project locations, baseline conditions, and investment outcomes that can be used to plan and design projects, coordinate investments across programs, evaluate investment performance, and learn from past investments;
- **Integrate practices from the investment model into program structures and operations** to shift the focus of program activities towards making sound environmental investments;
- **Streamline and better integrate program services** to local governments; and
- **Ensure that funding agencies work together** to achieve these goals.

By implementing these recommendations, **confidence surrounding the state's environmental investments can be increased and services to local governments can be improved**. Being able to more clearly define and efficiently produce desired long-term environmental results across programs could help **increase certainty that policy-makers' intent to spend scarce public resources effectively will be achieved**.

# Appendix 2

Recommendations From Original Audit  
Report





# RECOMMENDATIONS

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## *Recommendation 1*

*Each agency under this performance audit should continue to work to build internal capacity to report accurate and comprehensive project location and descriptive information to the Uniform Environmental Project Reporting System (UEPRS) for coordinating environmental projects. The Department of Transportation, in consultation with other agencies participating in UEPRS, should consider the feasibility of expanding the system to collect information about, and facilitate coordination of, applications for funding. To this end, consideration should be given to establishing a uniform date for submission of application, pre-application, or intent-to-apply information.*

**Legislation Required:** None

**Fiscal Impact:** Current biennium funding for UEPRS development is available in DOT's 1999-01 budget. Carryforward funding for 2001-03 has been requested by DOT.

**Completion Date:** September 2002

## *Recommendation 2*

*Each agency under this performance audit should work collaboratively with their funding recipients to develop meaningful and comprehensive output and outcome measures that will be used to assess project and program investment performance and contribute to adaptive management. Programs contributing to salmon recovery should ensure that their output and outcome measures are directly tied to measures within the Salmon Recovery Scorecard.*

**Legislation Required:** None

**Fiscal Impact:** None

**Completion Date:** September 2002

## *Recommendation 3*

*All agencies under this performance audit should work collaboratively to prepare two separate but coordinated strategic plans for monitoring environmental conditions and investment performance in the areas of water quality and salmon recovery. Plans should be developed in consultation with appropriate federal, state, local, and tribal agencies, and should include coordinated approaches for sharing workload and information, long-term development strategies, and analyses of the benefits and costs of alternative approaches.*

**Legislation Required:** None

**Fiscal Impact:** A fiscal impact is anticipated though the amount is not currently known. In implementing this recommendation, agencies should develop budget proposals to meet the goals of the recommendation in a cost-effective manner.

**Completion Date:** September 2002

#### ***Recommendation 4***

***Each agency under this performance audit should work to incorporate the key investment practices identified in Chapter 3 into their program structures and operations.***

**Legislation Required:** Potentially. In implementing this recommendation, agencies should identify any statutory changes that may be necessary to accomplish this goal.

**Fiscal Impact:** Indeterminate. In implementing this recommendation and developing any related budget proposals, agencies should identify both short-term and long-term costs and savings that may result from implementation.

**Completion Date:** September 2002

#### ***Recommendation 5***

***All agencies under this performance audit should work jointly and collaboratively with local governments and other funding recipients to streamline and better integrate the project application, selection, implementation, and monitoring process across programs. Consideration should be given to developing standard definitions, planning and eligibility requirements, assessment protocols, application forms, evaluation criteria, contracting procedures, and monitoring protocols. Collaborative methods for increasing the stability and quality of technical and information assistance provided to local governments for making investment decisions should be developed.***

**Legislation Required:** Potentially. In implementing this recommendation, agencies should identify any statutory changes that may be necessary to accomplish this goal.

**Fiscal Impact:** Indeterminate. In implementing this recommendation and developing any related budget proposals, agencies should identify both short-term and long-term costs and savings that may result from implementation.

**Completion Date:** September 2002

#### ***Recommendation 6***

***The Office of Financial Management should coordinate a process for the six audited agencies to deliver annual progress reports to JLARC over the next five years on implementation of the report recommendations, beginning in September 2001. The reports should describe any proposals for statutory and budgetary changes that might be necessary to accomplish the goals of the recommendations.***

**Legislation Required:** None

**Fiscal Impact:** None

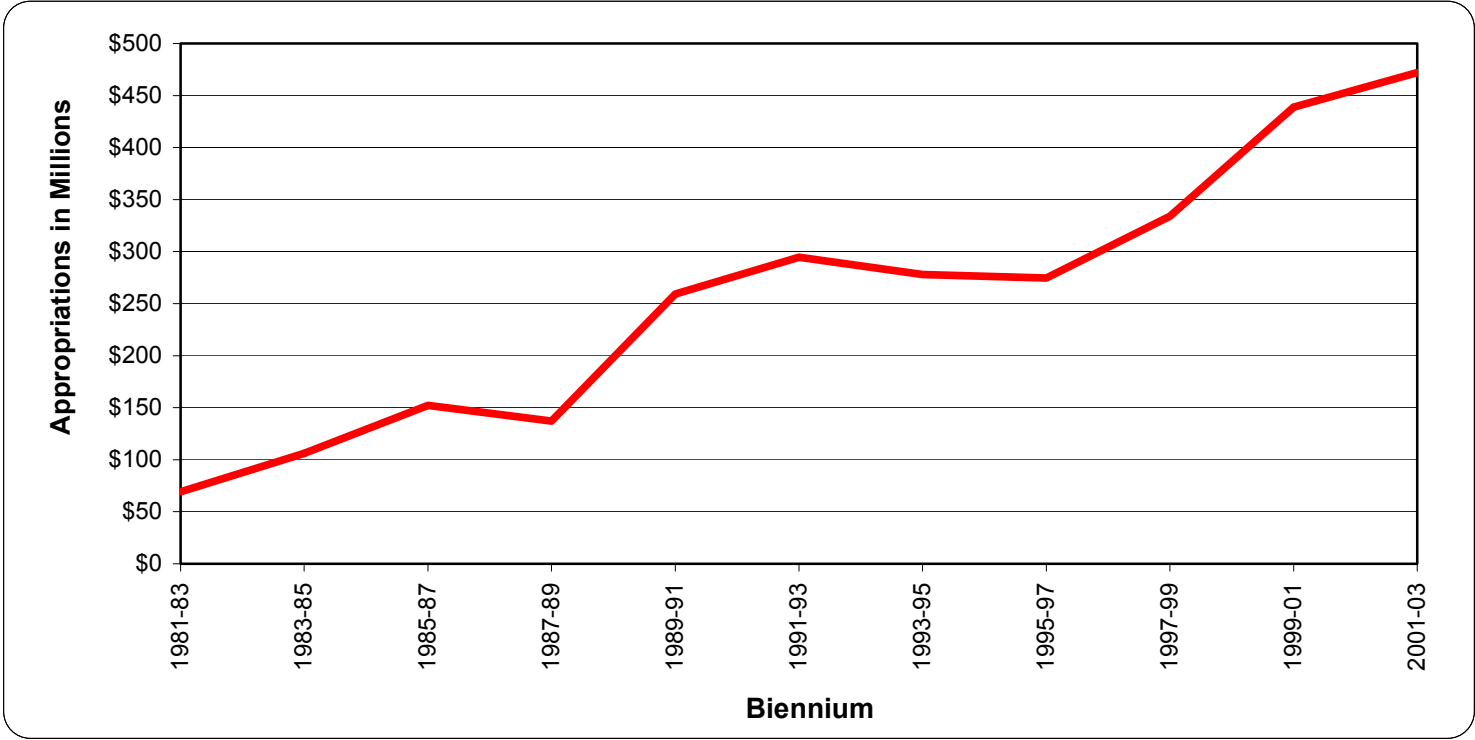
**Completion Date:** September 2001 and ongoing

# Appendix 3

2001-03 Appropriations and Appropriations History



Appendix 3  
Environmental Grant and Loan Programs Funded in the State Capital Budget  
Appropriations History (all programs combined)



Appendix 3 (cont.)  
2001-03 Capital Budget Appropriations

Agency	Program	Amount	Note
CTED / Public Works Board	Public Works Trust Fund (wastewater, stormwater, & solid waste portions)	\$ 115,344,200	Includes estimated wastewater, stormwater, and solid waste portions of total PWTF appropriation (based on historical averages), as well as \$20 million in federal appropriation authority dedicated to salmon and water quality.
Department of Ecology	Local Toxics Control Account Programs (Coordinated Prevention Grants, Public Participation Grants, & Remedial Action Grants)	\$ 52,000,000	Includes \$2 million provided for grants to local governments for hazardous waste cleanup at moderate risk waste facilities.
	Water Quality Financial Assistance Program	\$ 209,112,802	Includes appropriations from the Water Pollution Control Revolving Account and Water Quality Account (Centennial Clean Water Fund).
Department of Natural Resources	Aquatic Lands Enhancement Grants Program	\$ 5,565,000	
Interagency Committee for Outdoor Recreation / Salmon Recovery Funding Board	Salmon Recovery Grants Program	\$ 55,642,000	
	Washington Wildlife & Recreation Program (habitat portion)	\$ 22,500,000	
State Parks	Boat Pumpout Grants Program	\$ 1,000,000	
Conservation Commission	Water Quality Grants Program	\$ 4,340,000	Includes \$840,000 provided for Puget Sound District Grants.
	Dairy Nutrient Management Grants Program	\$ 5,500,000	
	Conservation Reserve Enhancement Program	\$ 1,000,000	
<b>TOTAL</b>		<b>\$ 472,004,002</b>	

# Appendix 4

ESHB 1785 (Chapter 227, Laws of 2001)





CERTIFICATION OF ENROLLMENT  
**ENGROSSED SUBSTITUTE HOUSE BILL 1785**

Chapter 227, Laws of 2001

57th Legislature  
2001 Regular Legislative Session

CAPITAL BUDGET PROGRAMS INVESTING IN THE ENVIRONMENT

EFFECTIVE DATE: 7/22/01

Passed by the House April 17, 2001  
Yeas 84 Nays 0

FRANK CHOPP  
**Speaker of the House of Representatives**

CLYDE BALLARD  
**Speaker of the House of Representatives**

Passed by the Senate April 12, 2001  
Yeas 47 Nays 0

BRAD OWEN  
**President of the Senate**

Approved May 9, 2001

GARY LOCKE  
**Governor of the State of Washington**

CERTIFICATE

We, Timothy A. Martin and Cynthia Zehnder, Co-Chief Clerks of the House of Representatives of the State of Washington, do hereby certify that the attached is **ENGROSSED SUBSTITUTE HOUSE BILL 1785** as passed by the House of Representatives and the Senate on the dates hereon set forth.

CYNTHIA ZEHNDER  
**Chief Clerk**

TIMOTHY A. MARTIN  
**Chief Clerk**

FILED

May 9, 2001 - 8:49 a.m.

**Secretary of State  
State of Washington**

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ENGROSSED SUBSTITUTE HOUSE BILL 1785

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AS AMENDED BY THE SENATE

Passed Legislature - 2001 Regular Session

State of Washington

57th Legislature

2001 Regular Session

By House Committee on Natural Resources (originally sponsored by Representatives Murray, Alexander, Doumit, Rockefeller, Esser, Sump, Kenney and McIntire)

Read first time . Referred to Committee on .

1 AN ACT Relating to implementing the recommendations of the joint  
2 legislative audit and review committee report regarding capital budget  
3 programs investing in the environment; amending RCW 79.24.580; adding  
4 a new section to chapter 43.41 RCW; adding a new section to chapter  
5 89.08 RCW; adding a new section to chapter 90.64 RCW; adding a new  
6 section to chapter 70.105D RCW; adding a new section to chapter 70.146  
7 RCW; adding a new section to chapter 79A.15 RCW; adding a new section  
8 to chapter 77.85 RCW; adding a new section to chapter 43.155 RCW;  
9 adding a new section to chapter 77.04 RCW; and creating a new section.

10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

11 NEW SECTION. **Sec. 1.** The legislature finds that the amount of  
12 overall requests for funding for natural resource-related programs in  
13 the capital budget has been steadily growing. The legislature also  
14 finds that there is an increasing interest by the public in examining  
15 the performance of the projects and programs to determine the return on  
16 their investments and that a coordinated and integrated response by  
17 state agencies will allow for better targeting of resources. The  
18 legislature further finds that there is a need to improve the data and  
19 the integration of data that is collected by state agencies and grant

1 and loan recipients in order to better measure the outcomes of projects  
2 and programs. The legislature intends to begin implementing the  
3 recommendations contained in the joint legislative audit and review  
4 committee's report number 01-1 on investing in the environment in order  
5 to improve the efficiency, effectiveness, and accountability of these  
6 natural resource-related programs funded in the state capital budget.

7 NEW SECTION. **Sec. 2.** A new section is added to chapter 43.41 RCW  
8 to read as follows:

9 (1) The office of financial management shall assist natural  
10 resource-related agencies in developing outcome focused performance  
11 measures for administering natural resource-related and environmentally  
12 based grant and loan programs. These performance measures are to be  
13 used in determining grant eligibility, for program management and  
14 performance assessment.

15 (2) The office of financial management and the governor's salmon  
16 recovery office shall assist natural resource-related agencies in  
17 developing recommendations for a monitoring program to measure outcome  
18 focused performance measures required by this section. The  
19 recommendations must be consistent with the framework and coordinated  
20 monitoring strategy developed by the monitoring oversight committee  
21 established in RCW 77.85.--- (section 3, Substitute Senate Bill No.  
22 5637, Laws of 2001).

23 (3) Natural resource agencies shall consult with grant or loan  
24 recipients including local governments, tribes, nongovernmental  
25 organizations, and other interested parties, and report to the office  
26 of financial management on the implementation of this section. The  
27 office of financial management shall report to the appropriate  
28 legislative committees of the legislature on the agencies'  
29 implementation of this section, including any necessary changes in  
30 current law, and funding requirements by July 31, 2002. Natural  
31 resource agencies shall assist the office of financial management in  
32 preparing the report, including complying with time frames for  
33 submitting information established by the office of financial  
34 management.

35 (4) For purposes of this section, "natural resource-related  
36 agencies" include the department of ecology, the department of natural  
37 resources, the department of fish and wildlife, the state conservation  
38 commission, the interagency committee for outdoor recreation, the

1 salmon recovery funding board, and the public works board within the  
2 department of community, trade, and economic development.

3 (5) For purposes of this section, "natural resource-related  
4 environmentally based grant and loan programs" includes the  
5 conservation reserve enhancement program; dairy nutrient management  
6 grants under chapter 90.64 RCW; state conservation commission water  
7 quality grants under chapter 89.08 RCW; coordinated prevention grants,  
8 public participation grants, and remedial action grants under RCW  
9 70.105D.070; water pollution control facilities financing under chapter  
10 70.146 RCW; aquatic lands enhancement grants under RCW 79.24.580;  
11 habitat grants under the Washington wildlife and recreation program  
12 under RCW 79A.15.040; salmon recovery grants under chapter 77.85 RCW;  
13 and the public work trust fund program under chapter 43.155 RCW. The  
14 term also includes programs administered by the department of fish and  
15 wildlife related to protection or recovery of fish stocks which are  
16 funded with moneys from the capital budget.

17 NEW SECTION. **Sec. 3.** A new section is added to chapter 89.08 RCW  
18 to read as follows:

19 In administering grant programs to improve water quality and  
20 protect habitat, the commission shall require grant recipients to  
21 incorporate the environmental benefits of the project into their grant  
22 applications, and the commission shall utilize the statement of  
23 environmental benefit in its grant prioritization and selection  
24 process. The commission shall also develop appropriate outcome focused  
25 performance measures to be used both for management and performance  
26 assessment of the grant program. The commission shall work with the  
27 districts to develop uniform performance measures across participating  
28 districts. To the extent possible, the commission should coordinate  
29 its performance measure system with other natural resource-related  
30 agencies as defined in section 2 of this act. The commission shall  
31 consult with affected interest groups in implementing this section.

32 NEW SECTION. **Sec. 4.** A new section is added to chapter 90.64 RCW  
33 to read as follows:

34 In providing grants to dairy producers, districts shall require  
35 grant applicants to incorporate the environmental benefits of the  
36 project into their applications, and the districts shall utilize the  
37 statement of environmental benefit in their prioritization and

1 selection process. The districts shall also develop appropriate  
2 outcome focused performance measures to be used both for management and  
3 performance assessment of the program. The commission shall work with  
4 the districts to develop uniform performance measures across  
5 participating districts. To the extent possible, the commission should  
6 coordinate its performance measure system with other natural resource-  
7 related agencies as defined in section 2 of this act. The commission  
8 shall consult with affected interest groups in implementing this  
9 section.

10 NEW SECTION. **Sec. 5.** A new section is added to chapter 70.105D  
11 RCW to read as follows:

12 In providing grants to local governments, the department shall  
13 require grant recipients to incorporate the environmental benefits of  
14 the project into their grant applications, and the department shall  
15 utilize the statement of environmental benefit in its prioritization  
16 and selection process. The department shall also develop appropriate  
17 outcome focused performance measures to be used both for management and  
18 performance assessment of the grant program. To the extent possible,  
19 the department should coordinate its performance measure system with  
20 other natural resource-related agencies as defined in section 2 of this  
21 act. The department shall consult with affected interest groups in  
22 implementing this section.

23 NEW SECTION. **Sec. 6.** A new section is added to chapter 70.146 RCW  
24 to read as follows:

25 In providing grants and loans to local governments, the department  
26 shall require recipients to incorporate the environmental benefits of  
27 the project into their applications, and the department shall utilize  
28 the statement of environmental benefits in its grant and loan  
29 prioritization and selection process. The department shall also  
30 develop appropriate outcome focused performance measures to be used  
31 both for management and performance assessment of the grant and loan  
32 program. To the extent possible, the department should coordinate its  
33 performance measure system with other natural resource-related agencies  
34 as defined in section 2 of this act. The department shall consult with  
35 affected interest groups in implementing this section.

1       **Sec. 7.** RCW 79.24.580 and 1999 c 309 s 919 are each amended to  
2 read as follows:

3       After deduction for management costs as provided in RCW 79.64.040  
4 and payments to towns under RCW 79.92.110(2), all moneys received by  
5 the state from the sale or lease of state-owned aquatic lands and from  
6 the sale of valuable material from state-owned aquatic lands shall be  
7 deposited in the aquatic lands enhancement account which is hereby  
8 created in the state treasury. After appropriation, these funds shall  
9 be used solely for aquatic lands enhancement projects; for the  
10 purchase, improvement, or protection of aquatic lands for public  
11 purposes; for providing and improving access to such lands; and for  
12 volunteer cooperative fish and game projects.

13       In providing grants for aquatic lands enhancement projects, the  
14 department shall require grant recipients to incorporate the  
15 environmental benefits of the project into their grant applications,  
16 and the department shall utilize the statement of environmental  
17 benefits in its prioritization and selection process. The department  
18 shall also develop appropriate outcome focused performance measures to  
19 be used both for management and performance assessment of the grants.  
20 To the extent possible, the department should coordinate its  
21 performance measure system with other natural resource-related agencies  
22 as defined in section 2 of this act. The department shall consult with  
23 affected interest groups in implementing this section.

24       During the fiscal biennium ending June 30, 2001, the funds may be  
25 appropriated for boating safety, shellfish management, enforcement, and  
26 enhancement and for developing and implementing plans for population  
27 monitoring and restoration of native wild salmon stock.

28       NEW SECTION. **Sec. 8.** A new section is added to chapter 79A.15 RCW  
29 to read as follows:

30       In providing grants through the habitat conservation account, the  
31 committee shall require grant applicants to incorporate the  
32 environmental benefits of the project into their grant applications,  
33 and the committee shall utilize the statement of environmental benefits  
34 in the grant application and review process. The committee shall also  
35 develop appropriate outcome focused performance measures to be used  
36 both for management and performance assessment of the grant program.  
37 To the extent possible, the committee should coordinate its performance  
38 measure system with other natural resource-related agencies as defined

1 in section 2 of this act. The committee shall consult with affected  
2 interest groups in implementing this section.

3 NEW SECTION. **Sec. 9.** A new section is added to chapter 77.85 RCW  
4 to read as follows:

5 In providing funding for habitat projects, the salmon recovery  
6 funding board shall require recipients to incorporate the environmental  
7 benefits of the project into their grant applications, and the board  
8 shall utilize the statement of environmental benefits in its  
9 prioritization and selection process. The board shall also develop  
10 appropriate outcome focused performance measures to be used both for  
11 management and performance assessment of the grant program. To the  
12 extent possible, the board should coordinate its performance measure  
13 system with other natural resource-related agencies as defined in  
14 section 2 of this act. The board shall consult with affected interest  
15 groups in implementing this section.

16 NEW SECTION. **Sec. 10.** A new section is added to chapter 43.155  
17 RCW to read as follows:

18 In providing loans for public works projects, the board shall  
19 require recipients to incorporate the environmental benefits of the  
20 project into their applications, and the board shall utilize the  
21 statement of environmental benefits in its prioritization and selection  
22 process. The board shall also develop appropriate outcome focused  
23 performance measures to be used both for management and performance  
24 assessment of the loan program. To the extent possible, the department  
25 should coordinate its performance measure system with other natural  
26 resource-related agencies as defined in section 2 of this act. The  
27 board shall consult with affected interest groups in implementing this  
28 section.

29 NEW SECTION. **Sec. 11.** A new section is added to chapter 77.04 RCW  
30 to read as follows:

31 In administering programs funded with moneys from the capital  
32 budget related to protection or recovery of fish stocks, the department  
33 shall incorporate the environmental benefits of a project into its  
34 prioritization and selection process. The department shall also  
35 develop appropriate outcome focused performance measures to be used  
36 both for management and performance assessment of the program. To the

1 extent possible, the department should coordinate its performance  
2 measure system with other natural resource-related agencies as defined  
3 in section 2 of this act. The department shall consult with affected  
4 interest groups in implementing this section.

Passed the House April 17, 2001.

Passed the Senate April 12, 2001.

Approved by the Governor May 9, 2001.

Filed in Office of Secretary of State May 9, 2001.



# Appendix 5

ESHB 5637 (Chapter 298, Laws of 2001)



CERTIFICATION OF ENROLLMENT

**SUBSTITUTE SENATE BILL 5637**

Chapter 298, Laws of 2001

57th Legislature  
2001 Regular Session

WATERSHED HEALTH MONITORING AND ASSESSMENT

EFFECTIVE DATE: 7/22/01

Passed by the Senate April 19, 2001  
YEAS 48 NAYS 0

BRAD OWEN  
**President of the Senate**

Passed by the House April 18, 2001  
YEAS 92 NAYS 0

FRANK CHOPP  
**Speaker of the  
House of Representatives**

CLYDE BALLARD  
**Speaker of the  
House of Representatives**

Approved May 14, 2001

GARY LOCKE  
**Governor of the State of Washington**

CERTIFICATE

I, Tony M. Cook, Secretary of the Senate of the State of Washington, do hereby certify that the attached is **SUBSTITUTE SENATE BILL 5637** as passed by the Senate and the House of Representatives on the dates hereon set forth.

TONY M. COOK  
**Secretary**

FILED

May 14, 2001 - 3:24 p.m.

**Secretary of State  
State of Washington**

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**SUBSTITUTE SENATE BILL 5637**

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AS AMENDED BY THE HOUSE

Passed Legislature - 2001 Regular Session

**State of Washington                      57th Legislature                      2001 Regular Session**

**By** Senate Committee on Natural Resources, Parks & Shorelines  
(originally sponsored by Senators Jacobsen, Regala, Costa and Oke)

READ FIRST TIME 02/21/01.

1            AN ACT Relating to watershed health monitoring and assessments;  
2 adding a new section to chapter 90.82 RCW; adding a new section to  
3 chapter 77.85 RCW; and creating new sections.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

5            NEW SECTION.    **Sec. 1.** The legislature finds that a comprehensive  
6 program of monitoring is fundamental to making sound public policy and  
7 programmatic decisions regarding salmon recovery and watershed health.  
8 Monitoring provides accountability for results of management actions  
9 and provides the data upon which an adaptive management framework can  
10 lead to improvement of strategies and programs. Monitoring is also a  
11 required element of any salmon recovery plan submitted to the federal  
12 government for approval. While numerous agencies and citizen  
13 organizations are engaged in monitoring a wide range of salmon recovery  
14 and watershed health parameters, there is a greater need for  
15 coordination of monitoring efforts, for using limited monitoring  
16 resources to obtain information most useful for achieving relevant  
17 local, state, and federal requirements regarding watershed health and  
18 salmon recovery, and for making the information more accessible to  
19 those agencies and organizations implementing watershed health programs

1 and projects. Regarding salmon recovery monitoring, the state  
2 independent science panel has concluded that many programs already  
3 monitor indicators relevant to salmonids, but the efforts are largely  
4 uncoordinated or unlinked among programs, have different objectives,  
5 use different indicators, lack support for sharing data, and lack  
6 shared statistical designs to address specific issues raised by listing  
7 of salmonid species under the federal endangered species act.

8 Therefore, it is the intent of the legislature to encourage the  
9 refocusing of existing agency monitoring activities necessary to  
10 implement a comprehensive watershed health monitoring program, with a  
11 focus on salmon recovery. The program should: Be based on a framework  
12 of greater coordination of existing monitoring activities; require  
13 monitoring activities most relevant to adopted local, state, and  
14 federal watershed health objectives; and facilitate the exchange of  
15 monitoring information with agencies and organizations carrying out  
16 watershed health, salmon recovery, and water resources management  
17 planning and programs.

18 NEW SECTION. **Sec. 2.** A new section is added to chapter 90.82 RCW  
19 to read as follows:

20 In conducting assessments and other studies that include monitoring  
21 components or recommendations, the department and planning units shall  
22 implement the monitoring recommendations developed under section 3 of  
23 this act.

24 NEW SECTION. **Sec. 3.** A new section is added to chapter 77.85 RCW  
25 to read as follows:

26 (1) The monitoring oversight committee is hereby established. The  
27 committee shall be comprised of the directors or their designated  
28 representatives of:

- 29 (a) The salmon recovery office;
- 30 (b) The department of ecology;
- 31 (c) The department of fish and wildlife;
- 32 (d) The conservation commission;
- 33 (e) The Puget Sound action team;
- 34 (f) The department of natural resources;
- 35 (g) The department of transportation; and
- 36 (h) The interagency committee for outdoor recreation.

1           (2) The director of the salmon recovery office and the chair of the  
2 salmon recovery funding board, or their designees, shall cochair the  
3 committee. The cochairs shall convene the committee as necessary to  
4 develop, for the consideration of the governor and legislature, a  
5 comprehensive and coordinated monitoring strategy and action plan on  
6 watershed health with a focus on salmon recovery. The committee shall  
7 invite representation from the treaty tribes to participate in the  
8 committee's efforts. In addition, the committee shall invite  
9 participation by other state, local, and federal agencies and other  
10 entities as appropriate. The committee shall address the monitoring  
11 recommendations of the independent science panel provided under RCW  
12 77.85.040(7) and of the joint legislative audit and review committee in  
13 its report number 01-1 on investing in the environment.

14           (3) The independent science panel shall act as an advisor to the  
15 monitoring oversight committee and shall review all work products  
16 developed by the committee and make recommendations to the committee  
17 cochairs.

18           (4) A legislative steering committee is created consisting of four  
19 legislators. Two of the legislators shall be members of the house of  
20 representatives, each representing different major political parties,  
21 appointed by the co-speakers of the house of representatives. The  
22 other two legislators shall be members of the senate, each representing  
23 different major political parties, appointed by the president of the  
24 senate. The monitoring oversight committee shall provide briefings to  
25 the legislative steering committee on a quarterly basis on the progress  
26 that the oversight committee is making on the development of the  
27 coordinated monitoring strategy and action plan, and the establishment  
28 of an adaptive management framework. The briefings shall include  
29 information on how the monitoring strategy will be coordinated with  
30 other government efforts, expected benefits and efficiencies that will  
31 be achieved, recommended funding sources and funding levels that will  
32 ensure stable sources of funding for monitoring, and the efforts and  
33 cooperation provided by agencies to improve coordination of their  
34 activities.

35           (5) The committee shall make recommendations to individual agencies  
36 to improve coordination of monitoring activities.

37           (6) The committee shall:

1 (a) Define the monitoring goals, objectives, and questions that  
2 must be addressed as part of a comprehensive statewide salmon recovery  
3 monitoring and adaptive management framework;

4 (b) Identify and evaluate existing monitoring activities for  
5 inclusion in the framework, while ensuring data consistency and  
6 coordination and the filling of monitoring gaps;

7 (c) Recommend statistical designs appropriate to the objectives;

8 (d) Recommend performance measures appropriate to the objectives  
9 and targeted to the appropriate geographical, temporal, and biological  
10 scales;

11 (e) Recommend standardized monitoring protocols for salmon recovery  
12 and watershed health;

13 (f) Recommend procedures to ensure quality assurance and quality  
14 control of all relevant data;

15 (g) Recommend data transfer protocols to support easy access,  
16 sharing, and coordination among different collectors and users;

17 (h) Recommend ways to integrate monitoring information into  
18 decision making;

19 (i) Recommend organizational and governance structures for  
20 oversight and implementation of the coordinated monitoring framework;

21 (j) Recommend stable sources of funding that will ensure the  
22 continued operation and maintenance of the state's salmon recovery and  
23 watershed health monitoring programs, once established; and

24 (k) Identify administrative actions that will be undertaken by  
25 state agencies to implement elements of the coordinated monitoring  
26 program.

27 (7) In developing the coordinated monitoring strategy, the  
28 committee shall coordinate with other appropriate state, federal,  
29 local, and tribal monitoring efforts, including but not limited to the  
30 Northwest power planning council, the Northwest Indian fisheries  
31 commission, the national marine fisheries service, and the United  
32 States fish and wildlife service. The committee shall also consult  
33 with watershed planning units under chapter 90.82 RCW, lead entities  
34 under this chapter, professional organizations, and other appropriate  
35 groups.

36 (8) The cochairs shall provide an interim report to the governor  
37 and the members of the appropriate legislative committees by March 1,  
38 2002, on the progress made in implementing this section. By December  
39 1, 2002, the committee shall provide a monitoring strategy and action

1 plan to the governor, and the members of the appropriate legislative  
2 committees for achieving a comprehensive watershed health monitoring  
3 program with a focus on salmon recovery. The strategy and action plan  
4 shall document the results of the committee's actions in addressing the  
5 responsibilities described in subsection (6) of this section. In  
6 addition, the monitoring strategy and action plan shall include an  
7 assessment of existing state agency operations related to monitoring,  
8 evaluation, and adaptive management of watershed health and salmon  
9 recovery, and shall recommend any operational or statutory changes and  
10 funding necessary to fully implement the enhanced coordination program  
11 developed under this section. The plan shall make recommendations  
12 based upon the goal of fully realizing an enhanced and coordinated  
13 monitoring program by June 30, 2007.

14 NEW SECTION. **Sec. 4.** If specific funding for the purposes of this  
15 act, referencing this act by bill or chapter number, is not provided by  
16 June 30, 2001, in the omnibus appropriations act, this act is null and  
17 void.

Passed the Senate April 19, 2001.

Passed the House April 18, 2001.

Approved by the Governor May 14, 2001.

Filed in Office of Secretary of State May 14, 2001.



# Appendix 6

SHB 1204 (Chapter 225, Laws of 1999)



CERTIFICATION OF ENROLLMENT

**SUBSTITUTE HOUSE BILL 1204**

Chapter 225, Laws of 1999

56th Legislature  
1999 Regular Session

ENVIRONMENTAL PROJECTS COORDINATION--ADVISORY COMMITTEE

EFFECTIVE DATE: 7/25/99

Passed by the House March 16, 1999  
Yeas 97 Nays 0

CLYDE BALLARD  
**Speaker of the House of  
Representatives**

FRANK CHOPP  
**Speaker of the House of  
Representatives**

Passed by the Senate April 16, 1999  
Yeas 46 Nays 0

BRAD OWEN  
**President of the Senate**

Approved May 10, 1999

GARY LOCKE  
**Governor of the State of Washington**

CERTIFICATE

We, Dean R. Foster and Timothy A. Martin, Co-Chief Clerks of the House of Representatives of the State of Washington, do hereby certify that the attached is **SUBSTITUTE HOUSE BILL 1204** as passed by the House of Representatives and the Senate on the dates hereon set forth.

DEAN R. FOSTER  
**Chief Clerk**

TIMOTHY A. MARTIN  
**Chief Clerk**

FILED

May 10, 1999 - 4:08 p.m.

**Secretary of State  
State of Washington**

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**SUBSTITUTE HOUSE BILL 1204**

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Passed Legislature - 1999 Regular Session

**State of Washington                      56th Legislature                      1999 Regular Session**

**By** House Committee on Capital Budget (originally sponsored by Representatives K. Schmidt, Fisher, Romero, Mitchell, G. Chandler, Murray, Linville and Wood)

Read first time 03/08/1999.

1            AN ACT Relating to coordination of environmental restoration and  
2 land acquisition; adding a new chapter to Title 43 RCW; and creating a  
3 new section.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

5            NEW SECTION.    **Sec. 1.** It is the intent of the legislature that  
6 state agencies that provide environmental protection, restoration,  
7 enhancement, and mitigation by financing, or undertaking land  
8 acquisition, facility construction, or other activities be better  
9 coordinated with each other. Such coordination offers opportunities to  
10 jointly plan, finance, construct, permit, and operate facilities, to  
11 better address the needs of the environment on a local and regional  
12 basis, and to better address state-wide priorities to achieve the most  
13 beneficial and cost-effective results. The intent of the legislature  
14 is not to reduce or eliminate any environmental mitigation obligation  
15 of a government agency, but instead to more effectively meet that  
16 obligation through better coordination and identification of projects  
17 with highest environmental benefit.

1        NEW SECTION.    **Sec. 2.**    The definitions in this section apply

2 throughout this chapter unless the context clearly requires otherwise.

3        (1) "Advisory committee" means a committee advisory to the office  
4 consisting of representatives from the departments of community, trade,  
5 and economic development; ecology; fish and wildlife; natural  
6 resources; the parks and recreation commission; the interagency  
7 committee for outdoor recreation; the conservation commission; and the  
8 office of financial management. Other members may be added by majority  
9 vote of the committee. The governor, or the governor's designee, shall  
10 serve as chair of the advisory committee.

11        (2) "Environmental project" means land acquisition, facility  
12 construction, or other activity providing environmental protection,  
13 restoration, enhancement, or compensatory mitigation undertaken by  
14 state agencies or funded by state financial assistance programs. It  
15 does not mean the sale, transfer, exchange, or acquisition of trust  
16 lands managed by state agencies or regulatory environmental protection  
17 activities.

18        (3) "Office" means the environmental affairs office of the  
19 department of transportation.

20        (4) "Surplus real property" means any real property that is not  
21 needed by an agency now or in the foreseeable future.

22        NEW SECTION.    **Sec. 3.**    (1) The office shall provide a central

23 depository for information collected under this chapter. This  
24 depository shall collect and disseminate pertinent information on  
25 environmental projects through electronic based systems that may  
26 include geographic information systems and internet functionality.

27        (2) By December 31, 1999, the governor's office shall provide a  
28 report to the appropriate committees of the legislature on the progress  
29 of the coordination program and the advisory committee.

30        (3) By October 31, 2000, the governor's office shall report to the  
31 appropriate committees of the legislature its findings and  
32 recommendations on coordination of environmental projects. The report  
33 shall include a description of the methods used to: Collect  
34 information on environmental projects, determine coordination  
35 opportunities, examine programs, and determine benefits and costs of  
36 recommended actions.

37        (4) Beginning with fiscal year 2001, and each fiscal year  
38 thereafter, state agencies that receive an appropriation in the capital

1 budget or the transportation budget for an environmental project shall  
2 provide project information, including geographic location and general  
3 descriptive information, to the office no later than sixty days after  
4 the end of the fiscal year.

5 (5) Beginning with fiscal year 2003, and each fiscal year  
6 thereafter, state agencies that receive an appropriation in the omnibus  
7 appropriations act for an environmental project shall provide project  
8 information, including geographic location and general descriptive  
9 information, to the office no later than sixty days after the end of  
10 the fiscal year.

11 (6) Beginning with fiscal year 2005, and each fiscal year  
12 thereafter, all state agencies that have surplus real property  
13 available for sale, trade, lease, or reuse by other government entities  
14 shall provide information on those properties, including geographic  
15 location and general descriptive information, to the office no later  
16 than sixty days after the end of the fiscal year.

17 NEW SECTION. **Sec. 4.** The advisory committee is established to  
18 advise and assist the office in:

19 (1) Developing methods and data base systems that facilitate the  
20 collection and coordination of environmental project information.

21 (2) Examining state financial assistance programs that provide  
22 funding for environmental protection, enhancement, restoration, and  
23 mitigation. The advisory committee shall identify opportunities for  
24 improved coordination that would make it easier and more efficient for  
25 agencies and organizations seeking funding to: Locate the programs,  
26 apply for funding, seek and receive technical assistance, provide  
27 required financial reports, provide compliance and environmental  
28 monitoring information, and provide project related information such as  
29 site location.

30 (3) Investigating opportunities for improved coordination of  
31 financial assistance programs for environmental projects while  
32 complying with the statutory purpose and policy objective of these  
33 programs. Areas for possible improved coordination may include:  
34 Program information dissemination; application deadlines; state-wide,  
35 regional, and local priorities for environmental protection,  
36 enhancement, restoration, and mitigation; application forms and  
37 required application information; technical assistance; environmental  
38 reporting and monitoring; and project related data.

1 (4) Making recommendations on the role that other state agencies,  
2 federal, tribal, and local governments, nongovernmental organizations,  
3 and the general public can play in providing information that would  
4 result in increased coordination of environmental protection,  
5 restoration, enhancement, and mitigation activities. The advisory  
6 committee shall solicit comments from agencies and organizations that  
7 are eligible for state financial assistance programs and solicit  
8 comments from federal, tribal, and local organizations that provide  
9 financial assistance for environmental projects.

10 NEW SECTION. **Sec. 5.** Nothing in this chapter shall be interpreted  
11 in any manner by a state, federal, or local governmental agency to  
12 require any additional permitting review or approval process or  
13 compliance procedure from any nongovernmental entity or individual  
14 person.

15 NEW SECTION. **Sec. 6.** Sections 1 through 5 of this act constitute  
16 a new chapter in Title 43 RCW.

17 NEW SECTION. **Sec. 7.** If specific funding for the purposes of this  
18 act, referencing this act by bill or chapter number, is not provided by  
19 June 30, 1999, in the state transportation budget or the omnibus  
20 appropriations act, this act is null and void.

Passed the House March 16, 1999.

Passed the Senate April 16, 1999.

Approved by the Governor May 10, 1999.

Filed in Office of Secretary of State May 10, 1999.

# Appendix 7

ESHB 1785 Workplan





## Transmittal E-mail

From: Fairchild, Erik [mailto:Erik.Fairchild@OFM.WA.GOV]  
Sent: Tuesday, June 26, 2001 3:26 PM  
To: Herzog, Karl  
Subject: FW: Final HB 1785 Work Plan and Meeting Schedule

FYI - below please find a multi-agency workplan and agency/OFM meeting schedule for HB 1785. As you can see in the note below, we are hoping to send out a format to agencies later this week to assist them in preparing the progress reports you have requested regarding the JLARC recommendations.

Please think about what direction you would like to have agencies receive regarding this reporting (format, content, etc..). I look forward to talking with you more on this issue tomorrow.

Thanks

## FINAL HB 1785 WORK PLAN (6/25/01)

### PURPOSE

The purpose of this work plan is to outline the assumptions, tasks and timelines associated with implementation of HB 1785. HB 1785 requires certain agencies to modify their grant/loan applications and selection criteria, develop outcome focused performance measures related to these grants/loans, coordinate such agency performance measures with other agencies, and consult with stakeholders in completing this work. It also requires the Office of Financial Management (OFM) to provide technical assistance and deliver a summary report to the legislature on agency implementation of the bill.

### ASSUMPTIONS

- Agencies will absorb the fiscal impacts associated with this bill as indicated to OFM during the enrolled bill analysis/review process prior to the Governor signing the bill (Conservation Commission indicated they could not absorb the costs, but would do the best they could).
- The OFM report will only focus on the specific provisions required in the bill, and will not include a comprehensive analysis/report addressing state agency implementation/response to the Joint Legislative Audit and Review Committee (JLARC) report "Investing in the Environment: Environmental Quality Grant & Loan Programs Performance Audit". Implementation of the JLARC report will be primarily addressed through feedback directly to the JLARC and through work associated with SB 5637 (Watershed Health Monitoring and Assessment).
- The report required in 1785 will be coordinated with the monitoring strategy report and committee work required in SB 5637. Agency staff involved in implementing 1785 will closely coordinate with staff assigned to SB 5637 (ideally will be the same staff).
- Individual agencies will be responsible for consulting with grant/loan recipients, local governments, tribes, non-governmental organizations, and other interested parties as required in this bill.
- Individual agencies will be available to present information related to implementing HB 1785 to the legislature, SB 5637 committees and other interested parties.

- After the initial organizational meeting(s) agencies will meet quarterly through July 2002 to ensure adequate progress and coordination is occurring related to these efforts.
- The OFM role will include providing requested technical assistance related to performance measures, facilitating joint agency meetings, and compiling each of the individual agency write ups into the final report.
- Agencies will provide written reports to OFM on HB 1785 implementation for use in the final OFM report.

## TIMELINE/WORK PLAN

### PHASE 1 – DEVELOP PROJECT WORK PLAN

May – July 2001

- Develop detailed work plan outlining agency actions/deliverables
- Initial planning meetings with agencies
- Identify agency training needs and technical assistance for:
- Developing outcome focused performance measures related to agency grant/loan programs
- Developing recommendations for a monitoring program to measure outcome focused performance measures
- Updating grant/loan eligibility and selection criteria

### PHASE I - DELIVERABLES:

1. Agreed upon workplan/timelines/meeting schedule – OFM Lead
2. Initial planning meetings held – OFM lead
3. Agency training needs identified – Agency lead
  - Training scheduled/planned within available resources

### PHASE II – DOCUMENT EXISTING GRANT/LOAN PROGRAMS AND STAKEHOLDER INVOLVEMENT

June – August 2001

- Provide brief written descriptions of grant/loan programs impacted by HB 1785
- General overview/description of each program (enabling statute, purpose, funding available, who is eligible, etc..)
- Grant/loan cycles – timelines for application submittals, issuance of funding, etc..
- Grant selection criteria/process – general overview
  - Are applicants required to incorporate the environmental benefits of proposed projects into the grant application?
  - If yes, are the environmental benefits identified in the application utilized in the grant selection/prioritization process?
  - Does the agency have outcome focused performance measures developed for the grant program? Are these used for grant eligibility (review, assessment, scoring, awarding

funds), program management (overall management of grant/loan program and related agency programs) and performance assessment (overall agency performance measure tracking)?

- Provide brief overview of performance measures currently utilized by the agency, and any linkages to the applicable grant/loan programs.
- Provide agency work plan/timelines for completing HB 1785 (consistent with this work plan) and for consulting with grant/loan recipients, local governments, tribes, non-governmental organizations and other interested parties as required in the bill. Include coordinated marketing/public information materials for stakeholder outreach.

## PHASE II - DELIVERABLES

1. Written descriptions of grant/loan programs suitable for inclusion in the report – Agency lead
2. Overview of performance measures currently utilized by the agency generally and specifically for grant/loan programs – Agency lead
3. Agency work plan and timeline for meeting bill requirements (consistent with this work plan) and for stakeholder participation – Agency lead
4. Optional - Proposed department request legislation/supplemental budget requests to address early implementation/funding needs – Agency lead

## PHASE II – ADDRESS HB 1785 REQUIREMENTS

July 2001 – May 2002

Below is a section-by-section identification of activities required in the bill.

Sections 3 - 11 Requires agencies to: require grant recipients to incorporate environmental benefits of proposed projects into grant applications; utilize these statements of environmental benefit in the grant prioritization and selection process; develop appropriate outcome focused performance measures to be used for both management and performance assessment of the grant program; coordinate agency performance measure system with other natural resources agencies; and, consult with affected interest groups in implementing these sections.

- Each agency shall implement the requirements contained in Sections 3-11. This will include providing a written summary to OFM detailing agency actions for each of the required activities noted above. Agencies will also need to clearly identify:
  - Statutory change requirements;
  - Stakeholder work in making changes;
  - Modifications to the grant/loan process;
  - Budget/fiscal impacts and needs;
  - Timelines for completing all of these specific efforts;
  - Preliminary data collection plan.

Section 2(1) – OFM shall assist natural resource related agencies in developing outcome focused performance measures for administering natural resource related and environmentally based grant/loan programs. These performance measures are to be used in determining grant eligibility, for program management and performance assessment.

- OFM, based upon the training/technical assistance needs identified in Phase I, will provide or arrange for training and technical assistance to agencies to assist in developing outcome focused performance measures. This technical assistance and training will be described in the final report.

Section 2(2) - OFM and the Governor's Salmon Recovery Office (GSRO) shall assist natural resource agencies in developing recommendations for a monitoring program to measure outcome focused performance measures required in Section 2. Recommendations must be consistent with the framework and coordinated monitoring strategy developed by the "Monitoring Oversight Committee" established in SB 5637.

SB 5637 requires the Monitoring Oversight Committee to address several items that overlap with items also addressed in HB 1785. These areas of potential duplication need to be fully scoped out in consultation with the SB 5637 process. SB 5637 (Section 3) requires the committee to:

1. Recommend performance measures appropriate to the objectives and targeted to the appropriate geographical, temporal and biological scales;
  2. Recommend ways to integrate monitoring information into decision making;
  3. Recommend operational or statutory changes and funding necessary to fully implement the enhanced coordination program identified in the bill;
  4. Preliminary report required by March 2002 and final report December 2002.
- OFM and GSRO will assist agencies in developing recommendations for a monitoring program to measure outcome focused performance measures. This technical assistance will be described in the final report.
  - Agencies shall collaboratively develop recommendations for a monitoring program to measure outcome focused performance measures related to these grant/loan programs by May 15, 2002. This will include identification of necessary funding and statutory changes needed.

Section 2(3) - Natural resource agencies shall consult with grant/loan recipients including local governments, tribes, non governmental organizations, and other interested parties, and report to OFM on the implementation of Section 2. OFM shall report to the legislature on the agencies' implementation of this section, including any necessary changes in current law and funding requirements by July 31, 2002.

- Each agency will formally identify the stakeholder involvement process they used in complying with this subsection (see Phase II Deliverables), and this process will be documented in the report (completed by August 2001).
- Each agency, in consultation with their stakeholders, will identify any necessary changes in current law and funding requirements by April 15, 2002.
- OFM will compile the information provided by the agencies and develop a final draft report by May 15, 2002.

### PHASE III – DELIVERABLES:

1. Draft report May 2002
  - Consistent with work plan and report outline (attached)
2. Final report to legislature July 2002

## DRAFT OUTLINE FOR REPORT

- I. Introduction – Purpose of report
- II. Executive Summary
- III. Implementation of ESHB 1785
  - Overview of bill requirements
  - JLARC report implementation – brief overview
  - Agency development/use of outcome focused performance measures by Program for grant eligibility, program management and performance assessment
    - Describe performance measures developed, statutory changes, stakeholder work, funding needs, grant/loan modifications, next steps, etc..
  - Recommendations for monitoring program to measure outcome focused performance measures
    - Relationship/linkages to SB 5637
    - Identify statutory changes needed, funding requirements, stakeholder work, next steps, etc.
    - Identify what can be accomplished with current authority and budget
  - Description of training/technical assistance provided by OFM/GSRO
  - Preliminary data collection plan
- IV. Appendix
  - Additional agency detail on grant/loan programs?
  - Stakeholder comments/detail?
  - Other?



# Appendix 8

Summary of Investment Practices  
Recommended in the Original Audit  
Report





## Appendix 8 Key Investment Practices

Investment Process Stage and Practice Number	Investment Practice	Explanation / Rationale
<b>APPLICATION</b>		
1	Program employs <b>advertisement and outreach</b> mechanisms that broadly disseminate information about program funding and availability.	Broad dissemination ensures that incomplete knowledge about the program does not pose an access barrier to potentially good projects/investments.
2	<b>Technical assistance</b> is made available to assist potential applicants in accessing the program and developing high-quality applications.	Ensures that technical issues and the application process don't become barriers.
3	To be eligible to receive funds, applicant is required to document the existence of a <b>formal analysis demonstrating the need and rationale for the project</b> . For projects addressing <i>systemic</i> issues, this should be in the form of a long-term strategic plan that employs scientifically sound assessment tools such as limiting factors analysis. For projects addressing <i>traditional issues</i> , this should be in the form of an alternatives analysis with a rationale for selecting the proposed alternative.	Documents that consideration has been given to project design and scope. For <i>systemic issues</i> , a strategic plan ensures knowledge of the underlying system and key factors that contribute to the issue at hand. Without a strategic plan, uncertainty regarding project outcomes may be too high to warrant investments. For traditional issues, an alternatives analysis ensures that applicants have considered alternatives before proposing specific solutions. (NOTES: 1) "Initial" strategic plans that focus on the need to collect baseline information may be accepted as a basis for investments in research and assessment activities. 2) Strategic plans may be prepared by the applicant or another entity. 3) An alternatives analysis may be in the form of cost-benefit analysis, cost-effectiveness analysis, EIS, comprehensive plan, etc.)
<b>SELECTION</b>		
4	Program's prioritization and selection process is <b>documented, clear, objective, and open</b> .	Ensures objectivity and clarity about why investment decisions were made.
5	Program's prioritization and selection criteria evaluate the <b>environmental quality benefits</b> that are expected to be produced by projects. For systemic issues, short-term and long-term direct benefits should be evaluated, as well as any ancillary benefits that will result from implementing the project.	Environmental quality benefits are the core focus of program investments. In addition to direct benefits, ancillary benefits such as producing information that can be used in adaptive management strategies, establishing first steps in implementing strategic plans, or ensuring future options to recover investments (e.g. ability to sell land that is not producing intended results), should also be considered.
6	Program's prioritization and selection criteria evaluate the <b>likelihood that the benefits will be produced</b> based on both applicant's ability and track record <i>and</i> the design of the project.	Provides information to assess the risk or uncertainty surrounding realization of investment benefits.
7	Program's prioritization and selection criteria evaluate projects' <b>costs relative to the benefits</b> expected to be received.	Provides information about the investment's value relative to the amount of money invested.

Appendix 8  
Key Investment Practices (cont.)

Investment Process Stage and Practice Number	Investment Practice	Explanation / Rationale
8	Program's prioritization and selection criteria evaluate projects' <b>readiness to proceed</b> .	For otherwise equal projects, the one that can be implemented sooner is preferable as it will produce environmental benefits sooner. Funding projects that are not ready to proceed may tie up funds that could be beneficially applied elsewhere. In some cases, beginning projects as soon as possible may forestall environmental damage.
9	Program employs a <b>minimum threshold score</b> for projects to receive funding.	Returns on investments are likely to be uncertain for projects scoring below certain thresholds, and programs should have the option of not investing in these projects. (NOTE: For programs where applications significantly exceed available funding, competition may create a defacto funding threshold based on relative rankings. However, such funding thresholds are not identical to investment thresholds, which should be defined as the minimum score that is likely to produce desired returns from an investment).
<b>IMPLEMENTATION</b>		
10	Project implementation and expenditure <b>plan and schedule</b> specified in contract and <b>enforced</b> .	Programs should ensure that public receives the anticipated benefits according to planned schedule. Ensures accountability for investments.
<b>MONITORING</b>		
11	Project <b>output and outcome data</b> is collected from project sponsors (project-level results). Outcome data incorporates pre-project implementation baseline data.	Analyzing investment performance requires understanding both process (what was done) and results (the impact of what was done). Results are most meaningful when compared to baseline environmental quality conditions. For systemic projects, results should also be referenced against the <b>strategic plan</b> .
<b>ADAPTIVE MANAGEMENT</b>		
12	Program compiles and publishes comprehensive <b>process and workload measures</b> .	Enables internal and external review of program performance related to workload.
13	Program compiles and publishes <b>output and outcome measures</b> that directly relate to the program's <b>investments</b> (program level results).	Enables internal and external review of program performance related to investment results and effectiveness.
14	Program regularly consults with an <b>external advisory group</b> regarding program practices and performance.	Enables objective evaluation of program practices and results. Facilitates program responsiveness to <b>changing conditions</b> .
<b>ADDITIONAL FEATURES FOR PROGRAMS ADDRESSING SYSTEMIC ISSUES</b>		
15	For systemic issues, program <b>coordinates its project investments at the funding stage</b> with other related state, federal, local, tribal, and private investments at the appropriate geographic scale.	Resolution of systemic issues depends on a collective response from many programs, projects, and activities. Coordination may enhance collective benefits from multiple projects and investments.
16	Program participates in and supports a <b>formal network</b> and/or process to collect, share, review and assess information about individual and collective program outputs, outcomes, and performance in the context of systemic environmental quality issues.	

