

**Recreation and Conservation Funding Board
Summarized Meeting Agenda and Actions, October 8, 2009**

1. Call to Order

2. Consent Calendar Resolution #2009-20
Passed

- Approval of Board Meeting Minutes – July 9, 2009, Cost Increase Request for RCO #07-1213D, Time Extension Request for RCO #04-1441C

3. Management Report

- Director's Report, Fiscal Report, Grant Management Report, Update on Implementation of SHB 1957, Implementation of section 907 of ESHB 1244, Natural Resources Organizations, RCO Work Plan Update

4. DNR's Sustainable Recreation Workgroup

5. Policy Discussion Regarding Sustainable Practices

6. 2010 Meeting Schedule and Locations Resolution #2009-21
Passed as amended

7. Performance Review Process for RCO Director

8. Boating Program Policies Resolution #2009-22
Passed

9. Clarifying Current Policy Language Regarding High-Risk Sponsor Designation Resolution #2009-23
Passed as amended

10. Habitat and Recreation Lands Coordinating Group

11. Policy Discussion Regarding Indirect Cost Reimbursement

12. Status of Policy Analyses

13. Allocation of Unspent Funds in WWRP Farmland Program Resolution #2009-24
Passed

14. Recreational Trails Program Grant Awards Resolution #2009-25
Passed

15. Status Report on Department of Fish and Wildlife Land Exchange

State agency partner reports

Recreation and Conservation Funding Board Summary Minutes

Date: October 8, 2009

Place: Natural Resource Building, RM 172
Olympia, Washington

Recreation and Conservation Funding Board Members Present:

Bill Chapman, Chair	Mercer Island	Dave Brittell	Designee, Department of Fish and Wildlife
Karen Daubert	Seattle	Stephen Saunders	Designee, Department of Natural Resources
Steven Drew	Olympia	Rex Derr	Director, State Parks and Recreation
Jeff Parsons	Leavenworth		
Harriet Spanel	Bellingham		

IT IS INTENDED THAT THIS SUMMARY BE USED WITH THE NOTEBOOK PROVIDED IN ADVANCE OF THE MEETING.
A RECORDING IS RETAINED BY RCO AS THE FORMAL RECORD OF MEETING.

MEETING CALLED TO ORDER

Chair Bill Chapman called the meeting to order at 9:00 a.m. Staff called roll and a quorum was determined. Member Harriet Spanel arrived shortly after the roll call.

CONSENT CALENDAR

(See notebook item #2)

The Recreation and Conservation Funding Board (board) reviewed Resolution #2009-20, Consent Calendar approving:

- a) Approval of Board Meeting Minutes – July 9, 2009
- b) Cost Increase: Cowlitz Game & Anglers, Cowlitz Co Shooting Range Ph 1 – RCO #07-1213D
- c) Time Extension Request: Okanogan County, Similkameen Connector Trail Phase I – RCO #04-1441C

Steven Drew MOVED to adopt Resolution #2009-20. Stephen Saunders SECONDED. Resolution #2009-20 APPROVED as presented.

MANAGEMENT REPORTS

Director Kaleen Cottingham presented this agenda item. (See notebook item #3 for detailed report.)

Kaleen asked the board if they had questions about the management reports, and suggested that they spend the agenda time developing the board's response to the materials in Item 3E: Reforming Natural Resources.

Chair Chapman commented on Item 3d: Update on Implementation of SHB 1957, and asked how the consultant's approach would consider investments in recreation lands, habitat, farmland, and other lands protected by the state.

Kaleen noted that the contractor, Gordon Derr, has teamed up with an economist to do the evaluation and analysis. She also noted that a partner at Preston, Gates, and Ellis who is a recognized expert on the subject has volunteered to review the evaluations.

Kaleen then referred back to the memo and material regarding ideas to improve management of Washington's natural resources. She noted that the Recreation and Conservation Office (RCO) has discussed the issue with its other boards to determine how they want to comment on the ideas in the document. She added that the Recreation and Conservation Funding Board has the option of endorsing the principles in the RCO's letter to the Governor or the highlighting important messages they want delivered to the Governor independently.

Steve McLellan gave an overview of the process, noting that this reform effort came out of a budget proviso. Steve explained that the result was a report entitled "Ideas to Improve Management of Washington's Natural Resources" and referred to the document in the notebook entitled, "Possible Effects of Natural Resource Reform Ideas on RCO Programs." He noted that the Governor's Office would be taking comment from the public until October 28, but said that state agencies were advised to make comments as early as possible.

He noted that there were four main areas: Reorganization; Sharing Services and Functions; Improving Environmental Protection, Permitting and Compliance; and Streamlining Quasi-Judicial Boards.

Steve McLellan explained that reorganization models that reduce the number of agencies are considered higher cost, would require legislation, and would take several years to go into effect. He added that the other organizational models (e.g., unified vision, realign agency boundaries and co-locate regional offices, and formalize multi-agency collaboration) would not require agency consolidations or require legislation. Steve noted that some examples of formalized collaboration include the Biodiversity Council, Invasive Species Council, and the Habitat and Recreation Lands Workgroup, which are all staffed by RCO.

Steve McLellan then described the ideas for sharing Services and Functions, making the following points.

- Many state and local agencies have Geographic Information Systems (GIS) technology. Sharing it would create commonality on how these are mapped and shared, and make better use of the data throughout the state
- One example of coordinating Citizen Science would involve having agencies that conducting environmental monitoring will work to have more citizen involvement. RCO would be the lead on scoping, testing, and implementing this project due to our experience of using citizens in the grant evaluation and monitoring processes.
- There are three options for Consolidating Natural Resource Law Enforcement Officers.
- Consolidating grant and loan programs would mean creating a Natural Resources Financial Assistance Agency or a Natural Resources Grants and Loans Council. The latter would create a centralized information portal and develop common forms, procedures, protocols, and performance measures.

He added that RCO would play a major role in mapping the current process and recommending the appropriate realignments.

Steve McLellan then explained the ideas related to improving environmental protection, permitting and compliance, noting that the idea of targeting incentive-based programs for landowners would affect the landowner incentives used in RCO grant programs. He also noted that the ideas regarding the streamlining of quasi-judicial boards did not affect this board.

Steve concluded that, following the public comment period, the Natural Resources subcabinet would meet to narrow these ideas, and then move some forward to the Office of Financial Management (OFM) for fiscal analysis. After the analysis, they would have a smaller set of recommendations that could be implemented through executive order or by legislation. He added that the board now has the opportunity to add comments to an overall package from RCO's other boards and RCO itself.

Steve Drew asked if there was any comment about co-location of personnel in regional offices and noted he would like to see this in our response. He suggested that if agencies were going to merge office space in different areas of the state, then it could be efficient to have an RCO staff person in that office.

Steve McLellan answered that the principles in RCO's response talked about collaboration but not co-location.

Chair Chapman asked Kaleen and Steve McLellan if they have any direction for the board.

Kaleen suggested that they should focus only on how the report could affect the board's role. She suggested that they ask themselves whether each recommendation would enhance or hinder the mission of the board.

Steve McLellan then reviewed the RCO's proposed principles for the agency's letter in response to the ideas. The principles are to increase effectiveness and efficiency, preserve independence and accountability in grant programs, support collaboration, improve customer experiences, increase citizen participation, and maintain the focus on high-profile and high-priority efforts.

Jeff Parsons noted that the emphasis on independence is a critical characteristic that we need to maintain. He noted that the board provides grants to many agencies, and that a merger could create situations where we are perceived to have conflicts of interest.

Karen Daubert suggests that the board concur with RCO's principles.

Chair Chapman noted that we should add an emphasis on the organic nature of the Washington Wildlife and Recreation Program (WWRP) and that it is structured to result in the best projects and best grants by asking for competition between agencies. He commented that the WWRP statute is set up to create a different kind of competitive structure and the RCO's principles can be strengthened in reference to this.

Kaleen noted that we could draft the cover letter on behalf of the agency and the board, and reference the fact that the board approved. She also responded to Steven Drew's earlier comment on regional offices by noting that the RCO should not layout a recommendation that we should become regionalized because the staff is too small.

Chair Chapman asked if the principles lent support to the common law enforcement approach, and Steve McLellan responded that they did not address law enforcement.

Chair Chapman noted that the Department of Fish Wildlife (WDFW) properties, the Department of Natural Resources (DNR) properties, and State Park properties are adjacent to each other throughout the state. He added that jurisdiction of law enforcement across these different properties are restricted by statute, but it is confusing to the public. He suggested adding to RCO's principles that it would be a big leap in efficiency to get the state agencies able to operate on other state owned lands.

Kaleen replied that Rex Derr asked them to keep State Parks' people out of the law enforcement models. She added that although park rangers do have some law enforcement abilities, they are more focused on public education and land management. She suggested that staff could refer to shared access and management across state owned lands in RCO's principles.

The board then discussed the law enforcement issues, noting the following:

- Harriet Spanel noted that encouraging collaboration of law enforcement is different from advocating for combining law enforcement agencies
- Stephen Saunders stated law enforcement recommendations could affect the board's education and enforcement (E&E) grants, and that combining law enforcement could increase the efficiency and effectiveness of grant administration.
- Steven Drew suggested a blanket statement that there needs to be cooperation and stable funding for better enforcement and education.
- Dave Brittell noted that he liked the dialogue around the efficiency of grant delivery and the interaction our constituents would have for safety relative to their experience. He added that the RCO should focus on the efficiency of how services are delivered.
- Jeff Parsons added that the consolidation of enforcement could help to inform the RCO of conversions occurring on funded properties.

Steve McLellan suggested that the RCO include language stating that that public safety and the perception of safety for citizens who use board-funded facilities are both key components of improving effectiveness and customer service.

Kaleen asked the board if they are comfortable with RCO sending a letter recognizing the board's discussion on natural resource reform ideas.

Chair Chapman noted that there is consensus among board members on RCO sending the letter to the Governor's office.

Kaleen responded that RCO would share with the board the packet sent to the Governor's Office that will include comments from the Invasive Species Council, Monitoring Forum, Biodiversity Council, the Salmon Recovery Funding Board (SRFB) and the overall letter.

Chair Chapman asked for an update on strategy 19 in the RCO Work Plan.

Rebecca Connolly answered that we have drafted some survey questions for sponsors and partners regarding satisfaction with grant management. She added that once a set of questions are drafted, then grant managers will have the opportunity to provide feedback and suggest the best timing for the survey. She noted that we hope to have this done by the end of the year and ready for the 2010 grant cycles.

Bill asked if we could have results in 2010, and Rebecca said yes.

Chair Chapman asked about the status of the PRISM design change project to identify measurable elements.

Rebecca responded that the PRISM design is related to the outcome measures such as acres acquired and developed for habitat for other purposes. She noted that we are restructuring PRISM for the recreation and conservation side to get at these measurements more accurately.

Steven Drew referred to work plan item 21, which refers to revising RCFB and SRFB program eligibility requirements, criteria, and scoring systems for consistency with the Puget Sound Partnership Action Agenda. He asked if the RCO is taking action only to the extent directed by the legislature or if it is happening across the board.

Kaleen noted that we are looking at sustainability, the farmland program, and other items. She also noted that Dominga Soliz would give a presentation later on the status of the three elements we are

required to do under the legislation that relates to the Puget Sound Partnership. She added that each area has a different scope as it relates to our grant programs.

Steven Drew requested that we have a separate section on the work plan to address the individual elements. He stated he would like to see where staff has submitted proposals to stakeholders and had workgroups. He also stated that another item would be the ongoing process of examining our programs on an annual basis.

Kaleen responded that she would rather not have that level of detail in this report because it is used for overall agency management. She noted that Dominga Soliz would be able to answer any more questions relating to this issue in here presentation.

DEPARTMENT OF NATURAL RESOURCES SUSTAINABLE RECREATION WORKGROUP

Craig Partridge presented this agenda item. (See notebook item #4 for details.)

Rex Derr joined the meeting at the beginning of this presentation

Craig Partridge gave an overview of the DNR's Sustainable Workgroup members, history, current vision, and mission. He distributed and discussed the preliminary recommendations to legislature.

1. Provide sustainable funding for outdoor recreation on lands managed by DNR.
 - a. User fees
 - Provides an opportunity for recreationist to contribute funding
 - b. Recreational Immunity
 - This will allow DNR to charge a statewide access fee while retaining its recreational immunity
 - c. Concessionaires
 - Enter into concessinaire agreements with private entities to manage DNR campgrounds
 - d. Increase the gas tax refund to the Nonhighway and Off-Road Vehicle Activities Program (NOVA)
 - Increase the fuel tax amount to calculate the refund for NOVA purposes from 22 cents/gallon to 37.5 cents/gallon.
 - e. Lottery
 - Establish a lottery game dedicated to the planning, development, and maintenance of recreational facilities and trails on DNR managed lands
 - f. License tab opt-out donation
 - Use any suprlus beyond the projected \$23 million from the \$5 license tab fees donation for State Parks to benefit the DNR Recreation Program
 - g. Reallocate sales tax on outdoor sporting goods
 - Reallocate a portion of the sales tax associated with the purchase of outdoor sporting goods to the DNR Recreation Program
 - h. New statutory trust lands
 - Create and fund the acquisition of a new classification of statutory trust lands that would be managed by DNR to generate revenue for the DNR Recreation Program
2. Access
 - a. Education and Enforcement
 - Create a dedicated funding source to pay for an integrated education and enforcement presence on DNR managed lands
 - b. Unauthorized trails and strategic planning
 - Address environmental and other impacts from recreational use on DNR managed lands-including unauthorized trails

c. Recreational Immunity

- Amend the recreational immunity statute so landowners do not lose their recreational immunity due to an injury involving a “known dangerous, artificial, latent condition”

In response to a question from Karen, Craig noted that there are currently seven DNR law enforcement officers.

Referring to the work group’s second recommendation on recreational immunity, Jeff Parsons asked if pesticide use is considered a “known dangerous, artificial, latent condition.”

Craig responded that he never heard that it was, but understood that phrase to describe physical objects. He added that it could creatively be argued that way.

Jeff noted that the board and work group should be aware there are liability concerns for private landowners related to trails adjacent to their agricultural property. He explained that there is strong opposition to trails that are adjacent to orchards, which are commonly sprayed at different times of the year. He added that this is a real problem for trail development throughout the Wenatchee Valley.

Steven Drew asked if DNR imposed user fees would undermine the immunity statute.

Craig replied that under existing statute it would eliminate DNR immunity. He added that State Parks and WDFW are explicitly allowed to retain their immunity despite charging fees.

Steven Drew asked if the workgroup considered an opt-in method using the vehicle registration form, and allowing a reduced fee for those who use the opt-in method.

Craig noted that it was not considered but that he would share the idea with the workgroup. He noted that they did discuss the advantage of user fees in that it may reduce the costs even if it does not gain net revenue. He also noted that there should be some exemption for people volunteering on DNR managed lands.

Dave Brittell asked if the group discussed a consolidated fee since there is so much commonality between agencies. He noted that from a public standpoint, it is difficult to know which access fees to pay.

Craig answered that a consolidated fee was discussed. He noted that the workgroup discussion moved between the ideas of commonality among agencies and the distinctiveness of recreation opportunity on DNR lands.

Rex Derr noted that the immunity statute is worth looking at. He added that State Parks has leaned on volunteers to help get work done by entering into contracts with organizations that facilitate volunteer labor. He asked that the workgroup look into this option.

Jeff Parsons added that there is collaboration in Central Oregon between mountain bikers and the Forest Service to develop a plan on serving the needs of mountain bikers.

Harriet Spanel noted that the workgroup should be cautious of the proposal to use funding that is being for used other purposes.

Stephen Saunders added that it is good to see the various user groups working together within this workgroup. He noted that the workgroup has exceeded all expectations and it has a lot of potential for moving the recommendations forward.

Steven Drew commented on Craig's comment of looking at the idea of purchasing trust lands to fund recreation. He noted that using trust lands to generate green energy and green energy revenue for recreation would have much broader support and appeal.

POLICY DISCUSSION REGARDING SUSTAINABLE PRACTICES

Jim Eychaner and Lucienne Guyot presented this agenda item. (See notebook item #5 for details.)

Jim Eychaner walked the board through his presentation, and stated that RCO staff proposes to address sustainability through changes to Manual 2 (Planning Policies) and grant evaluation questions. He explained that at this point, staff is seeking direction from the board for next steps. His presentation defined sustainability, highlighted practices in current grants, and noted the intersection with the agency's sustainable operations plan. He also noted that current Washington statutes focus on greenhouse gases and vehicle miles. Jim noted that one approach for board consideration is using the Leadership in Energy and Environmental Design (LEED) standards.

Steven Drew and Rex Derr asked questions about how sustainability intersects with the board's grant programs for maintenance, and the needs for sustainable maintenance. Jim responded that these are questions he hopes the board can further discuss.

Karen Daubert noted that the first step is to encourage sustainability, before requiring it in a grant application.

Stephen Saunders concurred that encouraging sustainability should be the first step and the goal of sustainable practices is the direction we want to go. He added that he is concerned about unintended consequences if the board requires sustainable practices. He suggested that some sites are not compatible with this practice, and stated that he would not want to add logistical and fiscal restraints on good projects.

Jeff Parsons noted that the concept of sustainability is not only environmental but also economic and social. He added that an environmental standard should not become so inflexible that the economics prevent sponsors from moving forward with projects. He commented that the board should take a comprehensive look at how to address and incentivize sustainability.

Rex Derr noted that incentives could be the next step. He asked the board to consider if there is a threshold of project components below which we require sustainable practices, and above which it is optional, encouraged, and/or incentivized. He added that there is a cultural shift in our industry, and encouraging sustainable practices may not result in a fast enough change to keep up with the demands.

Jim Eychaner noted that staff could look into the concept of a threshold. He also noted that grant decisions come down to tenths of point, so a single bonus point can make an element required simply by increasing the competitiveness.

Dave added that there are many good projects that are separated by a point and we should consider implementing this idea.

Chair Chapman noted that we should accelerate this item on the agenda for 2009-2010 and added that the board would like to explore this further.

Steve Drew noted that he is concerned with the unintended consequence of the policy as it relates to maintenance dollars on existing systems and the acquisition of the funding of use on property.

Jim asked the board if there were any specific grant programs they would like staff to look at. Chair Chapman asked him to bring back a recommendation.

2010 MEETING SCHEDULE AND LOCATIONS

Rebecca Connolly presented this agenda item. (See notebook item #6 for details.)

Rebecca shared with board members the results of the survey regarding their availability and asked the board to approve the proposed schedule.

Rebecca noted that since the memo was proposed, staff learned that there is a Parks Commission meeting on June 24-25 in Walla Walla. The alternate date of June 17-18 did not work for other board members. She asked the board what other options and ideas they may have for an alternate meeting date. She added that one option would be to hold it a week later which is closer to the 4th of July holiday.

Karen suggested adopting a schedule and then confirming with board members afterwards. She also added that she would prefer the second week in June, but Harriet and Jeff noted that they would not be available on those dates.

Rex noted that he is available on the 25th for business and suggested that it would be easier for staff to rearrange the way we do business and tours on the 24 and 25. He also asked if there was interest for a joint meeting with State Parks while in Walla Walla.

Kaleen noted that we could have a tour Thursday morning in Tri-Cities, a joint meeting with State Parks in the afternoon in Walla Walla, and the board meeting on Friday.

Karen moved a friendly amendment to change the Tri-Cities to Walla Walla.

Karen Daubert MOVED to adopt Resolution #2009-21. Stephen Saunders SECONDED.

Chair Chapman asked why we do not have a fourth meeting in 2010.

Kaleen noted that the board would not have NOVA or the Boating Facilities Program (BFP) grant awards in 2010. She added that the one time we might need a special meeting would be in August or September for a potential legislative agenda or the agency budget. She asked if the board is comfortable with letting staff form a special board agenda based on need but not to firm it up at this time.

The board discussed their preference for regular rather than special meetings. Karen Daubert moved a friendly amendment to meet by conference call on Friday, August 20.

Resolution #2009-21 APPROVED as friendly amended.

The board schedule as amended:

Dates	Location
March 25-26, 2010	Olympia
June 24-25, 2010	Tri-Cities/Walla (with joint opportunity with the Parks Commission)
Aug 20, 2010	Teleconference
October 28-29, 2010	Olympia

PERFORMANCE REVIEW PROCESS FOR RCO DIRECTOR

Chairman Bill Chapman presented this agenda item. (See notebook item #7 for details.)

Chair Chapman explained the process for the director's performance review and that it was on schedule. He noted that Rex, Karen, and he would meet on Monday to discuss the feedback they received from nine others on Director Kaleen Cottingham's performance. He added that he will share the proposed evaluation with the board in executive session before sharing it with Kaleen.

BOATING PROGRAM POLICIES

Jim Eychaner presented this agenda item. (See notebook item #8 for details.)

Jim Eychaner reminded the board that he proposed a draft of the boating programs policy plan in March and added that during the public comment period he received three comments from the public with no opposition. He added that this new document proposes a set of policies that could affect any grant that serves any kind of boating but especially the Boating Facilities Program, the Boating Infrastructure Grant, and the Boating Activities Program. He noted that the new policies would take a more holistic look at the needs of the boating communities. He commented that if the board approved these policies, the next steps of implementation would be to work with the advisory committees on revising the manuals and some evaluation questions.

Chair Chapman asked Jim to explain the primary policy implications if the board adopted this resolution.

Jim responded that the primary effect would be to broaden the focus of what evaluators look at and to look at the best way to meet boaters' needs.

Karen asked if the policies put less emphasis on acquisition and development projects.

Jim said no, and stated that our agency partners remind the RCO that we need to be thinking into the future.

**Dave Brittell MOVED to adopt Resolution #2009-22. Jeff Parsons SECONDED.
Resolution #2009-22 APPROVED as presented.**

CLARIFYING CURRENT POLICY LANGUAGE REGARDING HIGH-RISK SPONSOR DESIGNATION

Scott Robinson and Jim Eychaner presented this agenda item. (See notebook items #9 for details.)

Scott Robinson reminded the board that they approved an approach for removing the high-risk designation at the July board meeting. He added that there were also some questions brought up in that meeting about the use of the terms "conversion" and "non-compliance. Scott stated that the proposed language reflects the board's motion and removes the term "non-compliance" so the policy's intent would be clear. Scott then described other changes made to the policy language to clarify the process and implications for future grant applications.

Steven Drew asked if the word "may" in section 1, second sentence, could be stronger, and suggested the terms "should" or "shall".

Kaleen responded by asking the board whether it wanted to strengthen the language, but limit its discretion, or keep it flexible.

Chair Chapman passed out a document that proposed a friendly amendment to the new language as follows:

Substantial progress

- a) ~~Either the director or board~~ After recommendation by the director, the board will make the decision of whether a sponsor has a record of substantial progress.

He clarified that staff should make a recommendation and the board would make the decision.

Rex Derr noted that the proposed State Park closures due to budget cuts were considered conversions.

Scott added that while this is true, there are options that can be implemented without restricting public access to the park.

Stephen Saunders noted that DNR had to reduce services to 143 facilities and in some cases removed outhouses and picnic tables to reduce vandalism. Once funding is restored, then these facilities would be replaced. He stated that the public can continue to use those sites and commented that user groups have stepped forward to donate funds to keep facilities open.

Scott added that when staff hears of potential park closures, they look through the database for funded parks and draft a letter reminding sponsors that they have responsibilities to the state.

Karen asked for more discussion on Steven Drew's suggestion to change "may" to "shall."

Steven Drew commented that he is not sure that it should be "shall" in all cases. He noted that perhaps there could be categories of conversion in terms of severity, percentage converted, and duration. He added that "may" is a liability for severe cases and "shall" is a hindrance in the minor cases.

Scott noted that staff discussed this extensively and in the end chose "may" but it is the decision of the board whether to strengthen the language.

Dave commented that "may" or "shall be considered" are both okay but does not think the policy should be too tight.

Public Comment

Kathy Kravit-Smith, Director of Pierce County Parks & Recreation Services, stated that she supports the proposed language to enhance and clarify the high-risk designation. She added her support to the language being "may" and added that the board needs the flexibility to think about the complexities of some issues. She commented on the reduction of services at parks how this reduction effects their decisions.

Sharon Claussen, King County Parks, noted her support on the flexibility of using "may" rather than "shall." She added that the magnitude of the conversion is important to take into consideration.

Steven Drew also referred to the language in section 1c that a sponsor "Has no record of substantial progress towards resolving outstanding conversion(s)." and suggested that rather than "no record of substantial progress" the board may want a timeline entered into this condition.

Scott responded that the timeline in subsection 1b also applies to 1c.

Harriet noted that if “may” were changed to an absolute such as “shall” then the language would put a much greater emphasis on the director’s recommendation.

Karen Daubert MOVED to adopt Resolution #2009-23 with the friendly amendment proposed by Bill Chapman. Rex Derr SECONDED.

Resolution #2009-23 APPROVED as friendly amended.

HABITAT AND RECREATION LANDS COORDINATING GROUP

Dominga Soliz presented this agenda item. (See notebook item #10 for details.)

Dominga Soliz updated the board on work done by the lands group. She noted that in 2005 RCO developed a report that emphasized a need to achieve coordination regarding acquisitions through improved communications and transparencies.

Dominga explained that enabling legislation in 2007 gave the lands group 13 mandates. Last year, the lands group developed an action plan and created workgroups to complete the tasks. She then explained the roles of the workgroups and how their tasks complement each others’ work. She noted that the final report is due to the Legislature in 2012.

Dominga then explained that one goal is to hold annual forums that allow agencies the opportunity to identify specific sites in which acquisitions and disposal coordination can take place. She added that the Lands Group will offer two forums each biennium: odd-year forums will help coordinate the implementation of acquisition budgets while even-year forums will help agencies coordinate grant requests.

Dominga then described the 2009 outcomes of the Lands Group as follows:

- Agency transaction plans matrix and Work Session recommendations
- Annual State Land Acquisition Coordinating Forum
- Biennial Forecast Map
- Action Plan

Dominga concluded her presentation by describing the next steps such as updating the action plan, planning for the next annual forum, drafting an annual report, and developing a data system (biennial forecast, monitoring, federal funding, maps, inventory).

Jeff asked if there is any aspect of this that involves coordination with local governments.

Dominga responded that this has been discussed in the planning requirements workgroup and added that there is a local government representative from Okanogan County on the Lands Group as well as a city recreation planner.

Jeff recalled the genesis of this project with Senator Parlette and her concern with the lack of coordination as it affects local jurisdictions. He added that this would be a good opportunity to diffuse this concern by involving local governments up front in some level of this coordinating function. He asked about the responses the RCO has received from local governments.

Dominga noted that the response has been positive and they want to see the biennial forecast.

Stephen Saunders noted that transparency and communication are critical to increase the public knowledge and involvement of what we are proposing for these acquisitions. He cautioned, however, that most state trust lands are managed for revenue to the trust beneficiary. He added that the amount of transparency can affect the value of the land.

POLICY DISCUSSION REGARDING INDIRECT COST REIMBURSEMENT

Jim Eychaner and Mark Jarasitis presented this agenda item. (See notebook item #11 for details.)

This presentation is a follow-up from an earlier board meeting at which the Department of Fish and Wildlife asked the board to consider allowing project sponsors to be reimbursed for indirect costs.

Mark Jarasitis explained that sponsors can charge direct administrative costs but are not allowed to recoup indirect costs. He noted that indirect costs are those that cannot be linked to a particular project and are for common or joint purposes. He added that the RCO sent a survey to all active sponsors and 57% of the 48 who responded charge an indirect rate for other projects (not RCFB projects). He noted that some said that they do not have a rate now, but would if they could charge an indirect rate.

Dave noted that with direct charges, administrative costs are at the 10 percent or less because there are caps on grant categories. He added that indirect charges of 5 percent is a good estimate of what occur.

Mark responded that 5% may be a good average.

Jeff asked if indirect costs with smaller projects are a smaller percentage of the larger projects and suggested looking into a sliding scale.

Mark responded that we gathered information based on how our sponsors would approach this situation and did have actual data to answer the question directly.

Public Comment

Kathy Kravit-Smith, Director of Pierce County Parks and Recreation Services, does not support a policy change because it reduces funding for projects and could cause a worse situation for local support. She noted that she does support improved communication, and reduction of requirements that cause extra staff and consultation time. She added that it is important to focus on efficiency and process improvements.

Lori Flemm, Director of Lacey Parks and Recreation Department, was unable to provide public comment but sent a letter opposing a policy change. The letter was given to all board members.

Stephen Saunders noted that we need to monitor this closely and proceed aggressively with recommendations provide by staff.

Kaleen commented that we have inherited a program that allows indirect costs and asked Rachael Langen to explain the situation. Rachael Langen responded that the lead entities were allowed to charge indirect costs while under the WDFW, so the RCO has maintained that situation in the current contract. She noted that the lead entities provide a service, rather than a project.

Jim Eychaner added that when the Interagency Committee for Outdoor Recreation was created in 1964, there was an existing infrastructure to deliver park recreation services, but when the SRFB was created, there was not an infrastructure to deliver the salmon recovery projects the way they were described in the legislature.

Dave Brittell and Steven Drew both asked if sponsors who receive grants know what costs can qualify for reimbursement and how the RCO can help them if there is confusion.

Mark responded that the potential for confusion exists. He added that staff could create and share templates with sponsors, and help sponsors identify eligible administrative costs.

Harriet stated that she does not support changing the policy and added that #3 of the next steps listed in the memo should not be included in the board's direction.

Rex noted that he favors not changing the policy and added that interest in efficiencies is growing, and administration costs are shrinking.

Jeff summarized the board discussion by noting that the consensus is to implement #1 and #2 of the next steps:

1. Communicate current policy internally and externally to reduce sponsor confusion about eligible administrative costs and ineligible indirect costs.
2. Consider ways to make the grant application and implementation processes less labor-intensive for project sponsors, thereby reducing their need to recoup additional costs. For example, the RCO plans to begin a project to institute electronic billing, which should make the process easier and more understandable.

POLICY STATUS UPDATE

Dominga Soliz presented this agenda item. (See notebook item #12 for details.)

Dominga walked the board through four different policy changes.

Scope Changes for Acquisition Projects

Dominga explained the goals of the policy effort and outlined the initial proposal as follows:

1. Define a "major" scope change as
 - Not eligible in same category; or
 - Not similar and at least equivalent values; or
 - Neither contiguous to target property nor within geographic envelope or recreation service area
2. Require major scope changes be approved by the board
3. Allow minor scope changes to be approved by RCO Director.
4. Allow RCO Director to submit scope change requests to 3rd party ad hoc review panel to evaluate requests and compare the amended contract with the original agreement.

Chair Chapman asked if the proposal had been discussed with a stakeholder group. He also asked Dominga to clarify the geographic proximity language in the proposal.

Dominga responded that stakeholder groups of diverse values and interests met to develop this proposal and the other proposals. She noted that the proposal has been circulated to the public and staff is currently collecting comments. Dominga then explained that any project that does not meet any of the three bullets under Define a "major" scope change would be considered a major scope change.

Dave asked if the third party review would be helping the director or the helping the board, and commented that sponsors will need to understand the policy when they prepare their grant.

Dominga replied that the third party could serve either function, and noted that the stakeholders recommended it be an ad hoc team. She also noted that stakeholders suggested that this might result in more sponsors using the multi-site acquisition strategy during application because they would have more room to amend as needed.

Dave noted that we have to be careful not to violate the board's transparency values, and that there needs to be enough definition up front for a legislator or the community to understand the project. He added that we need to make sure we have the right balance between transparency, protection of the landowner's privacy, and ability to negotiate.

Steven Drew noted that there is no mention about the ability of the newly scoped project to be carried out expeditiously. He also noted that the workgroup should consider some kind of criteria.

Kaleen Cottingham replied that a scope change generally has a willing seller, so they likely will close earlier than later.

Dominga clarified that criteria for approval would be the next step in the policy development process.

Incorporating Conservation Reserve Enhancement (CREP) Projects into the Riparian Protection Account

Dominga explained the goals of the policy effort and outlined the initial proposal as follows:

1. Fund leases, term, and permanent conservation easements.
2. Allow the State Conservation Commission to apply for a single grant in each WWRP cycle from the Riparian Protection Account for multiple projects that continue the CREP program.
3. Require the State Conservation Commission to partner with conservation districts.
4. Require any holder of title for a CREP conservation easement (or similar role in the case of a lease) to meet program eligibility requirements.

Dominga then explained that the stakeholder group had considered the following fund distribution options.

1. Master Contract – Individual projects are evaluated and compete against other projects.
2. State Conservation Commission prioritizes projects and submits a prioritized list of projects.
3. State Conservation Commission bundles the projects and the bundle competes against other projects in the Riparian Protection Account.

Dave stated that he was concerned about the third fund distribution option because it bundles strong and weak projects. He then added that the Master Contract helps preserve the board's values in that individual projects are prioritized and there is full disclosure from the start.

Chair Chapman noted that he is concerned with the prospect of a citizen volunteer evaluation committee trying to weigh the conservation value of a \$2,000/year 25-year CREP lease versus a \$3 million acquisition of 5 million acres.

Dominga responded that the stakeholders discussed the need for criteria specifically designed for CREP projects. She said it is unclear at this point how projects continuing in the CREP program will rank against other projects, given that the CREP project areas will already be restored.

Kaleen asked if the Master Contract is the approach the board wants RCO to go in.

Rex replied that he is not interested in the bundling option. Chair Chapman noted that they will have to discuss which funding option they want to choose in the next board meeting in November.

Farmland Preservation Program Review

Dominga explained the goals of the policy effort and outlined the initial proposal as follows:

1. Update the definition of "Farm and agricultural land" in the Farmland Preservation Program manual.
2. Update the Farmland Preservation Program manual to allow nonprofit nature conservancy corporations and associations and the State Conservation Commission to receive program funds.
3. Require nonprofits applying for Farmland Preservation Program grants to meet eligibility requirements specific to farmland preservation.
4. Revise the Farmland Preservation Program's environmental values criteria to emphasize environmental benefits farms can provide while promoting agricultural production

Dominga noted that the proposal is out for public comment, and that some of the issues will need to be effective for the 2010 grant round.

Jeff Parsons noted that the program is undersubscribed, and it does not make sense to establish the restrictions noted in proposal number four at this point.

Alignment of Certain Grant Programs with the Puget Sound Partnership Action Agenda

Dominga explained the goals of the policy effort and outlined the initial proposal as follows:

1. Revise eligibility requirements and require applicants to certify their project is not in conflict with the Action Agenda
2. Revise criteria and require applicants to submit narrative on how their project is referenced in the Action Agenda
3. Insert placeholder language into criteria for giving funding preference to Puget Sound partners when a method for designating partners is determined.

Kaleen noted that the last bullet in the initial proposals would not be in effect in this upcoming grant round, but it is hoped that it will be in effect for subsequent grant rounds.

Harriet asked what the definition of "partner" is. Dominga responded that clear definition of the term is it is not yet defined, but that defining the term is part of the Puget Sound Partnership's effort for designating partners.

Public Comment

Leslie Betlatch, City of Renton, Director of Parks Planning and Natural Resources, noted that they support the Action Agenda but that it is unclear how organizations are to become members of the Puget Sound Partners and what criteria would be utilized for projects to be considered as part of the Action Agenda. She also noted that once projects meet the criteria, it is unclear how they become part of the Action Agenda. She added that they want the Local Parks category not be included in the board's policy.

Jeff asked does the legislation and policy affect projects in the recreation account.

Dominga responded that program legislation requires the first two policies be applied only to WWRP's Habitat Conservation Account. She said stakeholders discussed whether this issue should be more broadly applied but stakeholders would like to limit applicability to what's required in RCO program statutes for now. She added that the partnership's legislation requires them to align many state grant and loan programs with the Action Agenda in these same ways and it is working to provide consistency to the alignment process..

Rex asked Leslie if she was asking that in the future the Outdoor Recreation Account be exempted.

Leslie responded that her preference would be to exclude the Outdoor Recreation Account.

Pete Mayer, Director of Vancouver–Clark Parks and Recreation, Washington Recreation and Park Association, stated that he would encourage narrow application of the policy to exclude the Outdoor Recreation Account where possible until we can further examine the impacts. He added that he would encourage greater legislative diligence in addressing deficient rules, regulations, and permitting mechanisms. He commented that someone has to make a determination on how one becomes a partner and the language is vague in terms of consistently achieving outstanding progress in implementing the Action Agenda.

Sharon Claussen, Program Manager for King County Parks Division, noted that they had a hard time determining the nexus between the Outdoor Recreation Account and the Action Agenda would be. She added that there are things not in conflict with the Agenda and could be handled by the regulatory environment. She added that sponsors need to conform with comprehensive plans, land use plans, building codes, environmental legislation, and critical areas ordinances and that is the venue for ensuring that projects are not in conflict with the Action Agenda. She also noted that she would not like to see projects from the Outdoor Recreation Account be not be included in this.

ALLOCATION OF UNSPENT FUNDS IN WWRP FARMLAND PROGRAM

Scott Robinson presented this agenda item. (See notebook item #13 for details.)

Chair Chapman asked the board if they had any questions about the staff memo.

Dave Brittell asked if the 5% administrative allowance for the Conservation Commission is inconsistent with the earlier discussion on indirect costs.

Kaleen responded that this is a direct administrative expense, and not an indirect expense.

Chair Chapman noted that this may help create better quality farmland preservation grants in a currently undersubscribed program.

**Rex Derr MOVED to adopt Resolution #2009-24. Jeff Parson SECONDED.
Resolution #2009-24 APPROVED as presented**

RECREATIONAL TRAILS PROGRAM GRANT AWARDS

Greg Lovelady presented this agenda item. (See notebook item #14 for details.)

Greg Lovelady noted that applicants submitted 107 projects (77 General Category, 30 Education category) for funding consideration. The RTP advisory committee evaluated and scored the projects, which were then developed into a ranked list by staff. Greg then explained the fund allocation process. He noted that Congress has not yet appropriated funds for this program, but that staff was asking the board to approve the ranked list in ranked order and authorize the director to enter into contracts, once the RCO receives funds.

**Steven Drew MOVED to adopt Resolution #2009-25. Jeff Parson SECONDED.
Resolution #2009-25 APPROVED as presented**

STATUS REPORT ON DEPARTMENT OF FISH AND WILDLIFE LAND EXCHANGE

Leslie Ryan-Connelly presented this agenda item. (See notebook item #15 for details.)

Leslie Ryan-Connelly updated the board on the land exchange, which is a conversion under board and National Park Service policies. She noted that the exchange originally was expected to include 23,000 acres of WDFW land but has been reduced to 10,000 acres.

Leslie then reminded the board that at the July board meeting, the board delegated authority to the director to approve or deny the conversion after consulting with a board subcommittee. She explained that the director had followed this process and approved the conversion for properties funded by WWRP. She then noted that the Land and Water Conservation Fund conversion would be phase two of this exchange and that the parties hope to bring it to the board in March.

Kaleen noted that in there is a possibility of having phase two properties split into two categories, (1) lands that were previously leased and (2) lands that were not previously leased.

STATE AGENCY PARTNER REPORTS

Rex Derr (State Parks) noted that Wenberg State Park is now Wenberg County Park. They have received authority to proceed with the transfer Lake Osoyoos State Park to Oroville, and are working on transferring Tolmie State Park.

Dave Brittell (Washington Department of Fish and Wildlife) noted that Phil Anderson has been appointed as the director. He noted that there are additional budget cuts of \$1.3 million and rising in this biennium. He also added that they have released for public review a 90-day conservation plan for wolves in the state and there are two confirmed breeding pairs with pups in Pend Oreille and Okanogan County.

Stephen Saunders (Department of Natural Resources) noted that there is a \$32.2 million reduction in timber revenue due to the drop in the housing market, which equates to a drop of 1/3 of their operating revenue on the management fund side. On the general fund side, there was a reduction of \$104 million to \$81 million, which represents a 22% decrease in general fund dollars. The recreation program has taken a 50% cut, the natural areas program has taken a 50% cut, and the land transactions side has been reduced by two-thirds. As a result, 253 positions were cut, including layoffs of 120 staff members. He added that they have implemented a reorganization that took the four state upland divisions and moved them to three. Natural areas, natural heritage, and all forest management activities have become one division called Forest Resources and Conservation Division. Commissioner Goldmark has set a strategy for the next five years laying out the departments focus and priorities.

Meeting adjourned at 4:00 p.m.

Approved by:

Bill Chapman, Chair

Date