



STATE OF WASHINGTON

RECREATION AND CONSERVATION OFFICE

MEETING DATE: July 2009 **ITEM NUMBER:** 12

TITLE: Removing the High Risk Sponsor Designation

PREPARED BY: Scott T. Robinson, Conservation Section Manager

APPROVED BY THE DIRECTOR:

Proposed Action: Decision

Summary

In June 2007, the Recreation and Conservation Funding Board (board) adopted a new compliance and conversion policy that included a provision allowing the board to designate a sponsor as "high risk" in the event that a sponsor is not making substantial progress on outstanding conversions. In March 2009, the board noted that the policy does not include a formal process to remove a sponsor from the "high risk" designation. This memo proposes such a process.

Staff Recommendation

Recreation and Conservation Office (RCO) staff recommends that the board adopt resolution #2009-19 delegating to the director the authority to remove a sponsor from the "high risk" designation if the sponsor has shown adequate progress and commitment to resolving outstanding conversion issues.

Background

Between 2006 and 2007, RCO staff sought to develop language that would better explain post-completion compliance in grant agreements. Staff formed an advisory committee, took public comment, and developed several draft documents. In early 2007, staff presented the issue for discussion by the board. On June 8, 2007, the board passed resolution #2007-14, which updated the 'compliance' text in section 3, manual 7. The designation of a sponsor as "high risk" was part of the adopted policy. The policy did not describe how a sponsor would have its "high risk" designation removed.

Current Policy Language:

"Effective July 1, 2009 the RCO Director may recommend to the RCFB that a sponsor with unresolved non-compliance or conversion projects be identified as "high risk". A high risk sponsor is one that:

Has one or more unresolved conversions of which combined RCO/SRFB dollar total exceeds \$1 million dollars or 25% of all RCO/SRFB funds received by that sponsor, whichever dollar amount is less (NOT including local match or contribution) and has no record of substantial progress toward resolving the conversion 'or'

Has a conversion of any size or amount that has been unresolved for two (2) or more years and has no record of substantial progress towards resolving the conversion.



The RCO/RCFB will consider the Director's recommendation in an open public meeting. In the event the RCO/SFRB agrees to identify a sponsor as "high risk" the following apply:

- 1. The Director will notify the sponsor in writing that it has been identified as "high risk".*
- 2. The "high risk" sponsor may still apply and compete for additional grants for one grant round or calendar year (whichever is longer).*
- 3. If the sponsor's application is successful, the sponsor will be given a 90-day time period following the RCO/SRFB to demonstrate substantial, if not complete progress towards resolving any outstanding conversions. Substantial progress is indicated when a sponsor has taken steps such as identified potential replacement property, has convened a task force or other assigned staff, can demonstrate some kind of public involvement process, has ordered an appraisal review or other relevant actions.*
- 4. If the sponsor has not resolved outstanding conversions in that 90-day period, the new grant will be withdrawn and assigned to the next eligible project in the same grant program and category.*
- 5. After the 90-day period, the "high risk" sponsor may not submit further applications until outstanding conversions are resolved."*

Analysis

As discussed at the board meeting in March 2009, RCO staff has focused on conversions over the last year. Staff learned that conversions can be complicated and involve potentially valuable property, so they may take many months to complete. Staff considers the "high risk" designation as an important tool of "last resort" when a sponsor is unwilling to work on a specified conversion.

In the event the board designates a sponsor as "high risk," staff believes that it would be advantageous for the director to have the authority to remove the designation immediately once the sponsor makes substantial progress. This would allow staff and the sponsor to continue the positive work without having to wait for approval until the next board meeting. The director would still have the ability to defer a decision to the board or a sponsor could petition or appeal a continuing designation to the board.

Staff proposes the following language be added to the current policy. In keeping with the current policy, the language would be amended to reflect actions of the Salmon Recovery Funding Board as appropriate, following their approval of the policy change.

Draft Proposed Language

- 6. After the sponsor has demonstrated substantial progress in resolving the outstanding conversion to the satisfaction of the RCO, the director may remove the sponsor from the "high-risk" designation or may refer that decision to the RCFB to consider at its next regular meeting.*

Next Steps

If the board approves the policy, staff will amend the policy manual to reflect this added step of removing a sponsor from the "high risk" designation.

Attachments

Resolution #2009-19

RESOLUTION #2009-19

REMOVING THE HIGH-RISK SPONSOR DESIGNATION

WHEREAS, state and federal law require sponsors to be in compliance with grant agreements for the protection of outdoor recreation and habitat investments in perpetuity; and

WHEREAS, in June 2007 the Recreation and Conservation Funding Board (board) adopted new compliance and conversion language in manual 7, section 3 that gives the board the ability to designate a sponsor as "high risk"; and

WHEREAS, the compliance and conversion language does not describe the process for removing the "high risk" designation from a sponsor; and

WHEREAS, it is in the best interest of the sponsor and the Recreation and Conservation Office for the Director to have the authority to remove the "high risk" designation once substantial progress has been made; and

WHEREAS, this policy supports the board's strategies to assist project sponsors in meeting post-completion compliance requirements, manage resources efficiently, be accountable for its actions and investments, and develop strategic investment policies so that projects selected for funding meet the state's recreation and conservation needs;

NOW, THEREFORE, BE IT RESOLVED, that the board delegates to the Director the authority to remove the "high risk" designation from a sponsor that has shown substantial progress and commitment to resolving outstanding conversion issues; and

BE IT FURTHER RESOLVED, that the Director may, at his or her discretion, refer the decision to the board.

Resolution moved by: _____

Resolution seconded by: _____

Adopted/Defeated/Deferred (underline one)

Date: _____