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**SENATE BILL 6500**

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**State of Washington 64th Legislature 2016 Regular Session**

**By** Senator Miloscia

AN ACT Relating to aquatic lands management; amending RCW 79.36.355; adding a new section to chapter 79.105 RCW; adding a new section to chapter 43.30 RCW; and creating a new section.

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

NEW SECTION. **Sec.**  (1) The state auditor's office must conduct a performance audit of the department of natural resources focused on its contract management procedures for state-owned aquatic lands. The performance audit must include, but is not limited to:

(a) A thorough review of the department's process for determining aquatic lands fair market value, whether by an independent appraisal or other method, including procurement planning, solicitation planning, solicitation of bids or proposals, and source selection;

(b) An analysis of the process reviewed in (a) of this subsection compared to relevant contract management best practices for land transactions;

(c) A thorough review of department contract administration and contract closeout procedures for contracts entered into for the purpose of a fair market value determination and also for the sale, lease, or other grant of rights to state aquatic lands;

(d) An analysis of the process reviewed in (c) of this subsection compared to relevant contract management best practices for land transactions;

(e) An examination of existing department policy and procedures to review and ensure the department follows contract management best practices, including contract review and appeals processes; and

(f) Recommendations to improve the quality and consistency of department contract management procedures according to identified best practices.

(2) A final report of the performance audit must be submitted to the appropriate legislative policy and fiscal committees by December 31, 2016.

NEW SECTION. **Sec.**  A new section is added to chapter 79.105 RCW to read as follows:

The department may not grant any easement or other right in aquatic lands under RCW 79.36.355 unless:

(1) Prior to the aquatic lands transaction, the board reviews and approves the department's full market value determination, whether by an independent appraisal or other method; and

(2) The final rent or rate agreed to by the department for the aquatic lands transaction is within twenty percent of the full market value determination approved under subsection (1) of this section.

**Sec.**  RCW 79.36.355 and 2004 c 199 s 218 are each amended to read as follows:

(1) The department may grant to any person such easements and rights in public lands, not otherwise provided in law, as the applicant applying therefor may acquire in privately owned lands. No grant shall be made under this section until such time as the full market value of the estate or interest granted together with damages to all remaining property of the state of Washington has been ascertained and safely secured to the state.

(2) Aquatic lands transactions completed under this section are subject to the requirements in section 2 of this act.

NEW SECTION. **Sec.**  A new section is added to chapter 43.30 RCW to read as follows:

(1) The department shall study the application of the Baldrige quality management framework or equivalent performance management system to its own activities and report its findings to the governor and relevant policy and fiscal committees of the legislature by December 1, 2016.

(2) The department must undergo a Baldrige assessment of its operations by December 1, 2017, and then every two years afterwards. Completed assessments and feedback must be transmitted to the office of financial management and relevant policy and fiscal committees of the legislature.

(3) The department must establish a goal of achieving a sixty percent Baldrige assessment score within ten years of its first Baldrige assessment. When a sixty percent score is achieved, the department must apply for a Malcolm Baldrige national quality award under 15 U.S.C. Sec. 3711a. If the department is unable to achieve this sixty percent goal, the department must move to achieve certification under an internationally recognized quality management system, such as ISO 9001 or its equivalent, within ten years of the first Baldrige assessment, or as soon as practicable after the inability is identified. Nothing in this section prohibits the department from adopting an internationally recognized quality management system at an earlier date or in addition to its other activities.

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