



# Washington Department of Ecology

## 2012 Supplemental Budget

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STATE OF WASHINGTON  
DEPARTMENT OF ECOLOGY

PO Box 47600 • Olympia, WA 98504-7600 • 360-407-6000  
TTY 711 or 800-833-6388 (for the speech or hearing impaired)

**September 22, 2011**

**TO:** Marty Brown, Director  
Office of Financial Management

**FROM:** Ted Sturdevant, Director 

**SUBJECT:** 2012 Supplemental Operating & Capital Budget Request

As the lead environmental agency in Washington, the Department of Ecology (Ecology) is dedicated to the many unresolved challenges facing our natural resources. Making smart investments with fewer resources in priority areas is important to the economic success and environmental health of our state. At Ecology, we are particularly focused on:

- Providing clean and abundant water for people, farms and fish.
- Restoring and protecting Puget Sound.
- Reducing toxic threats.

Our 2012 Supplemental Budget request recognizes the tough economic times. It includes the required five and ten percent budget reduction options targeted to save General Fund-State dollars; spending authority for new federal funding that has been secured for Puget Sound protection and restoration; limited fully-fee supported, workload-driven budget increases related to the cleanup at the Hanford Nuclear Reservation and air emission permitting; technical corrections in both the operating and capital budget; very limited new capital budget funding from dedicated environmental funds for toxic site cleanup; and the Governor's priority initiatives, such as hydrogeology studies in the Johns Creek Basin.

### **Operating Budget Request**

General Fund-State Five and Ten Percent Reduction Options – Ecology's options for General Fund-State (GF-S) reductions are submitted according to your August 8, 2011, instructions and follow-up direction from Office of Financial Management (OFM) staff. Ecology used the following principles when evaluating and selecting the reduction proposals:

- Minimize negative impacts to the environment and public health.
- Offer a mix of GF-S and dedicated fund source cuts.
- Follow OFM guidance and direction for reduction options.

- Minimize impacts to Director and Governor Priority areas: Restore and Protect Puget Sound; Manage our Water; Reduce Toxic Threats; Facing Climate Change.
- Minimize staff impacts and loss of investment in the agency’s human resources.
- Consider “chunks” rather than “across-the-board” or “skim” proposals where possible.
- Take advantage of staff vacancy savings where applicable and within overall reduction guidelines.
- Advance one-time cuts where possible to effectively “ramp down” during the economic slow-down and “ramp up” as the economy recovers.
- Consider cut areas where capital investments remain in place to continue overall progress, or where fees do not cover program costs.

The use of these principles led to the reduction options listed below:

<b>Reduction</b>	<b>FTE</b>	<b>5 Percent</b>	<b>FTE</b>	<b>2<sup>nd</sup> 5 Percent</b>	<b>Fund Source</b>
<b>Staffing Cuts</b>	(10.9)	(\$1,975,000)	(6.9)	(\$1,607,000)	General Fund-State & State and Local Toxics Control
<b>Agricultural Burning</b>	0.0	\$0	(0.9)	(\$221,000)	General Fund-State & Fee Proposal
<b>Stormwater Grants</b>	(0.2)	(\$2,246,000)	0.0	(\$2,246,000)	Local Toxics Control Account Cut & Transfer
<b>Orphaned and Abandoned Site Cleanup</b>	0.0	(\$619,000)	0.0	(\$766,000)	State Toxics Control Account Cut & Transfer
<b>Incremental Totals</b>	<b>(11.1)</b>	<b>(\$4,840,000)</b>	<b>(7.8)</b>	<b>(\$4,840,000)</b>	
<b>General Fund-State</b>	<b>(6.1)</b>	<b>(\$1,091,000)</b>	<b>(4.8)</b>	<b>(\$1,171,000)</b>	
<b>Dedicated Funds</b>	<b>(5.0)</b>	<b>(\$3,749,000)</b>	<b>(3.0)</b>	<b>(\$3,669,000)</b>	
<b>10 PERCENT GRAND TOTAL</b>			<b>(18.9)</b>	<b>(\$9,680,000)</b>	

New Federal Funding and Other Emerging Issues – In addition to the reductions above, a limited number of other requests are also advanced as noted below:

*National Estuary Program Federal Grants* – \$22,890,000 *General Fund-Federal*. The U.S. Environmental Protection Agency chose Ecology as one of five lead organizations (LO) in Washington to administer National Estuary Program grants designed to protect and restore the Puget Sound Estuary. Ecology is the LO for two grants:

- The Watershed Protection and Restoration grant will protect and restore ecosystem processes, structures, and functions within Puget Sound watersheds.

- The Toxics and Nutrients Reduction and Prevention grant will improve both human and environmental health in the Puget Sound ecosystem by preventing, reducing, and controlling toxics and nutrients from entering Puget Sound fresh and marine waters.

*Hanford Tank Closure and Cleanup – \$582,000 General Fund-Federal, State Toxics Control Account (Mixed Waste Fee).* Ecology requests resources to support cleanup actions directed by a litigation settlement with the U.S. Department of Energy that accelerates Hanford tank waste closure and cleanup.

*Improving Air Permit Services – \$150,000 Air Pollution Control Account.* Certain new and modified sources of air pollution require air quality permits prior to construction. Despite the economic downturn, demand for permits remains high, and Ecology requests an additional permit engineer to make sure permits are issued timely and new or modified operations can begin without avoidable delays. This request is paid entirely from permit fee revenue.

*Water Pollution Control Revolving Administration Fee – Provide legislative fee authority supporting agency request legislation (no appropriation change).* Ecology proposes a new loan administration fee for the State Water Pollution Control Revolving Fund (State Revolving Fund) loan program. Each year, new federal money seeds the revolving fund and pays the administrative costs of the program. Congress expects to eliminate new federal funds by state Fiscal Year 2016. This will cut all management funds from the loan program and eliminate Ecology's ability to effectively and efficiently manage the \$1 billion public asset in the State Revolving Fund.

*State Government Efficiencies and 2011-13 Enacted Operating Budget Technical Corrections.* Two technical corrections and a state government efficiency measure are included in this request:

- A technical correction will reverse budget appropriations moved in anticipation of E2SSB 5669 (consolidate natural resource agencies) passing in the 2011 Legislative Session. The legislation failed, and agency maintenance levels need to be re-established. (\$1,201,000) Multiple funds.
- The Department of Health (DOH) and Ecology request that the commercial low-level radioactive waste site-use permitting activity be transferred to DOH. This will better coordinate efforts between the agencies. (\$79,000) Site Closure Account.
- The Model Toxics Control Act requires funding the Public Participation Grants (PPG) program at one percent of all revenues deposited into the State and Local Toxics Control Accounts. The Legislature made 2011-13 PPG appropriations below one percent. Ecology requests the statute be amended in the budget suspending the one percent requirement.

## **Capital Budget Request**

Ecology's 2012 Supplemental Capital Budget includes three technical corrections and two requests for new projects from dedicated environmental accounts. The majority of the requests are related to funding work in local communities for environmental and public health protection-related construction and cleanup projects that create jobs and expand economic recovery efforts.

### 2011-13 Enacted Capital Budget Technical Corrections

*Clean up Toxic Sites - Puget Sound – Make a fund source switch and RCW fund use change.* Continuing the Puget Sound Cleanup Initiative requires a \$9.6 million fund source correction to the State Toxics Control Account and amendments to the Local Toxics Control Account (LTCA) RCW. The LTCA cannot be used for cleaning up orphaned and abandoned waste sites where there is no local government liability. These cleanup projects do not qualify under the statutory limitations of the LTCA (no additional appropriation – new mix of funds supporting the \$16.4 million existing budget).

*Klindworth/Campbell Water Efficiency Project – Delete a proviso.* This project provides grant funding for a domestic drinking water system in the city of Connell. The Legislature appropriated funding in Ecology's Centennial Clean Water Program and from the State Toxics Control Account. Drinking water projects are an ineligible use of both. Ecology requests reference to this project be removed from the Centennial Clean Water Program and \$540,000 be appropriated to the Department of Commerce from the State Building Construction Account.

*Columbia River Basin Water Supply Development Program Bond Accounts – Redistribute \$10.4 million between accounts.* The 2006 Legislature authorized \$200 million in non-taxable bonds to implement the program that expands available water supply in the basin. However, some approved water supply projects are non-governmental projects and need funding from taxable bond proceeds. In 2011, 2SHB 1803 passed the Legislature, creating a taxable bond account. This request redistributes \$10.4 million from the non-taxable bond account to the taxable bond account, keeping Ecology in compliance with federal Internal Revenue Service requirements.

### New and Emerging Issues

*Johns Creek Hydrogeology Study – \$171,000 State Drought Preparedness Account and \$80,000 General Fund-Private/Local.* Ecology, the city of Shelton, and the Port of Shelton will partner to develop a groundwater model for Johns Creek. The model will give Ecology information to make water management decisions in the basin and help Ecology respond to concerns raised by the Squaxin Island Tribe in their petition for rule-making in the Johns Creek Basin.

*Remedial Action Grants – \$2.1 million Local Toxics Control Account.* This request uses available fund balance to provide pass-through funding to local governments for the cleanup and redevelopment of contaminated sites in local communities.

## **Placeholders and Emerging Issues for 2012 and 2013-15**

A handful of emerging issues may require legislative action during 2012 or will be continuing budget issues and concerns for Ecology throughout this biennium and into next.

*Achieving Clean Air in Tacoma.* The Greater Tacoma area of Pierce County violates the national ambient air quality standard for fine particle pollution and has been designated in nonattainment by the U.S. Environmental Protection Agency. Under federal law, the state and local community have until December 2012 to submit a set of viable, enforceable strategies that will return the area to compliance with the health-based standard. A broad-based stakeholder work group is evaluating the problem and will recommend strategies to improve air quality in the area. State resources may be required to fully implement adopted strategies. Placeholders are included in both the Operating and Capital Budget requests.

*2012 Drought Declaration.* Each year, Ecology assesses the need for emergency drought funding to assist locals. The water year begins each November, and any information about drought and its severity is not available until early spring. If a drought is projected, Ecology will submit a request during the 2012 Legislative Session.

*Swift Creek Natural Asbestos Cleanup.* Swift Creek is a small creek in the northeastern lowlands of Whatcom County. An ongoing landslide that started in the 1940s has resulted in a large load of naturally-occurring asbestos and heavy-metal-contaminated sediment continuously filling up the creek bed. Ecology received \$1.0 million State Building Construction Account funding in the 2009-11 biennium to fund repair and maintenance actions, interim management strategies, and development of a long-term plan. Just over one-half of that money has been spent, leaving approximately \$410,000 for the 2011-13 biennium. Also, the Legislature appropriated \$1 million in federal funding for the 2011-13 biennium in anticipation of a federal/state and local partnership to address this site. Unfortunately, these federal dollars have not materialized. Ecology continues to work with state, local, and federal government agencies and officials to develop a long-term solution at the site and may have additional budget needs as these discussions continue.

*Worker and Community Right-to-Know (WCRTK).* The Department of Labor and Industries (L&I) administers the WCRTK Account and collects an annual fee from approximately 14,000 businesses with hazardous substances in their workplace. Ecology, the Military Department, and other emergency managers or first responders rely on the fee to collect and manage data, develop communications, and provide public information about hazardous chemicals. A change in the federal industrial classification system has caused the statute authorizing L&I's fee collection to fall out of date. This creates a challenge for L&I to continue collecting the fee.

Ecology met with L&I to understand its future plans for administering the fee. L&I will not request a statutory change in the 2012 session to align the industrial classification system referenced in the statute with the new federal system. They will cross-walk the two classification systems and collect the fees. This funding source supports \$1.7 million per biennium in

Ecology's Hazardous Waste and Toxics Reduction Program. If the cross-walk breaks down and L&I's ability to collect the fee degrades, Ecology will make a future biennial budget request to continue our program.

*Yakima River Basin Water Supply.* Work is continuing with the Bureau of Reclamation and stakeholders on water supply development in the Yakima Basin. Water storage, habitat, and instream flow improvement projects are being assessed and prioritized. Existing appropriations, federal funding, Columbia River Bond funds, and new fund sources will be considered as this is further fleshed out this fall and winter.

*Vancouver Field Office.* We are working with the Department of Fish and Wildlife (lead) in securing new office space in the Vancouver area. We sub-lease from them now, and expect to move to a new facility in late 2012. At this time, we assume no increased lease costs and will absorb the costs of moving our small staff with existing budget capacity.

*Forest and Fish.* We have been coordinating with the Departments of Fish and Wildlife and Natural Resources to secure stable and ongoing funding for Forest and Fish Adaptive Management activities.

Thank you for considering our requests and keeping our emerging budget issues in mind as the Governor's budget is developed. We will work with our assigned budget analysts as they review this request in detail. Please let us know if you have questions.

Attachment

cc: Jim Cahill, Senior Budget Assistant to the Governor, OFM  
Sandy Triggs, Senior Budget Assistant to the Governor, OFM  
Keith Phillips, Policy Analyst, OFM  
Linda Steinmann, Budget Assistant to the Governor, OFM  
Steve Lewandowski, Budget Assistant to the Governor, OFM  
Michael Bezanson, Fiscal Analyst, Senate Ways & Means Committee  
Michael Bennion, Fiscal Analyst, House Ways & Means Committee  
Brian Sims, Capital Budget Coordinator, Senate Ways and Means Committee  
Susan Howson, Capital Budget Coordinator, House Capital Budget Committee  
Meg VanSchoorl, Research Analyst, House Capital Budget Committee

## Department of Ecology 2012 Supplemental Operating Budget Request

\$ in thousands - Biennialized FTEs	Agency Request Budget			
	FTE	GF-S	Other	Total
<b>2011-13 Base Budget</b>	<b>1,570.5</b>	<b>96,791</b>	<b>333,506</b>	<b>430,297</b>
<b>2012 Maintenance Level Changes</b>				
<i>ML-MB</i> 1. Natural Resource Consolidation Fix	(5.8)	(373)	(828)	(1,201)
<b>2012 Policy Level Changes</b>				
<b>Climate Change and Air Quality</b>				
<i>PL-DC</i> 2. Improving Air Permit Services	0.6		150	150
<i>PL-DG</i> 3. Achieving Clean Air in Tacoma - PLACEHOLDER				
<i>PL-YD</i> 4. 10% Reduction: Agricultural Burning & Fees	0.9	*See Note 2	161	161
<b>Puget Sound Restoration and Protection</b>				
<i>PL-DJ</i> 5. Puget Sound National Estuary Program Federal Grants	3.6		22,890	22,890
<b>Reducing Health Risk from Toxic Chemicals</b>				
<i>PL-DA</i> 6. Hanford Tank Closure and Cleanup	2.7		582	582
<i>PL-DI</i> 7. Transfer Site Use Permits to Health			(79)	(79)
<b>Required GF-S Reduction Options</b>				
<i>PL-XB</i> 8. 5% Reduction: Stormwater Grants	(0.2)		(2,246)	(2,246)
<i>PL-XC</i> 9. 5% Reduction: Orphaned and Abandoned Cleanup			(619)	(619)
<i>PL-XA</i> 10. 5% Reduction: Staff Cuts	(10.9)	(1,091)	(884)	(1,975)
<i>PL-YB</i> 11. 10% Reduction: Stormwater Grants			(2,246)	(2,246)
<i>PL-YC</i> 12. 10% Reduction: Orphaned and Abandoned Cleanup			(766)	(766)
<i>PL-YD</i> 13. 10% Reduction: Agricultural Burning & Fees	(0.9)	(221)	*See Note 2	(221)
<i>PL-YA</i> 14. 10% Reduction: Staff Cuts	(6.9)	(950)	(657)	(1,607)
<b>Total Changes</b>	<b>(16.9)</b>	<b>(2,635)</b>	<b>15,458</b>	<b>12,823</b>
<b>Total Proposed Operating Budget</b>	<b>1,553.6</b>	<b>94,156</b>	<b>348,964</b>	<b>443,120</b>

## Department of Ecology 2012 Supplemental Capital Budget Request

\$ in thousands - Biennialized FTEs	Agency Request Budget			
	FTE	SBCA	Other	Total
<b>Climate Change and Air Quality</b>				
<i>30000299</i> 1. Achieving Clean Air in Tacoma - PLACEHOLDER				0
<b>Water for Local Communities and Watersheds</b>				
<i>30000315</i> 2. Johns Creek Hydrogeology Study	0.2		251	251
<b>Reducing Health Risk from Toxic Chemicals</b>				
<i>30000265</i> 3. Clean Up Toxic Sites - Puget Sound				0
<i>30000302</i> 4. Remedial Action Grants			2,145	2,145
<b>Total Capital Budget Request</b>	<b>0.2</b>	<b>0</b>	<b>2,396</b>	<b>2,396</b>

**Operating Notes:**

1. The following packages are Technical & Miscellaneous or Fee Authorization requests that will not have a dollar amount associated with them.

- PL-DH* Public Participation Grants
- PL-DF* State Revolving Fund Administration Fee
- PL-DB* Reducing Toxic Gasoline Exposures
- PL-DE* Greenhouse Gas Reporting Fee

2. This reduction option is proposed as a General Fund-State reduction and Air Pollution Control Account fee increase. There are offsetting fees proposed to support the program and current staffing levels.

**Capital Notes:**

3. The following packages are Technical & Miscellaneous requests that will not have a dollar amount associated with them.

- 20062950* Columbia River Basin Water Supply Development Program - Bond Authority
- 30000300* Klindworth Campbell Water Efficiency Project - This project requires a technical fund source correction, removing the proviso from Ecology's budget (\$0) and funding it with a new State Building Construction Account request in the Department of Commerce's budget (\$540,000).
- 30000294* The Stormwater Grants 10% Reduction operating budget request has a companion capital budget request for a proviso language change.



# Washington Department of Ecology

## 2012 Supplemental Budget

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# Washington Department of Ecology

## 2012 Supplemental Budget

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Operating Budget



## Agency Budget Request Decision Package Summary

(Lists only the agency Performance Level budget decision packages, in priority order)

**Agency:**           **461    Department of Ecology**

9/21/2011  
2:13:41PM

**Budget Period:**   **2011-13**

Decision Package Code	Decision Package Title
PL-DF	State Revolving Fund Admin Fee
PL-DJ	PS NEP Federal Funding Authority
PL-DA	Hanford Tank Closure and Cleanup
PL-DC	Improving Air Permit Services
PL-DB	Reducing Toxic Gasoline Exposures
PL-DE	Greenhouse Gas Reporting Fees
PL-DI	Transfer Site Use Permits to Health
PL-DH	Public Participation Grants
PL-DG	Achieving Clean Air in Tacoma
PL-XB	5% Reduction: Stormwater Grants
PL-XC	5% Red: Orphaned Abandoned Cleanup
PL-XA	5% Reduction: Staff Cuts
PL-YB	10% Reduction: Stormwater Grants
PL-YC	10% Red: Orphaned Abandoned Cleanup
PL-YD	10% Red: Agricultural Burning & Fee
PL-YA	10% Reduction: Staff Cuts



**Recommendation Summary**

Agency: **461 Department of Ecology**

2:14:59PM

9/21/2011

Dollars in Thousands

	Annual Average FTEs	General Fund State	Other Funds	Total Funds
<b>2011-13 Current Biennium Total</b>				
<b>Total Carry Forward Level</b>				
Percent Change from Current Biennium				
<b>Carry Forward plus Workload Changes</b>				
Percent Change from Current Biennium				
M2 MB Natural Resource Consolidation Fix	(5.8)	(373)	(828)	(1,201)
<b>Total Maintenance Level</b>	<b>(5.8)</b>	<b>(373)</b>	<b>(828)</b>	<b>(1,201)</b>
Percent Change from Current Biennium				
PL DA Hanford Tank Closure and Cleanup	2.7		582	582
PL DB Reducing Toxic Gasoline Exposures				
PL DC Improving Air Permit Services	0.6		150	150
PL DE Greenhouse Gas Reporting Fees				
PL DF State Revolving Fund Admin Fee				
PL DG Achieving Clean Air in Tacoma				
PL DH Public Participation Grants				
PL DI Transfer Site Use Permits to Health			(79)	(79)
PL DJ PS NEP Federal Funding Authority	3.6		22,890	22,890
PL XA 5% Reduction: Staff Cuts	(10.9)	(1,091)	(884)	(1,975)
PL XB 5% Reduction: Stormwater Grants	(0.2)		(2,246)	(2,246)
PL XC 5% Red: Orphaned Abandoned Cleanup			(619)	(619)
PL YA 10% Reduction: Staff Cuts	(6.9)	(950)	(657)	(1,607)
PL YB 10% Reduction: Stormwater Grants			(2,246)	(2,246)
PL YC 10% Red: Orphaned Abandoned Cleanup			(766)	(766)
PL YD 10% Red: Agricultural Burning & Fee		(221)	161	(60)
<b>Subtotal - Performance Level Changes</b>	<b>(11.1)</b>	<b>(2,262)</b>	<b>16,286</b>	<b>14,024</b>
<b>2011-13 Total Proposed Budget</b>	<b>(16.9)</b>	<b>(2,635)</b>	<b>15,458</b>	<b>12,823</b>
Percent Change from Current Biennium				

Recommendation Summary

Agency: 461

2:14:59PM

9/21/2011

Dollars in Thousands

Annual Average FTEs

General Fund State

Other Funds

Total Funds

M2 MB Natural Resource Consolidation Fix

Several appropriations in (E2SSB 5669) 2011-13 enacted Operating Budget assumed passage of legislation to consolidate natural resource agencies and programs. The consolidation legislation failed, but related appropriations in Fiscal Year 2013 were moved between agencies anticipating passage of the legislation. The Governor vetoed a few consolidation-related provisions in the Operating Budget correcting some technical items. This request is to make technical corrections to reverse remaining appropriation consolidations in Ecology's budget for the Pollution Liability Insurance Agency (-\$848,000); the Columbia River Gorge Commission (-\$702,000); and the Commercial Low-Level Radioactive Waste Disposal Site Use Permit System to the Department of Health (+\$349,000). (Multiple Fund Sources)

PL DA Hanford Tank Closure and Cleanup

This request seeks appropriations to support new Hanford cleanup actions per a settlement agreement. In 2010, the state settled litigation with the U.S. Department of Energy (USDOE) over Hanford tank waste and cleanup delays. The settlement included Consent Decree and new Tri-Party Agreement milestones that accelerate tank waste retrieval, tank closure, and soil and groundwater cleanup to protect the Columbia River. The settlement requires USDOE to remove waste from 19 single shell tanks, close the first of seven tank farm complexes, and complete cleanup of contaminated soil and groundwater sites near the Columbia River. These fee supported resources are needed to support the aggressive new cleanup requirements. (General Fund-Federal, State Toxics Control Account)

PL DB Reducing Toxic Gasoline Exposures

Gasoline vapors contain toxic and carcinogenic chemicals that can escape during storage tank filling and dispensing, placing the public at risk. These vapors also contain volatile organic compounds that contribute to ozone formation, another pollutant of concern for public health. State and federal laws require gasoline stations to manage these emissions with vapor recovery and spill prevention technologies. Ecology does not currently operate a compliance program in its jurisdiction in central and eastern Washington and San Juan County to prevent gasoline vapors from entering the environment and harming public health. Ecology requests authority to establish new fees to cover costs to ensure proper operation at these sources of ongoing toxic air pollution. (Air Pollution Control Account)

PL DC Improving Air Permit Services

Certain new and modified sources of air pollution require air quality permits prior to construction. Despite the economic downturn, Ecology has seen an increase in permit applications over the past several years - especially for large air emitters. An unusually high number of large projects are already in process and more are expected soon. New federal regulations have increased permit complexity, requiring considerable additional analysis and staff time to process. Ecology expects an increase in the number of permits as the state economy improves. And businesses continue to press for faster permitting. Ecology requests an additional permit engineer position to make sure permits are issued in a timely fashion, so new and modified operations can begin without avoidable delays. A new position would be paid for through fees from increased permitting activity. (Air Pollution Control Account)

PL DE Greenhouse Gas Reporting Fees

Initiatives 960 and 1053 require the Legislature to authorize all new fees and fee increases. The Legislature directed Ecology to create a Greenhouse Gas Reporting Program, which requires certain entities in the state to report emissions of greenhouse gases each year. Costs of collecting, storing, and reporting greenhouse gas data, as well as providing technical assistance to the reporting community, are to be recovered by collecting a Greenhouse Gas Reporting Program fee. The rule authorizing fees was completed after passage of Initiative 1053, which restated Initiative 960's requirement for the Legislature to authorize new fees and fee increases. Ecology is requesting legislative authorization to implement the fee. (Air Pollution Control Account)

**Recommendation Summary**

Agency: 461

2:14:59PM

9/21/2011

Dollars in Thousands

<b>Annual Average FTEs</b>	<b>General Fund State</b>	<b>Other Funds</b>	<b>Total Funds</b>
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**PL DF State Revolving Fund Admin Fee**

The Department of Ecology is requesting statutory authority to charge a loan administration fee for the State Water Pollution Control Revolving Fund (State Revolving Fund) loan program. Ecology faces a deficit in the next few years in the funds it uses to manage the loan program due to reduced federal funding. This program provides essential financing to local governments for infrastructure projects that protect clean water in the state. The deficit situation poses a risk to Ecology's ability to effectively and efficiently manage the State Revolving Fund loan program. (NEW - Water Pollution Control Revolving Administration Account)

**PL DG Achieving Clean Air in Tacoma**

The Greater Tacoma area of Pierce County violates the national ambient air quality standard for fine particle pollution and has been designated nonattainment by the U.S. Environmental Protection Agency. Under federal law, the state and local community have until December 2012 to submit a set of viable, enforceable strategies that will return the area to compliance with the health-based standard. The Tacoma-Pierce County Clean Air Task Force, a broad-based stakeholder work group, is evaluating the problem and will recommend strategies to improve air quality in the area by November 2011. State resources may be required to fully implement adopted strategies. This is a placeholder request for state funding to implement those strategies if necessary. (Placeholder)

**PL DH Public Participation Grants**

The Public Participation Grant Program (PPG) is a competitive grant program that provides funding to help citizen groups and non-profit public interest organizations facilitate public participation in the investigation and remediation of contaminated sites; carry out waste management projects; and promote state or local solid waste or hazardous waste management plans. The Model Toxics Control Act (MTCA) in RCW 70.105D.070(5) requires funding the PPG program at one percent of all revenues deposited into the State and Local Toxics Control Accounts (STCA/LTCA). In the 2011-13 enacted Operating Budget the Legislature funded the 2011-13 biennial PPG program below the one percent requirement, but did not change the statute to authorize a lower funding level. Ecology requests the Legislature amend the statute in the budget suspending the requirement to fund PPG at one percent of the revenues deposited into STCA/LTCA for the 2011-13 biennium consistent with the appropriation level and past biennial practice. (Proviso Request)

**PL DI Transfer Site Use Permits to Health**

The Department of Ecology is requesting to transfer commercial low-level radioactive waste site use permitting (site use permitting) from Ecology to the Department of Health (DOH). The majority of the permitting work involves radioactive waste, which falls under the regulatory purview of DOH, rather than hazardous or mixed radioactive and hazardous waste, which is Ecology's focus. Transferring this work will coordinate efforts between Ecology and DOH and provide improved service to permit applicants. This request supports DOH agency request legislation. (Site Closure Account)

**PL DJ PS NEP Federal Funding Authority**

The U.S. Environmental Protection Agency (EPA) National Estuary Program (NEP) awarded the Department of Ecology two cooperative agreements with emphasis on Toxics and Nutrients Reduction and Prevention, and Watershed Protection and Restoration. This supports the Governor's Puget Sound Initiative to protect and restore the Puget Sound Estuary. To date, Ecology has received \$17.29 million in awards and expects to receive an additional \$10 million in April 2012 for a total of \$27.29 million of federal funding in the 2011-13 biennium. Ecology has set aside \$4.4 million of General Fund-Federal authority for this effort and we are requesting the remaining \$22.89 million. This will provide federal funding to Ecology, tribal, and other state and local governments to carry out the Puget Sound Initiative. (General Fund-Federal)

**PL XA 5% Reduction: Staff Cuts**

**Recommendation Summary**

Agency: 461

2:14:59PM

9/21/2011

Dollars in Thousands

<b>Annual Average FTEs</b>	<b>General Fund State</b>	<b>Other Funds</b>	<b>Total Funds</b>
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The Department of Ecology was directed by the Governor to submit five and ten percent budget reduction options based upon our General Fund-State biennial appropriations. This reduction request includes permanent staffing cuts that will reduce motor vehicle emission testing, stream flow monitoring, water quality permit administration and water resources management. It also includes one-time 2011-13 biennium staff cuts focused on air quality, toxic cleanup, and grant management activities. The reductions include a mix of ongoing, direct General Fund-State cuts and one-time cuts and transfers from dedicated environmental accounts. (General Fund-State, Local Toxics Control Account, State Toxics Control Account)

**PL XB 5% Reduction: Stormwater Grants**

The Department of Ecology was directed by the Governor to submit five and ten percent budget reduction options based upon our General Fund-State biennial appropriations. This reduction request scales back Local Toxics Control Account (LTCA) stormwater grant funding on a one-time basis by \$2,246,000, or 25 percent of the base funding, and transfers these dollars to the General Fund-State. Significant local government stormwater funding in Ecology's Capital Budget helps to mitigate this reduction, but will result in less stormwater work in local communities. (Local Toxics Control Account, General Fund-State)

**PL XC 5% Red: Orphaned Abandoned Cleanup**

The Department of Ecology was directed by the Governor to submit five percent and ten percent budget reduction options based upon our General Fund - State appropriation level. This reduction option is one part of Ecology's five percent reduction level. It will cut funding that Ecology dedicates to cleaning up orphaned and abandoned sites and transfer the dollars to the General Fund - State. Orphaned and abandoned sites are places where the responsible party (land user, facility operator, or property owner) is either unwilling or unable to pay the costs associated with cleanup activities. This one-time reduction option will cut the funding available to clean up these sites and limit Ecology's ability to protect public and environmental health, create jobs, and promote economic growth as these sites would be re-developed. (General Fund - State, State Toxics Control Account)

**PL YA 10% Reduction: Staff Cuts**

The Department of Ecology was directed by the Governor to submit five and ten percent budget reduction options based on our General Fund-State biennial appropriations. This reduction request includes permanent staffing cuts that will eliminate a reclaimed water engineer, a non-point source pollution control inspector, a water metering coordinator, and a water rights processor. It also includes one-time 2011-13 biennium staff cuts focused on pollution source control, voluntary cleanup, and Bellingham Bay cleanup work. A separate five percent cut package identifies the initial staff reduction requested, and this package identifies the next five percent increment. The reductions include a mix of ongoing, direct General Fund-State cuts and one-time cuts and transfers from dedicated environmental accounts. (General Fund - State, State Toxics Control Account)

**PL YB 10% Reduction: Stormwater Grants**

The Department of Ecology was directed by the Governor to submit five and ten percent budget reduction options based upon our General Fund-State biennial appropriations. This reduction request scales back Local Toxics Control Account (LTCA) stormwater grant funding on a one-time basis by an additional \$2,246,000 (Ecology's first five percent cut also cuts the same amount), and transfers these dollars to the General Fund - State. At the full ten percent level, this represents a 50 percent reduction of the base funding. Significant local government stormwater capital budget funding in Ecology's budget helps to mitigate this reduction, but will result in less stormwater work in local communities. (Local Toxics Control Account, General Fund-State)

**PL YC 10% Red: Orphaned Abandoned Cleanup**

### Recommendation Summary

Agency: 461

2:14:59PM

9/21/2011

Dollars in Thousands

Annual Average FTEs	General Fund State	Other Funds	Total Funds
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The Department of Ecology was directed by the Governor to submit five percent and ten percent budget reduction options based upon our General Fund - State appropriation level. This reduction is one part of Ecology's ten percent reduction level. It will cut funding that Ecology dedicates to cleaning up orphaned and abandoned sites and transfer the dollars to the General Fund - State. The initial five percent cut for this was \$618,913 and this next five percent cut is for \$765,702 (a total ten percent of \$1,374,615). Orphaned and abandoned sites are places where the responsible party (land user, facility operator, or property owner) is either unwilling or unable to pay the costs associated with cleanup activities. This one-time reduction option will cut the funding available to clean up these sites and limit Ecology's ability to protect public and environmental health, create jobs, and promote economic growth as these sites would be redeveloped. (General Fund - State, State Toxics Control Account)

**PL YD 10% Red: Agricultural Burning & Fee**

The Department of Ecology was directed by the Governor to submit five percent and ten percent budget reduction options based on our General Fund - State appropriation level. This option is one part of the agency's ten percent reduction level. State law directs that Ecology operate an agricultural burning permit program and that the costs of operating the program are to be covered by a fee. A recent increase in the fee reduced - but did not eliminate - a General Fund-State subsidy for that program. This request will reduce General Fund-State in that program by reducing staff dedicated to administering and enforcing permits. This request will also reduce contract expenditures for alternatives-to-agricultural burning paid for from fees. Fees could be raised to offset the reductions to the program, while still providing the General Fund-State savings. (General Fund-State, Air Pollution Control Account)



**Agency:** 461 Department of Ecology  
**Decision Package Code/Title:** MB Natural Resource Consolidation Fix

**Budget Period:** 2011-13  
**Budget Level:** M2 - Inflation and Other Rate Changes

**Recommendation Summary Text:**

Several appropriations in (E2SSB 5669) 2011-13 enacted Operating Budget assumed passage of legislation to consolidate natural resource agencies and programs. The consolidation legislation failed, but related appropriations in Fiscal Year 2013 were moved between agencies anticipating passage of the legislation. The Governor vetoed a few consolidation-related provisions in the Operating Budget correcting some technical items. This request is to make technical corrections to reverse remaining appropriation consolidations in Ecology's budget for the Pollution Liability Insurance Agency (-\$848,000); the Columbia River Gorge Commission (-\$702,000); and the Commercial Low-Level Radioactive Waste Disposal Site Use Permit System to the Department of Health (+\$349,000). (Multiple Fund Sources)

**Fiscal Detail**

<b>Operating Expenditures</b>		<b><u>FY 2012</u></b>	<b><u>FY 2013</u></b>	<b><u>Total</u></b>
001-1	General Fund - Basic Account-State		(373,000)	(373,000)
001-2	General Fund - Basic Account-Federal		(15,000)	(15,000)
001-7	General Fund - Basic Account-Private/Local		(314,000)	(314,000)
125-1	Site Closure Account-State		349,000	349,000
544-1	Pollution Liab Insurance Prog Trust-State		(333,000)	(333,000)
545-6	Heat Oil Pollution Liability Trust-Non-Appropriated		(515,000)	(515,000)
<b>Total Cost</b>			<b>(1,201,000)</b>	<b>(1,201,000)</b>

  

<b>Staffing</b>		<b><u>FY 2012</u></b>	<b><u>FY 2013</u></b>	<b><u>Annual Average</u></b>
FTEs		1.2	-12.7	-5.8

  

<b>Revenue</b>		<b><u>FY 2012</u></b>	<b><u>FY 2013</u></b>	<b><u>Total</u></b>
<b><u>Fund</u></b>	<b><u>Source</u></b>			
001 General Fund	0310 Dept of Agriculture		(15,000)	(15,000)
001 General Fund	0541 Contributions Grants		(314,000)	(314,000)
<b>Total Revenue</b>			<b>(329,000)</b>	<b>(329,000)</b>

**Package Description:**

This request reverses appropriation and FTE transfers made into and out of Ecology's 2011-13 Operating Budget. The Legislature made these transfers in anticipation of E2SSB 5669 (Consolidating natural resource agencies and programs) passing. The bill did not pass. To restore maintenance level in Fiscal Year 2013, Ecology's budget needs technical corrections to FTE levels, appropriation amounts, and budget provisos.

**Agency:** 461 Department of Ecology  
**Decision Package Code/Title:** MB Natural Resource Consolidation Fix

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**Narrative Justification and Impact Statement**

*What specific performance outcomes does the agency expect?*

No performance outcomes will change as a result of this technical correction.

**Performance Measure Detail**

**Activity:**

**Incremental Changes**

No measures submitted for package

*Is this decision package essential to implement a strategy identified in the agency's strategic plan?*

Not applicable.

*Does this decision package provide essential support to one of the Governor's priorities?*

Not applicable.

*Does this decision package make key contributions to statewide results? Would it rate as a high priority in the Priorities of Government process?*

Not applicable.

*What are the other important connections or impacts related to this proposal?*

Ecology is coordinating this technical correction with the Office of Financial Management (OFM), the Department of Health, the Pollution Liability Insurance Agency, and the Columbia River Gorge Commission. At OFM's direction, each agency will make 2011-13 maintenance level budget requests.

*What alternatives were explored by the agency, and why was this alternative chosen?*

Ecology considered entering interagency agreements to align financial resources (dollars and FTE) with the entity holding statutory authority to complete the work. We believe this alternative was possible with the Columbia River Gorge Commission and the Pollution Liability Insurance Agency.

However, that alternative was not viable with the Department of Health for the Commercial Low-Level Radioactive Waste Disposal Site Use Permit System for two reasons. First, Ecology holds explicit authority to issue site use permits and collect site use permit fees from users of the Hanford low-level radioactive waste disposal facility (RCW 43.200.080). The same law directs site use permit fees to a dedicated account (Site Closure Account) and limits its use. We cannot transfer these duties by agreement to the Department of

**Agency:** 461 Department of Ecology  
**Decision Package Code/Title:** MB Natural Resource Consolidation Fix

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Health.

Second, \$349,000 from the Site Closure Account was moved from Ecology to the Department of Health's budget. The transfer amount was wrong. It included both assumed revenue for site use permit fees (\$270,000) and estimated expenditures (\$79,000) for program activities. The appropriation shift between agencies should have equaled \$79,000 -- the cost of administering the program. Without a correction, Ecology lacks sufficient appropriation authority to continue the Commercial Low-Level Radioactive Waste Disposal Site Use Permit System and to support the Northwest Interstate Compact on Low-Level Radioactive Waste Management (NWIC) activities in Fiscal Year 2013.

The alternative of entering interagency agreements would not provide a complete or consistent resolution of the errors. Also, the Governor vetoed unneeded consolidation-related provisions that contained duplicative information or technical errors. Her veto message directed other discrepancies be reconciled in the 2012 legislative session. This request supports a complete correction and follows the Governor's direction.

***What are the consequences of not funding this package?***

Without these technical corrections, Ecology would work with the Columbia River Gorge Commission and the Pollution Liability Insurance Agency to enter interagency agreements.

There would be significant consequences for the Commercial Low-Level Radioactive Waste Disposal Site Use Permit System and the NWIC activities if the technical correction is not made. Without the correction, Ecology would not have appropriation authority or revenue to review or issue site use permits in Fiscal Year 2013, or allow generators of low-level radioactive waste to dispose of their wastes. Ecology would not be able to operate the NWIC. Washington is the state where the disposal facility is located, and we provide the NWIC executive director, the NWIC chairman, administrative support, legal support, and funding for the scheduled meetings of NWIC member states.

***What is the relationship, if any, to the state's capital budget?***

This is a technical correction. There is no relationship to the capital budget.

***What changes would be required to existing statutes, rules, or contracts, in order to implement the change?***

The budget proviso in 2ESHB 1087 and Section 302(8) needs to be deleted to complete the technical correction. The proviso reads, "Appropriations for fiscal year 2013 are included for consolidation of the Columbia river gorge commission and the pollution liability insurance agency into the department of ecology."

***Expenditure and revenue calculations and assumptions***

Expenditure transfer assumptions are based on the amounts in the fiscal note prepared for E2SSB 5669.

**DEPARTMENT OF ECOLOGY TO COLUMBIA RIVER GORGE COMMISSION**

The fiscal note assumed costs totaling \$898,000. The actual transfer was \$702,000. The expenditure assumptions in Ecology's fiscal note were lowered to approximately 78 percent of the original total to match the technical transfer outlined in this request. The FTEs for this transfer are assumed to be evenly split between General Fund-State and all other accounts.

Fiscal Year 2013  
FTE = (7.9)

**Agency:** 461 Department of Ecology  
**Decision Package Code/Title:** MB Natural Resource Consolidation Fix

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Salaries = (\$378,019)  
Benefits = (\$114,918)  
Goods and Services = (\$34,790)  
Travel = (\$12,589 )  
Agency Overhead = (\$161,684)  
TOTAL = (\$702,000)

DEPARTMENT OF ECOLOGY TO POLLUTION LIABILITY INSURANCE AGENCY

The fiscal note assumed costs totaling \$818,000. The actual transfer was \$848,000. The expenditure assumptions in Ecology's fiscal note were inflated by approximately four percent to match the technical transfer outlined in this request.

Fiscal Year 2013  
FTE = (6.0)  
Salaries = (\$419,210)  
Benefits = (\$127,440)  
Personal Service Contracts = (\$15,646)  
Goods and Services = (\$89,528)  
Travel = (\$6,390)  
Equipment = (\$7,877)  
Grants = (\$2,608)  
Agency Overhead = (\$179,301)  
TOTAL = (\$848,000)

DEPARTMENT OF HEALTH TO DEPARTMENT OF ECOLOGY

The fiscal note assumed costs associated with one Environmental Specialist 3. FTE transfers were made in both Fiscal Year 2012 and Fiscal Year 2013. All other expenditure transfers were only in Fiscal Year 2013.

Fiscal Year 2012  
FTE = 1.2

Fiscal Year 2013  
FTE = 1.2  
Salaries = \$42,537  
Benefits = \$12,931  
Goods and Services = \$4,317  
Travel = \$1,021  
Agency Overhead = \$18,194  
Correction of revenue assumption in expenditures = \$270,000  
TOTAL = \$349,000

***Which costs and functions are one-time? Which are ongoing? What are the budget impacts in future biennia?***

These are one-time technical corrections for the 2011-13 biennium.

State of Washington  
Decision Package

FINAL

Agency: **461 Department of Ecology**  
Decision Package Code/Title: **MB Natural Resource Consolidation Fix**

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<u>Object Detail</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>Total</u>
A Salaries And Wages		(754,692)	(754,692)
B Employee Benefits		(229,427)	(229,427)
C Personal Service Contracts		(15,646)	(15,646)
E Goods And Services		(120,001)	(120,001)
G Travel		(17,958)	(17,958)
J Capital Outlays		(7,877)	(7,877)
N Grants, Benefits & Client Services		(2,608)	(2,608)
T Intra-Agency Reimbursements		(322,791)	(322,791)
X OFM Adjustments To Agency Data		270,000	270,000
<b>Total Objects</b>		<b>(1,201,000)</b>	<b>(1,201,000)</b>

**Decision Package Code/Title: ML MB Natural Resource Consolidation Fix**

**6 Year Fiscal Detail**

<b>Expenditures by Account</b>		<b><u>FY 2012</u></b>	<b><u>FY 2013</u></b>	<b><u>FY 2014</u></b>	<b><u>FY 2015</u></b>	<b><u>FY 2016</u></b>	<b><u>FY 2017</u></b>
001-1	General Fund - State		(373,000)	(373,000)	(373,000)	(373,000)	(373,000)
001-2	General Fund - Federal		(15,000)	(15,000)	(15,000)	(15,000)	(15,000)
001-7	General Fund - Private-Local		(314,000)	(314,000)	(314,000)	(314,000)	(314,000)
125-1	Site Closure Account - State		349,000	349,000	349,000	349,000	349,000
544-1	Pollution Liab Insur - State		(333,000)	(333,000)	(333,000)	(333,000)	(333,000)
545-6	Heat Oil Pollution - Non Appr		(515,000)	(515,000)	(515,000)	(515,000)	(515,000)
<b>Total Expenditures</b>		<b>0</b>	<b>(1,201,000)</b>	<b>(1,201,000)</b>	<b>(1,201,000)</b>	<b>(1,201,000)</b>	<b>(1,201,000)</b>

<b>Expenditures by Object</b>		<b><u>FY 2012</u></b>	<b><u>FY 2013</u></b>	<b><u>FY 2014</u></b>	<b><u>FY 2015</u></b>	<b><u>FY 2016</u></b>	<b><u>FY 2017</u></b>
A	Salaries and Wages		(754,692)	(754,692)	(754,692)	(754,692)	(754,692)
B	Employee Benefits		(229,427)	(229,427)	(229,427)	(229,427)	(229,427)
C	Personal Service Contract		(15,646)	(15,646)	(15,646)	(15,646)	(15,646)
E	Goods and Services		(120,001)	(120,001)	(120,001)	(120,001)	(120,001)
G	Travel		(17,958)	(17,958)	(17,958)	(17,958)	(17,958)
J	Capital Outlays		(7,877)	(7,877)	(7,877)	(7,877)	(7,877)
N	Grants, Benefits, and Client Services		(2,608)	(2,608)	(2,608)	(2,608)	(2,608)
T	Intra-Agency Reimbursements		(52,791)	(52,791)	(52,791)	(52,791)	(52,791)
<b>Total Objects</b>		<b>0</b>	<b>(1,201,000)</b>	<b>(1,201,000)</b>	<b>(1,201,000)</b>	<b>(1,201,000)</b>	<b>(1,201,000)</b>

<b>Staffing</b>		<b><u>FY 2012</u></b>	<b><u>FY 2013</u></b>	<b><u>FY 2014</u></b>	<b><u>FY 2015</u></b>	<b><u>FY 2016</u></b>	<b><u>FY 2017</u></b>
<b><u>Job Class</u></b>	<b><u>Salary</u></b>						
		1.2	(12.7)	(12.7)	(12.7)	(12.7)	(12.7)
<b>Total FTEs</b>		<b>1.2</b>	<b>(12.7)</b>	<b>(12.7)</b>	<b>(12.7)</b>	<b>(12.7)</b>	<b>(12.7)</b>

<b>Revenue</b>		<b><u>FY 2012</u></b>	<b><u>FY 2013</u></b>	<b><u>FY 2014</u></b>	<b><u>FY 2015</u></b>	<b><u>FY 2016</u></b>	<b><u>FY 2017</u></b>
<b><u>Account</u></b>	<b><u>Source</u></b>						
001 General Fund	0310		(15,000)	(15,000)	(15,000)	(15,000)	(15,000)
001 General Fund	0541		(314,000)	(314,000)	(314,000)	(314,000)	(314,000)
<b>Total Revenue</b>		<b>0</b>	<b>(329,000)</b>	<b>(329,000)</b>	<b>(329,000)</b>	<b>(329,000)</b>	<b>(329,000)</b>

**Agency:** 461 Department of Ecology  
**Decision Package Code/Title:** DF State Revolving Fund Admin Fee

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**Budget Period:** 2011-13  
**Budget Level:** PL - Performance Level

**Recommendation Summary Text:**

The Department of Ecology is requesting statutory authority to charge a loan administration fee for the State Water Pollution Control Revolving Fund (State Revolving Fund) loan program. Ecology faces a deficit in the next few years in the funds it uses to manage the loan program due to reduced federal funding. This program provides essential financing to local governments for infrastructure projects that protect clean water in the state. The deficit situation poses a risk to Ecology's ability to effectively and efficiently manage the State Revolving Fund loan program. (NEW - Water Pollution Control Revolving Administration Account)

**Fiscal Detail**

<b>Operating Expenditures</b>	<b><u>Total</u></b>
<b>Total Cost</b>	

**Package Description:**

The State Revolving Fund was established by Congress under the Federal Clean Water Act to provide low interest loans to local governments for high priority water quality projects. These funds are used for planning, designing, acquiring, constructing, and improving water pollution control facilities, and related activities that help meet state and federal water pollution control requirements. The current State Revolving Fund loan portfolio exceeds \$1 billion. Right now, the State Revolving Fund loan program has 255 loans in repayment and 98 loans in disbursement and in loan agreement negotiations.

The State Revolving Fund is funded by an annual U.S. Environmental Protection Agency (EPA) capitalization grant based on congressional appropriations, state matching funds, and principal and interest repayments on past State Revolving Fund loans. Ecology is allowed to use up to four percent of the EPA capitalization grant to cover its costs for State Revolving Fund administration. The Clean Water Act does not allow Ecology to use any principal and interest repayments for State Revolving Fund administration.

The EPA capitalization grant was originally scheduled to end in the mid-1990s. During the last several biennia, the annual EPA capitalization grant has decreased from a yearly average of \$23 million to a low of \$11 million in 2008. In 2011, the capitalization grant rebounded to \$ 35.4 million. For state Fiscal Year 2012, the EPA grant is \$25.7 million, down by 27.4 percent from state Fiscal Year 2011. EPA notified Ecology of a likely 25 percent per year reduction in the grant. If that trend remains unchanged, Ecology will experience a deficit in dollars for State Revolving Fund administration by state Fiscal Year 2015. Plus, the capitalization grant program is scheduled for elimination by Congress in state Fiscal Year 2016. A State Revolving Fund loan administration fee will offset the decline in the EPA capitalization grant administrative funds and replace them when Congress eliminates the EPA capitalization grants.

**Agency:** 461 Department of Ecology  
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This request will allow Ecology to charge an administration fee as a portion of the debt service for State Revolving Fund loans. Fees collected will be placed in a newly established Water Pollution Control Revolving Administration Account. Moneys in that account will be used for the costs of managing the State Revolving Fund loan program, such as administering loans, collecting loan repayments, engineering review and oversight of projects, and maintaining information and data systems used to track and manage the State Revolving Fund.

The subject matter expert at Ecology is Steve Carley; his phone number is (360) 407-6572.

**JUSTIFICATION FOR NEW OR INCREASED FEE REQUESTS**

This request is for new fee authority proposed as 2012 agency request legislation. The legislation will give statutory authority to collect a loan administration fee.

1. Fee Name: Water Pollution Control Revolving Administration Fee

2. Current Tax or Fee Amount: None

3. Proposed Amount:  
Fiscal Year 2012: None  
Fiscal Year 2013: None

4. Incremental Change for Each Year:  
Fiscal Year 2012: No Change  
Fiscal Year 2013: No Change

5. Expected Implementation Date: July 1, 2013

6. Estimated Additional Revenue Generated by Increase:  
Fiscal Year 2012: \$ 0  
Fiscal Year 2013: \$ 0

7. Justification: Through its operating Agreement with EPA Region 10, Ecology is charged with providing adequate capacity to effectively manage the State Revolving Fund. It must be managed according to Chapter 90.50A RCW, Water pollution control facilities-federal capitalization grants, Chapter 173-98 WAC, Uses and Limitations of the Water Pollution Control Revolving Fund, and strict federal regulations that include:

- Timely use of funds.
- Adhering to specific accounting principles.
- Fund perpetuity.
- Project eligibility.
- Financial capability assessments of borrowers.
- Implementing state rules.
- Extensive public outreach and public accountability.

Once the EPA capitalization grant is eliminated, there will be no funding source for managing the State Revolving Fund. The best option to replace the EPA capitalization grant administration funding was the Water Quality Account (WQA). The WQA was established by the Legislature in 1986 to provide water quality funding and state match for the State Revolving Fund. Cigarette taxes, sales taxes on components of certain water pollution control facilities, and loan repayments were the primary sources of revenue. Historically, the WQA provided the state match of the new federal capitalization dollars. (The Public Works Assistance Account

**Agency:** 461 Department of Ecology  
**Decision Package Code/Title:** DF State Revolving Fund Admin Fee

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provides the drinking water match) Ecology's plan was to use the freed up WQA match dollars and replace the lost administration funding from the federal capitalization grant. The Legislature abolished the account during the 2009-11 biennium and directed all its revenues to the state General Fund. This decision stopped Ecology's original plan to pay for State Revolving Fund administration from the WQA.

8. Changes in Who Pays: Ecology will not increase the debt service (cost to borrowers) beyond what the borrower would otherwise pay. Right now, the State Revolving Fund loan debt service for a standard 20-Year loan has an interest rate at 60 percent of the market rate for tax-exempt municipal bonds. Ecology will lower the interest rate on a loan and add a loan administration fee. The interest charged and the administration fee together will comprise the debt service of the loan and will not exceed 60 percent of the rate for tax-exempt municipal bonds.

9. Changes in Methodology: All fee collection estimates assume the Water Pollution Control Revolving Administration Fee legislation passes during the 2012 legislative session. Estimates also assume that loans awarded during state Fiscal Year 2013, and after, will be subject to the loan administration fee. Loan repayment schedules vary, and a borrower can take up to six years to go into repayment. For example, Ecology assumes that a portion of the loans awarded in state Fiscal Year 2013 will begin repayment in state Fiscal Year 2017. This request reflects this varying schedule, which assumes that 33 percent of the loans in a given year begin repayment within four years of the start of the project; another 33 percent begin repayment within five years; and the remaining 33 percent within six years.

The proposed fee is in two parts:

- The first part of the fee is a 1.0 percent one-time loan fee on the total loan amount. This is due to Ecology with the first repayment of each loan.
- The second part of the fee is based on the declining balance on loans in repayment. This part will be calculated at 0.5 percent of the outstanding balance on each State Revolving Fund loan and will be due to Ecology with each loan repayment made by the borrower for the life of the loan.

10. Alternatives: This request supports loans to local governments with high priority water quality projects throughout the state of Washington. The Water Quality Account was created by the Legislature in 1986 as a dedicated fund source for Centennial Clean Water Program grants and as matching funds for the State Revolving Fund loan program. Ecology planned for the decline and eventual elimination of the EPA capitalization grant since the mid-1990s. During the late 1990s and early 2000s, Ecology discussed the concept of a loan administration fee with Office of Financial Management staff and legislative staff. A formal fee proposal was never made. When the EPA capitalization grant declined to its lowest level of \$11 million during the 2007-09 biennium, Ecology planned to use the Water Quality Account (funded primarily with tobacco tax revenue) to replace the diminishing EPA capitalization grant administrative funds. However, in the 2009-11 biennium, the Legislature abolished the Water Quality Account and directed all of its revenue to the state General Fund. Ecology no longer has a dedicated water quality funding source to replace the diminishing EPA capitalization grant administrative funding. This request will dedicate funds to State Revolving Fund administration. It is the best option, considering legal mandates, local efforts, ratepayer impacts, and water quality priorities.

11. Statutory Change Required? Yes

**Narrative Justification and Impact Statement**

*What specific performance outcomes does the agency expect?*

**Agency:** 461 Department of Ecology  
**Decision Package Code/Title:** DF State Revolving Fund Admin Fee

This request is essential to Ecology's strategic plan priority to "Protect and Restore Puget Sound." Guaranteeing Ecology has adequate resources to oversee and manage the State Revolving Fund loan program improves water quality. Public funds are targeted and dedicated to projects that demonstrate clear benefits to the environment or public health. Ecology will continue to fund projects for constructing water quality infrastructure (mainly wastewater treatment and water reclamation facility projects) and reducing nonpoint pollution (such as replacing failing septic systems). Ecology will make low interest loans available to local governments for critical water quality and watershed protection and restoration projects.

**Performance Measure Detail**

**Activity: A043 Provide Water Quality Financial Assistance**

Measures	Incremental Changes	
	<u>FY 2012</u>	<u>FY 2013</u>
001655 Refer to Narrative Justification	0.00	0.00

***Is this decision package essential to implement a strategy identified in the agency's strategic plan?***

Ecology is Washington's principal environmental management agency with a focus on protecting humans and the environment from pollution. We embrace this responsibility in our strategic priorities. This request supports Ecology's emphasis to "Protect and Restore Puget Sound" by continuing to fund expert, technical staff in the State Revolving Fund loan program to help local governments finance water pollution control infrastructure and reduce nonpoint pollution and nutrient discharges.

Using the State Revolving Fund together with the Centennial Clean Water Program and the Clean Water Act (Section 319) Nonpoint Source Grant Program provides Ecology with a full range of tools to address water quality needs (e.g., permitting, technical assistance, compliance/enforcement, and grant and loan funds). Having a single agency with this full menu of tools is critical for success in addressing the complex water quality issues facing Washington State.

***Does this decision package provide essential support to one of the Governor's priorities?***

This request provides essential support to the Governor's priorities to "Clean Up Puget Sound" and support salmon recovery by providing technical assistance to local governments for wastewater and stormwater infrastructure, repairing and replacing failing on-site sewage systems, implementing riparian restoration and protection programs, reducing nonpoint pollution through source control, and implementing best management practices.

***Does this decision package make key contributions to statewide results? Would it rate as a high priority in the Priorities of Government process?***

This request supports the state's Priority of Government (POG) "Improve the Quality of Washington's Natural Resources;" Indicator 1: Reducing negative impacts on the environment; b: Percentage of rivers and streams that meet water quality standards. POG identifies one of its purchase strategies as "Preserve, Maintain and Restore Natural Systems and Landscapes through Grants and Financial Incentives." This request will provide administration and technical assistance for financing for high priority water quality projects. These projects help local entities reduce the pollution of our lakes, rivers, marine waters, and estuaries, and protect groundwater and streams through the State Revolving Fund loan program. The activity "Provide Water Quality Financial Assistance" ranks #34 of 148 natural resource activities in the state's 2010 POG process.

***What are the other important connections or impacts related to this proposal?***

The State Revolving Fund loan program has wide support across the state in urban and rural areas and with local government and tribal

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partners. Implementing the fee proposal will ensure the long term viability of this important environmental financing program that helps improve and protect water quality.

Ecology briefed its Financial Advisory Council, comprised of local, state, and federal government clients and stakeholders, on the proposal to charge an administration fee. The Council expressed support for using a loan administration fee to stabilize and sustain the program.

Loan fees are a normal part of State Revolving Fund loan programs. The Washington State Department of Health charges a loan fee for the Drinking Water State Revolving Fund loan program and 43 other states charge loan fees to manage their State Revolving Fund loan programs.

***What alternatives were explored by the agency, and why was this alternative chosen?***

A discussion of alternatives is included above in JUSTIFICATION FOR NEW OR INCREASED FEE REQUESTS, Number 10.

***What are the consequences of not funding this package?***

Administrative and engineering oversight funding for this program is critical. Ecology has just over 16 staff responsible for a \$1 billion public asset in the State Revolving Fund loan portfolio. This request continues prudent financial and project management of the State Revolving Fund. The demand for and cost of water quality infrastructure projects continue to increase dramatically. Local governments are responding to increased wastewater and stormwater permitting and regulatory requirements and working to meet stringent water quality standards. This request will allow local governments to proceed with planning, designing, acquiring, constructing, and improving water pollution control facilities, and related nonpoint activities that help achieve state and federal water pollution control requirements. These improvements contribute significantly to protecting and restoring water quality statewide and in Puget Sound, and allow for economic development and additional jobs in Washington State. If this request is not approved, job creation and water quality and public health improvements made possible through the State Revolving Fund loan program would not occur.

The document "Keeping Washington's Clean Water Financial Assistance on Track" is included with this request. This document compares the current level revenues to today's expenditures under the current system and under this request. The document also anticipates a gap in funding between the time when the EPA capitalization grant declines and the new fee is fully implemented. Ecology will have a deficit in loan administration funds starting in state Fiscal Year 2015. If new fee legislation does not pass, the deficit will grow at a rate of \$1.74 million per state fiscal year. If the new fee is implemented and the other assumptions hold true, Ecology will need approximately \$5.5 million in gap funding over a six-year period starting in state Fiscal Year 2015 and continuing through state Fiscal Year 2020. As stated before, Ecology had planned to use the Water Quality Account if and when the EPA capitalization grant stopped. Because the Legislature chose to eliminate the Water Quality Account and direct its resources to the state General Fund, Ecology proposes to fund this interim deficit with state General Fund or another dedicated fund source beginning in the 2013-15 biennium.

***What is the relationship, if any, to the state's capital budget?***

The State Revolving Fund loan program is appropriated in the Capital Budget from the Water Pollution Control Revolving Account (WPCRA). This request does not change the Capital Budget funding for the State Revolving Fund loan program until state Fiscal Year 2017, when the first loan fees are collected. Once Ecology implements the administration loan fee, less capital funding will revolve back into the WPCRA. The estimated reduction in capital available to the State Revolving Fund is about 2.6 percent of the value of the loans in repayment. For the ten-year period beginning in state Fiscal Year 2017 through state Fiscal Year 2026, approximately \$2.0 million per state fiscal year will not be available for loans. This reduction is a relatively small impact on the capital of the State Revolving Fund compared to the benefits of providing technical assistance, expert financial management, and low cost financing for local governments to meet high priority water quality needs.

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***What changes would be required to existing statutes, rules, or contracts, in order to implement the change?***

Ecology is proposing agency request legislation for the 2012 legislative session. The State Revolving Fund loan program was established by the Clean Water Act and Chapter 90.50A RCW, Water Pollution Control Facilities-Federal Capitalization Grants. Proposed legislation will establish a Water Pollution Control Revolving Administration Fee by amending Chapter 90.50A RCW and adding a new section to Chapter 90.50 RCW.

***Expenditure and revenue calculations and assumptions***

Expenditure Assumptions - For estimating the timing and magnitude of the projected deficit, Ecology based the expenditure estimates on the current staff costs for State Revolving Fund administration. Ecology currently has more than 16 staff managing the large and complex loan portfolio who offer technical and financial expertise, including engineering oversight, site inspections, and strategic financial planning:

0.40 Environmental Engineer 2  
 1.2 Environmental Engineer 3  
 2.65 Environmental Engineer 5  
 1.65 Environmental Planner 3  
 2.5 Environmental Planner 4  
 3.09 Environmental Specialist 3  
 1.0 Environmental Specialist 4  
 0.50 Secretary Senior  
 0.25 Forms and Records Analyst 1  
 0.85 WMS 1  
 0.40 WMS 2  
 2.17 Fiscal Analyst 2

Ecology's 2012 agency request legislation proposes capping administration costs at up to four percent of the Water Pollution Control Revolving Fund Biennial Capital Budget appropriation. For example, the 2011-13 enacted Capital Budget appropriation for the State Revolving Fund is \$184,205,000. A four percent cap equates to a biennial administration budget of no more than \$7,368,200. Ecology will evaluate its administration needs each biennium based on actual workload, program requirements, and ongoing business needs. Any amount up to the four percent cap not needed for administration will be returned to the Water Pollution Control Revolving Fund for water quality improvement projects.

Revenue Assumptions - This request will allow Ecology to charge an administration fee as a portion of the debt service for State Revolving Fund loans. Fees collected will be placed in a newly established Water Pollution Control Revolving Administration Account. Moneys in that account will be used for the cost of managing the State Revolving Fund loan program, such as administering loans, collecting loan repayments, and maintaining information and data systems used to track and manage the State Revolving Fund.

A detailed fee collection methodology is described above in JUSTIFICATION FOR NEW OR INCREASED FEE REQUESTS, Number 9.

***Which costs and functions are one-time? Which are ongoing? What are the budget impacts in future biennia?***

As the complexity of the State Revolving Fund loan program grows, Ecology needs to invest in database and information systems for managing and tracking the annual funding process and projects funded. Upgrading the existing Ecology Loan Tracking System (ELTS) is an option that may meet the need. We estimate an ELTS upgrade would result in ongoing data management costs of \$50,000 per fiscal year for the Water Pollution Control Revolving Administration Account. All costs are ongoing and continue into future biennia.

Salaries are based on the Department of Personnel's salary schedule effective July 1, 2011. This schedule includes a three percent

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temporary salary reduction for state employees effective during the 2011-13 biennium. The 6 Year Fiscal Detail salary and benefit estimates for Fiscal Year 2014 through Fiscal Year 2017 are also based on the July 1, 2011 schedule. Ecology assumes once the temporary salary reduction is lifted, future salary and benefits calculated as a percentage of salary will be increased. As appropriations are made or estimated for the future, Ecology assumes the Office of Financial Management and the Legislature will include an increase in our expenditure authority.

**Decision Package Code/Title: PL DF State Revolving Fund Admin Fee**

**6 Year Fiscal Detail**

<b>Expenditures by Account</b>		<b><u>FY 2012</u></b>	<b><u>FY 2013</u></b>	<b><u>FY 2014</u></b>	<b><u>FY 2015</u></b>	<b><u>FY 2016</u></b>	<b><u>FY 2017</u></b>
001-1	General Fund - State				1,074,702	1,746,678	1,386,843
727-1	Water Pollution C. Revolving - State			349,336	134,395		
727-2	Water Pollution C. Revolving - Federal			1,397,342	537,581		
NEW-1	New Account - State						359,835
<b>Total Expenditures</b>		<b>0</b>	<b>0</b>	<b>1,746,678</b>	<b>1,746,678</b>	<b>1,746,678</b>	<b>1,746,678</b>

<b>Expenditures by Object</b>		<b><u>FY 2012</u></b>	<b><u>FY 2013</u></b>	<b><u>FY 2014</u></b>	<b><u>FY 2015</u></b>	<b><u>FY 2016</u></b>	<b><u>FY 2017</u></b>
A	Salaries and Wages			923,980	923,980	923,980	923,980
B	Employee Benefits			280,890	280,890	280,890	280,890
E	Goods and Services			112,539	112,539	112,539	112,539
G	Travel			14,794	14,794	14,794	14,794
T	Intra-Agency Reimbursements			414,475	414,475	414,475	414,475
<b>Total Objects</b>		<b>0</b>	<b>0</b>	<b>1,746,678</b>	<b>1,746,678</b>	<b>1,746,678</b>	<b>1,746,678</b>

**Staffing**

<b><u>Job Class</u></b>	<b><u>Salary</u></b>	<b><u>FY 2012</u></b>	<b><u>FY 2013</u></b>	<b><u>FY 2014</u></b>	<b><u>FY 2015</u></b>	<b><u>FY 2016</u></b>	<b><u>FY 2017</u></b>
Environmental Engineer 2	66,853			0.4	0.4	0.4	0.4
Environmental Engineer 3	78,465			1.2	1.2	1.2	1.2
Environmental Engineer 5	86,602			2.7	2.7	2.7	2.7
Environmental Planner 3	58,316			1.7	1.7	1.7	1.7
Environmental Planner 4	64,427			2.5	2.5	2.5	2.5
Environmental Specialist 3	44,453			3.1	3.1	3.1	3.1
Environmental Specialist 4	58,316			1.0	1.0	1.0	1.0
Secretary Senior	32,838			0.5	0.5	0.5	0.5
Forms & Records Analyst 1	35,653			0.3	0.3	0.3	0.3
W. Management Service 1	69,294			0.9	0.9	0.9	0.9
W. Management Service 2	90,972			0.4	0.4	0.4	0.4
Fiscal Analyst 2				2.2	2.2	2.2	2.2
<b>Total FTEs</b>		<b>0.0</b>	<b>0.0</b>	<b>16.7</b>	<b>16.7</b>	<b>16.7</b>	<b>16.7</b>

**Revenue**

<b><u>Account</u></b>	<b><u>Source</u></b>	<b><u>FY 2012</u></b>	<b><u>FY 2013</u></b>	<b><u>FY 2014</u></b>	<b><u>FY 2015</u></b>	<b><u>FY 2016</u></b>	<b><u>FY 2017</u></b>
NEW ACCOUNT	0299						359,835
727 - Water Pollution C. Revolving	0366			1,397,342	537,581		
<b>Total Revenue</b>		<b>0</b>	<b>0</b>	<b>1,397,342</b>	<b>537,581</b>	<b>0</b>	<b>359,835</b>

Keeping Washington's Clean Water Financial Assistance on Track

The purpose of this table is to compare the current level revenue and today's expenditures under the current system and under Ecology's proposed legislation.

No New Fees				New Fees				Total Revenues minus Expenditures
SRF Admin Surplus from Previous Year	EPA Cap Grant for SRF Admin (1)	Total Revenue Available for SRF Admin	SRF Admin Costs (2)	NEW 0.5% Loan Fee on Declining Balance (3)	NEW 1.0% One-time Loan Fee (3)	Total Revenue Available for SRF Admin	SRF Admin Costs (2)	
REVENUE	REVENUE	TOTAL REVENUE	EXPENDITURES	REVENUE	REVENUE	TOTAL REVENUE	EXPENDITURES	SURPLUS/DEFICIT
\$2,458,260	\$1,232,640	\$3,690,900	\$1,746,678	\$0	\$0	\$3,690,900	\$1,746,678	\$1,944,222
\$1,944,222	\$960,480	\$2,904,702	\$1,746,678	\$0	\$0	\$2,904,702	\$1,746,678	\$1,158,024
\$1,158,024	\$720,360	\$1,878,384	\$1,746,678	\$0	\$0	\$1,878,384	\$1,746,678	\$131,706
\$131,706	\$540,270	\$671,976	\$1,746,678	\$0	\$0	\$671,976	\$1,746,678	-\$1,074,702
\$0	\$0	\$0	\$1,746,678	\$0	\$0	\$0	\$1,746,678	-\$1,746,678
\$0	\$0	\$0	\$1,746,678	\$120,238	\$239,597	\$359,835	\$1,746,678	-\$1,386,843
\$0	\$0	\$0	\$1,746,678	\$355,495	\$477,611	\$833,106	\$1,746,678	-\$913,572
\$0	\$0	\$0	\$1,746,678	\$698,727	\$713,302	\$1,412,029	\$1,746,678	-\$334,649
\$0	\$0	\$0	\$1,746,678	\$1,004,752	\$671,357	\$1,676,109	\$1,746,678	-\$70,569
\$0	\$0	\$0	\$1,746,678	\$1,283,425	\$650,524	\$1,933,949	\$1,746,678	\$187,271
\$0	\$0	\$0	\$1,746,678	\$1,547,248	\$653,499	\$2,388,018	\$1,746,678	\$641,340
\$0	\$0	\$0	\$1,746,678	\$1,827,160	\$718,147	\$3,186,647	\$1,746,678	\$1,439,969
\$0	\$0	\$0	\$1,746,678	\$2,125,114	\$789,260	\$4,354,343	\$1,746,678	\$2,607,665
\$0	\$0	\$0	\$1,746,678	\$2,442,879	\$867,485	\$5,918,029	\$1,746,678	\$4,171,351
\$0	\$0	\$0	\$1,746,678	\$2,782,409	\$953,531	\$7,907,291	\$1,746,678	\$6,160,613
<b>\$5,692,212</b>	<b>\$3,453,750</b>	<b>\$9,145,962</b>	<b>\$26,200,170</b>	<b>\$14,187,447</b>	<b>\$6,734,313</b>	<b>\$39,115,318</b>	<b>\$26,200,170</b>	<b>-\$5,527,013</b>
<b>Total Gap Funding Needed</b>				<b>Total Gap Funding Needed</b>				<b>-\$5,527,013</b>

(4)

Deficit indicates need for new/gap funding

**Assumptions**

- (1) EPA Capitalization Grant (Cap Grant) decreases by 25% each fiscal year and is eliminated by 2016.
- (2) State Revolving Fund (SRF) Admin Costs are based on 14.5 Water Quality FTEs and 2.17 Program A FTEs with standard agency costs.
- (3) New Loan Fees assume Fee Legislation is passed during 2012 session and loans awarded in Fiscal Year 2013 and beyond would have fees collected.
- (4) After determining the administration costs and holding an adequate working capital reserve, Ecology may determine there is an excess balance in the account and transfer funds to the Water Pollution Control Revolving Fund for investments in high priority water quality projects.



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**Budget Period:** 2011-13  
**Budget Level:** PL - Performance Level

**Recommendation Summary Text:**

The U.S. Environmental Protection Agency (EPA) National Estuary Program (NEP) awarded the Department of Ecology two cooperative agreements with emphasis on Toxics and Nutrients Reduction and Prevention, and Watershed Protection and Restoration. This supports the Governor's Puget Sound Initiative to protect and restore the Puget Sound Estuary. To date, Ecology has received \$17.29 million in awards and expects to receive an additional \$10 million in April 2012 for a total of \$27.29 million of federal funding in the 2011-13 biennium. Ecology has set aside \$4.4 million of General Fund-Federal authority for this effort and we are requesting the remaining \$22.89 million. This will provide federal funding to Ecology, tribal, and other state and local governments to carry out the Puget Sound Initiative. (General Fund-Federal)

**Fiscal Detail**

<b>Operating Expenditures</b>		<b><u>FY 2012</u></b>	<b><u>FY 2013</u></b>	<b><u>Total</u></b>	
001-2	General Fund - Basic Account-Federal	5,418,841	17,471,159	22,890,000	
<b>Total Cost</b>		<b>5,418,841</b>	<b>17,471,159</b>	<b>22,890,000</b>	
<b>Staffing</b>		<b><u>FY 2012</u></b>	<b><u>FY 2013</u></b>	<b><u>Annual Average</u></b>	
	FTEs	1.6	5.6	3.6	
<b>Revenue</b>					
<b><u>Fund</u></b>	<b><u>Source</u></b>	<b><u>FY 2012</u></b>	<b><u>FY 2013</u></b>	<b><u>Total</u></b>	
001	General Fund	0366 Environ Protection A	5,418,841	17,471,159	22,890,000
<b>Total Revenue</b>		<b>5,418,841</b>	<b>17,471,159</b>	<b>22,890,000</b>	

**Package Description:**

**Background:**

Puget Sound supports approximately \$20 billion of economic activity each year, but it is an ecosystem in trouble. Indicators of significant concern for water quality, habitat, and species include the listing of Orcas as endangered and Puget Sound Chinook salmon as threatened. Salmon returning to spawn in Puget Sound rivers are roughly 10 percent of historical numbers. Some seabird populations have dropped by over 50 percent. Some less prominent species are also in trouble. They include marine invertebrates and herring, which form the food chain that supports prominent species.

Threats to Puget Sound are numerous. Every day, all year, 400 million gallons of wastewater are pumped from treatment plants into the Sound, adding tons of zinc, copper, lead, and arsenic. Every year, millions of gallons of toxic chemicals are carried into the Sound by the stormwater that runs off our highways, roads, driveways, roofs, parking lots, disturbed soils, and other developed surfaces. Low oxygen problems from sewage treatment plants, septic system discharges, and other sources can smother fish and marine life. In the past 125 years, about 70 percent of critical habitat like salt marshes, eelgrass beds, and estuaries have been damaged by or completely lost to development. Nearly 60 percent of the Sound's 2,500 miles of shoreline are reinforced by artificial bulkheads, seawalls, and other

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structures. This starves beaches of sediments and juvenile salmon of food and shelter. The population of 4.4 million people in the 12 counties and 90 cities bordering Puget Sound is projected to increase by at least 1.2 million by the year 2020, placing even greater pressure on the Sound's marine life and water quality.

In 2010, EPA solicited a Request for Proposal (RFP) to implement priority work consistent with the 2020 Action Agenda for the protection and restoration of Puget Sound. The RFP solicited proposals from applicants that would serve as a Lead Organization (LO) for one of four areas of emphasis. The selected LOs are expected to manage projects through contracts and sub-awards, giving priority to projects that implement priority actions. EPA selected LOs to coordinate six-year efforts to develop and implement strategies in the four areas of emphasis:

- Marine and nearshore protection and restoration (LO-Departments of Fish & Wildlife and Natural Resources).
- Watershed protection and restoration (LOs-Ecology and Department of Commerce).
- Toxics and nutrients reduction and prevention (LO-Ecology).
- Pathogen prevention, reduction, and control (LOs-Department of Health and Ecology - in support of the Department of Health).

Below is a summary of Ecology's planned activities and funding as LO for two of the four areas of emphasis: Toxics and Nutrients Reduction and Prevention, and Watershed Protection and Restoration.

**Toxics and Nutrients Reduction and Prevention:**

The goal of the toxics and nutrients strategy is to improve both human and environmental health in the Puget Sound ecosystem by preventing, reducing, and controlling toxics and nutrients from entering Puget Sound fresh and marine waters.

As LO, Ecology is working with various partners at the federal, tribal, state, and local levels and non-governmental organizations, academia, and businesses to develop and implement projects in line with a strategic framework. This strategic framework includes a multi-pronged approach to reduce toxics and nutrients from entering and impacting the Puget Sound ecosystem.

Investments fall into five categories:

- Scientific investigation of toxics and nutrients.
- Prevent substances from being used in the first place.
- Limit or manage the amount of toxics and nutrients released into the environment.
- Clean up substances that have polluted air, land, or water.
- Measure program performance and use adaptive management to continuously improve programs.

**Watershed Protection and Prevention:**

The focus on watershed protection and restoration includes using sound science and working in partnership with local governments, tribal governments, and other regional entities to implement practical solutions that protect intact ecosystem processes, structures, and functions, and restore ecosystem processes, structures, and functions. The Departments of Commerce and Ecology propose to implement programs across four activity areas:

- Watershed characterization.
- Land use and working lands.
- Strategies to manage stormwater.
- Strategies for protection and restoration of watersheds.

A watershed framework, developed from ongoing watershed characterization efforts, will provide the data and information needed to select and prioritize projects in the four activity areas and provide planning goals and management policies at a landscape scale. The land use and working lands activity will focus on reducing conversion of undeveloped land, high value forest, and agricultural lands by directing new growth to existing urban areas. For managing stormwater, work will include implementing a comprehensive, integrated watershed approach to managing stormwater to reduce stormwater-related impacts. For watershed protection and restoration, the focus is on implementing a comprehensive, integrated habitat protection and restoration strategy that advances ecosystem recovery and increases ecosystem resiliency to changing climate conditions.

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Ecology will maintain clear communication with the Legislature, Puget Sound Partnership, and the other partners to ensure projects and proposals are developed to effectively carry out the Puget Sound Action Agenda.

**Funding:**

The EPA National Estuary Program (NEP) awarded Ecology two cooperative agreements with emphasis on Toxics and Nutrients Reduction and Prevention, and Watershed Protection and Restoration. EPA requires a dollar-for-dollar state match for each agreement for a six-year period (2/1/2011 - 6/30/2017). To date, Ecology has received a total of \$6.18 million in Round 1 awards, and approximately \$11.11 million in Round 2 awards. Ecology expects to receive an additional \$10 million in Round 3 awards in April 2012. This totals approximately \$27.29 million of federal funding in the 2011-13 biennium. Ecology has set aside \$4.4 million of federal authority for the NEP grants effort, but this amount alone will not be sufficient to cover expenditures and commitments made in the 2011-13 biennium. Ecology requests \$22.89 million of General Fund-Federal authority for the 2011-13 biennium to advance federal funding to tribal, state, and local governments in the form of sub-awards to carry out the Puget Sound Action Agenda.

**Narrative Justification and Impact Statement**

*What specific performance outcomes does the agency expect?*

**Toxics and Nutrients Reduction and Prevention:**

To reduce toxics and nutrients from entering and impacting the Puget Sound ecosystem, five investment categories have been identified:

- Scientific investigation of toxics and nutrients.
- Prevent substances from being used in the first place.
- Limit or manage the amount of toxics and nutrients released into the environment.
- Clean up substances that have polluted air, land, or water.
- Measure program performance and use adaptive management to continuously improve programs.

In consultation with EPA, Ecology, Department of Health, and the Puget Sound Partnership formed a Strategic Advisory Committee (SAC) to strategically guide priorities and processes for making sub-awards. The SAC will advise Ecology on Toxics and Nutrients National Estuary Program (NEP) issues, the Department of Health on Pathogen NEP issues; and the Puget Sound Partnership on Action Agenda update issues. The SAC consists of partners at the federal, tribal, state, and local levels and non-governmental organizations, academia, and businesses. The SAC includes representatives of the Puget Sound Partnership boards including the Leadership Council, Ecosystem Coordination Board, and the Science Panel.

The SAC (1) serves as a sounding board and vetting forum for staff from the Puget Sound Partnership and LO core teams; (2) helps create consistency and synergy between six-year strategies and the Action Agenda; and (3) provides timely advice and feedback and advance discussions at meetings of the Leadership Council, Ecosystem Coordination Board, and Science Panel. The SAC is advisory; they do not make decisions.

Ecology will work with the SAC and others to prepare a six-year strategy. The purpose of the six-year strategy is to effectively and strategically spend the NEP money during Rounds 1 through 6. All toxics and nutrient activities are included in general context setting because it is essential to know what is currently happening in order to spend NEP money wisely. The six-year strategy guides NEP activities and leverages or influences other toxics and nutrient activities.

Ecology will issue two types of sub-awards under the cooperative agreement with EPA. The first type is non-competitive, direct awards to an entity outside or within Ecology. The second type is a competitive sub-award. Ecology will pass most of the money

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through to other entities, such as local governments.

Ecology received \$3,089,000 for Toxics and Nutrients Reduction and Prevention - Round 1. Targeted projects are:

- Fish Consumption Rate: \$100,000.
- Safer Alternatives Assessment: \$329,000.
- Stormwater Center: \$326,573.
- Prevent Persistent Bioaccumulative Toxins (PBTs) or Polycyclic Aromatic Hydrocarbons (PAHs): \$435,685 (supplemented with Round 2 money).
- On-site Septic Nitrogen Removal: \$650,000.
- Agriculture Nutrient Reductions: \$250,000 (supplemented with Round 2 money).
- Other Nutrient Reductions: \$291,258 (supplemented with Round 2 money).
- Landscaper Certification Program: \$246,484.
- Administrative Costs: \$460,000.

Round 1 projects were presented to the SAC for comment. Ecology made final decisions for Round 1 funding and money will be obligated project-by-project over the next few months.

Ecology received \$5,470,000 for Toxics and Nutrients Reduction and Prevention in Round 2. Potential projects were presented to the SAC for review in August 2011. Some Round 2 funds will supplement existing Round 1 projects and some funds will go to new projects.

**Watershed Protection and Restoration:**

Ecology expects environmental improvements in Puget Sound from the scientific investigations, research and studies, coordination and policy development, and various projects resulting from increased federal funding. Advancements and continued progress in the areas of watershed protection and restoration planning, modeling activities and projects will benefit Puget Sound aquatic and upland areas, streams and rivers, wildlife, people, businesses, and Washington State. The Watershed Protection and Restoration grant includes four areas of emphasis:

- Watershed Technical Team.
- Managing Stormwater.
- Conserving and Protecting Rural and Working Lands.
- Watershed Protection and Restoration.

In consultation with EPA, Ecology, Department of Commerce, Department of Fish and Wildlife, Department of Natural Resources, and the Puget Sound Partnership formed a Strategic Advisory Committee (SAC) to guide priorities and processes for making sub-awards. The SAC will advise Ecology and the Department of Commerce on Watershed Protection and Restoration NEP issues, the Departments of Fish & Wildlife and Natural Resources on Marine and Nearshore NEP issues, and the Puget Sound Partnership on Action Agenda update issues. The SAC consists of partners at the federal, tribal, state, and local levels and non-governmental organizations, academia, and businesses. The SAC includes representatives of the Puget Sound Partnership boards including the Leadership Council, Ecosystem Coordination Board, and the Science Panel.

The SAC (1) serves as a sounding board and vetting forum for staff from the Puget Sound Partnership and LO core teams; (2) helps create consistency and synergy between six-year strategies and the Action Agenda; and (3) provides timely advice and feedback and advance discussions at meetings of the Leadership Council, Ecosystem Coordination Board, and Science Panel. The SAC is advisory; they do not make decisions.

Ecology will work with the SAC and others to prepare a six-year strategy. The purpose of the six-year strategy is to effectively and strategically spend the NEP money during Rounds 1 through 6. The six-year strategy guides NEP activities and leverages or influences other watershed protection and restoration activities.

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Ecology will issue two types of sub-awards under the cooperative agreement with EPA. The first type is non-competitive, direct awards to an entity outside or within Ecology. The second type is a competitive sub-award. Ecology will pass most of the money through to other entities, such as local governments.

Expenditures under this grant include direct awards and competitive sub-awards. Direct awards will fund:

- Watershed technical team: \$600,000.
- Develop a project list for stormwater retrofits: \$125,000.
- Update of the Western Washington hydrology model for low impact development (LID): \$350,000.
- LID maintenance procedures, standards, and training: \$100,000.
- Integrate land use data with watershed characterization results: \$240,000.

An additional \$5.4 million will be awarded as competitive sub-awards in the areas of emphasis: Managing stormwater, conserving rural and working lands, and restoring and protecting watersheds. The competitive Request for Proposals is out and closes in mid-November 2011. Awards will be made in early December 2011. Contracts for these sub-awards will be finalized by the end of January 2012.

**Performance Measure Detail**

**Activity: A038 Protect, Restore, and Manage Wetlands**

		Incremental Changes	
		<u>FY 2012</u>	<u>FY 2013</u>
	<b>Measures</b>		
001655	Refer to Narrative Justification	0.00	0.00

**Activity: A043 Provide Water Quality Financial Assistance**

		Incremental Changes	
		<u>FY 2012</u>	<u>FY 2013</u>
	<b>Measures</b>		
001655	Refer to Narrative Justification	0.00	0.00

***Is this decision package essential to implement a strategy identified in the agency's strategic plan?***

"Protect and Restore Puget Sound," "Facing Climate Change," and "Managing Our Water" are three strategic priorities identified in Ecology's strategic plan. The federal funds awarded to Ecology for implementing the Puget Sound Action Agenda and the types of projects to be advanced support all three of these priorities.

***Does this decision package provide essential support to one of the Governor's priorities?***

This request is essential in meeting the Governor's priority of "Clean Up Puget Sound." This supports the Governor's priority of restoring and preserving the health of Puget Sound in coordination with the Puget Sound Partnership (PSP) and other state, tribal, and local agencies through the Action Agenda to be completed in 2020. Given the declining state investments, these federal funds are critical to achieving the Governor's Puget Sound Initiative.

***Does this decision package make key contributions to statewide results? Would it rate as a high priority in the Priorities of Government process?***

This request to restore and protect Puget Sound makes a significant contribution to five statewide purchase priorities under the state Priorities of Government (POG) result to "Improve the Quality of Washington's Natural Resources." The five strategies include:

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Preserve, maintain and restore natural systems and landscapes; Achieve sustainable use of public resources; Improve individual practices and choices; Provide good science, data and monitoring; and Establish safeguards and standards. It is a high priority in the POG process. Making Puget Sound "swimmable, fishable and diggable" is clearly aligned with improving the quality of Washington's natural resources, cultural and recreational opportunities, the approximate \$20 billion economic activity for the state, and the health and safety of people and property.

*What are the other important connections or impacts related to this proposal?*

There has been broad support from stakeholders and our state and federal leaders for the Puget Sound recovery effort. In addition, Governor Gregoire has recently incorporated "State of the Sound" into her quarterly Government Management Accountability Performance (GMAP) briefings.

*What alternatives were explored by the agency, and why was this alternative chosen?*

This request is for General Fund-Federal appropriation authority to support the commitments made in the cooperative agreements with EPA. The alternative was chosen because it is the only option to secure this federal spending authority.

Two other alternatives were pursued. First, Ecology included a "placeholder" request for appropriation authority in our 2011-13 biennial budget request. However, the process and agreement with EPA was not far enough along to make a formal budget request during the 2011 legislative session.

Then, Ecology asked the Office of Financial Management (OFM) to consider providing General Fund-Federal appropriation authority through the unanticipated receipt process. This alternative was pursued because it would provide Ecology appropriation authority this fall. Ecology is eager and under pressure from EPA and other stakeholders to get projects on the ground and to see results. Projects lists are being finalized and we are obligating funds to sub-awardees. However, the request did not meet OFM's requirement limiting agencies to the amounts needed through March 2012.

This approach is consistent with other LOs. The Department of Fish & Wildlife secured its General Fund-Federal appropriation authority during the 2011 legislative session. The Department of Health is requesting \$12.8 million in General Fund-Federal appropriation authority as the LO for Pathogens Prevention, Reduction and Control.

*What are the consequences of not funding this package?*

The consequences of not funding this request would be the inability to advance federal funding to tribal, state and local governments to reduce toxics and nutrients from entering and impacting the Puget Sound ecosystem, and to protect and restore watersheds in the Puget Sound basin. Lack of federal appropriation authority would prohibit Ecology from undertaking important conservation work to accelerate recovery efforts in Puget Sound. Stakeholders, including local governments, tribes, environmental groups, and those dependent upon clean water like salmon interests and shellfish growers, would express strong concern if these federal funds were not able to be used.

*What is the relationship, if any, to the state's capital budget?*

This is a stand-alone operating budget request. It does not alter capital budget funding needs. Match for these federal grants will be provided through the capital Remedial Action Grant program and the Stormwater Retrofit and Low Impact Development Grant program. These programs are funded with State and Local Toxics Control Accounts. In September 2011, the forecasts for both of these accounts dropped. At this time, Ecology believes there is more than enough to meet the state match requirements during the 2011-13 biennium.

*What changes would be required to existing statutes, rules, or contracts, in order to implement the change?*

None. Ecology only needs additional General Fund -Federal appropriation authority to implement this request.

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*Expenditure and revenue calculations and assumptions*

To date, Ecology has received a total of \$6.18 million in Round 1 awards, and approximately \$11.11 million in Round 2 awards. Ecology expects to receive an additional \$10 million in Round 3 awards in April 2012. This totals approximately \$27.29 million of federal funding in the 2011-13 biennium. Ecology has set aside \$4.4 million of federal authority for the NEP grants effort, but this effort alone will not be enough to cover expenditures and commitments made in the 2011-13 biennium. Ecology requests \$22.89 million of federal funding authority for the 2011-13 biennium to advance federal funding to tribal, state and local governments in the form of sub-awards to carry out the Puget Sound Initiative.

Ecology will disperse most of the federal funds in grants and contracts (sub-awards). The remainder will pay for grant oversight, technical teams, coordination on Action Agenda updates and quality assurance activities management.

Salary estimates are based on the current actual rate in effect, and is calculated at step L. Employee benefits are calculated at the agency approved standard average of 30.4 percent of salaries. Goods and services reflect agency approved standard costs calculated at the agency average of \$4,316 per direct program FTE per fiscal year. Travel reflects agency approved standard costs calculated at the agency average of \$1,021 per direct program FTE per fiscal year. Agency Administrative Overhead is calculated at the federally approved agency indirect rate of 34.4 percent of program salaries and benefits and is shown in object T. Administration programs FTEs are included at 0.15 FTE per direct program FTE. Equipment is based on the agency standard cost for start-up of new employees in the first year only and is shown in Object J.

*Which costs and functions are one-time? Which are ongoing? What are the budget impacts in future biennia?*

This proposal is for General Fund-Federal appropriation authority for the 2011-13 biennium. However, both cooperative agreements for the NEP grants cover six years and assume up to three future awards. Ecology assumes the General Fund- Federal in this request will be included in future carry-forward level calculations of the agency's budget.

Positions funded under this grant are project positions. They are currently funded for two years; extension beyond that are expected but will be dependent on future awards from EPA and continued federal appropriation.

<u>Object Detail</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>Total</u>
A Salaries And Wages	87,246	322,902	410,148
B Employee Benefits	28,227	104,558	132,785
C Personal Service Contracts	40,000	120,000	160,000
E Goods And Services	2,891,038	6,533,457	9,424,495
G Travel	1,456	5,326	6,782
J Capital Outlays	6,646	7,552	14,198
N Grants, Benefits & Client Services	2,324,506	10,230,318	12,554,824
T Intra-Agency Reimbursements	39,722	147,046	186,768
<b>Total Objects</b>	<b>5,418,841</b>	<b>17,471,159</b>	<b>22,890,000</b>

**Decision Package Code/Title: PL DJ PS NEP Federal Funding Authority**

**6 Year Fiscal Detail**

<b>Expenditures by Account</b>		<b><u>FY 2012</u></b>	<b><u>FY 2013</u></b>	<b><u>FY 2014</u></b>	<b><u>FY 2015</u></b>	<b><u>FY 2016</u></b>	<b><u>FY 2017</u></b>
001-2	General Fund - Federal	5,418,841	17,471,159				
	<b>Total Expenditures</b>	<b>5,418,841</b>	<b>17,471,159</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

<b>Expenditures by Object</b>		<b><u>FY 2012</u></b>	<b><u>FY 2013</u></b>	<b><u>FY 2014</u></b>	<b><u>FY 2015</u></b>	<b><u>FY 2016</u></b>	<b><u>FY 2017</u></b>
A	Salaries and Wages	87,246	322,902				
B	Employee Benefits	28,227	104,558				
C	Personal Service Contract	40,000	120,000				
E	Goods and Services	2,891,038	6,533,457				
G	Travel	1,456	5,326				
J	Capital Outlays	6,646	7,552				
N	Grants, Benefits, and Client Services	2,324,506	10,230,318				
T	Intra-Agency Reimbursements	39,722	147,046				
	<b>Total Objects</b>	<b>5,418,841</b>	<b>17,471,159</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**Staffing**

<b><u>Job Class</u></b>	<b><u>Salary</u></b>	<b><u>FY 2012</u></b>	<b><u>FY 2013</u></b>	<b><u>FY 2014</u></b>	<b><u>FY 2015</u></b>	<b><u>FY 2016</u></b>	<b><u>FY 2017</u></b>
Budget Analyst 3	56,892		0.1				
Chemist 3	65,976	0.1	0.2				
Environmental Planner 4	64,428	0.8	2.3				
Environmental Specialist 3	50,304	0.4	1.0				
Environmental Specialist 4	58,320	0.1	0.3				
Environmental Specialist 5	64,428		1.0				
Fiscal Analyst 2		0.2	0.7				
	<b>Total FTEs</b>	<b>1.6</b>	<b>5.6</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

**Revenue**

<b><u>Account</u></b>	<b><u>Source</u></b>	<b><u>FY 2012</u></b>	<b><u>FY 2013</u></b>	<b><u>FY 2014</u></b>	<b><u>FY 2015</u></b>	<b><u>FY 2016</u></b>	<b><u>FY 2017</u></b>
001 General Fund	0366	5,418,841	17,471,159				
	<b>Total Revenue</b>	<b>5,418,841</b>	<b>17,471,159</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**Agency:** 461 Department of Ecology  
**Decision Package Code/Title:** DA Hanford Tank Closure and Cleanup

**Budget Period:** 2011-13  
**Budget Level:** PL - Performance Level

**Recommendation Summary Text:**

This request seeks appropriations to support new Hanford cleanup actions per a settlement agreement. In 2010, the state settled litigation with the U.S. Department of Energy (USDOE) over Hanford tank waste and cleanup delays. The settlement included Consent Decree and new Tri-Party Agreement milestones that accelerate tank waste retrieval, tank closure, and soil and groundwater cleanup to protect the Columbia River. The settlement requires USDOE to remove waste from 19 single shell tanks, close the first of seven tank farm complexes, and complete cleanup of contaminated soil and groundwater sites near the Columbia River. These fee supported resources are needed to support the aggressive new cleanup requirements. (General Fund-Federal, State Toxics Control Account)

**Fiscal Detail**

<b>Operating Expenditures</b>		<b><u>FY 2012</u></b>	<b><u>FY 2013</u></b>	<b><u>Total</u></b>	
001-2	General Fund - Basic Account-Federal	23,167	93,498	116,665	
173-1	State Toxics Control Account-State	85,985	379,215	465,200	
<b>Total Cost</b>		<b>109,152</b>	<b>472,713</b>	<b>581,865</b>	
<b>Staffing</b>		<b><u>FY 2012</u></b>	<b><u>FY 2013</u></b>	<b><u>Annual Average</u></b>	
	FTEs	.8	4.6	2.7	
<b>Revenue</b>					
<b>Fund</b>	<b>Source</b>	<b><u>FY 2012</u></b>	<b><u>FY 2013</u></b>	<b><u>Total</u></b>	
001	General Fund	0381 Dept of Energy	23,167	93,498	116,665
173	State Toxics Control	0294 Hazardous Waste Fees	85,985	379,215	465,200
<b>Total Revenue</b>		<b>109,152</b>	<b>472,713</b>	<b>581,865</b>	

**Package Description:**

Oversight of Hanford tank waste storage, closure, and contaminated site cleanup has been a major effort of Washington State since the original Hanford Tri-Party Agreement was signed in 1989. Existing resources are focused on contaminated site cleanup and tank closure. Hanford has thousands of historically contaminated soil and groundwater sites. There are 53 million gallons of high-level nuclear waste stored in underground tanks, and many are known to have leaked or may leak before they can be retrieved. Right now, Ecology has 15 staff focused on contaminated site cleanup and 15 staff focused on tank waste storage and retrieval. This request increases cleanup staff by one position and tank waste retrieval and closure staff by three positions.

The state initiated litigation against USDOE because of delays in Hanford cleanup milestones. The Consent Decree and Tri-Party Agreement milestones the state agreed to settled Ecology's litigation with USDOE. They result in new requirements for USDOE to perform cleanup and tank waste activities at a faster pace than they achieved prior to litigation. The faster pace of work requires more Ecology resources. For USDOE to successfully complete its cleanup requirements, Ecology must provide timely and effective regulatory review and decision making. This request will ensure the state can support the new requirements.

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The funding for the requested positions comes from USDOE through billing via the Mixed Waste Management fee and through a federal grant that funds agency oversight of Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA) activities at Hanford.

Subject matter contact: Steve Moore, (360) 407-7212 or SMOO461@ecy.wa.gov.

**Narrative Justification and Impact Statement**

*What specific performance outcomes does the agency expect?*

The following results and outcomes are expected from USDOE. Ecology will perform the following actions to support those outcomes.

- USDOE will retrieve waste from 19 single shell tanks by 2022. Ecology will review USDOE's tank waste retrieval plans, retrieval data, and review and approve retrieval certifications. To date, USDOE has retrieved waste from six single shell tanks.
- USDOE will close the C-Tank Farm by 2019. Ecology will review and issue the C-Tank Farm closure plan, component closure documents, and closure work plan documents.
- USDOE will prepare and submit plans to close tank farm ancillary and associated facilities by 2015. Ecology will develop the protectiveness standards, review and approve proposed plans, and issue records of decision.
- USDOE will complete all interim response actions (cleanups) by 2012; clean up 176 contaminated soil sites near the Columbia River by 2015; initiate treatment of near river groundwater contamination by 2012; clean up strontium plumes by 2016; and clean up hexavalent chromium plumes by 2020. To support these cleanup actions, Ecology will review and approve multiple cleanup plan proposals, issue records of decision with the Environmental Protection Agency (EPA), review work plans, and oversee cleanup work plan implementation.

For the activity "Restore the Air, Soil, and Water Contaminated from Past Activities at Hanford", it is not possible to quantify an incremental increase for the tons of radioactive and/or chemically contaminated soil and debris from near the Columbia River that are removed and securely disposed at Hanford. Material removal is generally above target, but volume can fluctuate as cleanup is completed.

**Performance Measure Detail**

<p><b>Activity: A014</b></p> <p><b>Restore the Air, Soil, and Water Contaminated from Past Activities at Hanford</b></p> <p><b>Outcome Measures</b></p> <p>001358 Tons of radioactive and/or chemically contaminated soil and debris from near the Columbia River that are removed and securely disposed at Hanford.</p>	<p style="text-align: center;">Incremental Changes</p> <p><b><u>FY 2012</u></b>                      <b><u>FY 2013</u></b></p> <p>0.00                                      0.00</p>
<p><b>Activity: A017</b></p> <p><b>Ensure Safe Tank Operations, Storage of Tank Wastes, &amp; Closure of the Waste Storage Tanks at Hanford</b></p> <p><b>Outcome Measures</b></p> <p>001357 Number of tanks containing radioactive hazardous waste emptied at Hanford's "C-Tank Farm" (cumulative).</p>	<p style="text-align: center;">Incremental Changes</p> <p><b><u>FY 2012</u></b>                      <b><u>FY 2013</u></b></p> <p>2.00                                      2.00</p>

**Agency:** 461 Department of Ecology  
**Decision Package Code/Title:** DA Hanford Tank Closure and Cleanup

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***Is this decision package essential to implement a strategy identified in the agency's strategic plan?***

This request supports two Hanford cleanup goals and strategies in Ecology's strategic plan. It supports retrieving wastes from single shell tanks and cleaning up sites contaminated by past practices at Hanford. Tank waste retrieval and tank farm closure provide near term improvement for safely storing tank waste. Contaminated site cleanup, especially near the Columbia River, reduces the threat of toxic and radioactive contaminants entering the river.

***Does this decision package provide essential support to one of the Governor's priorities?***

Yes, the Governor and Ecology share "Reducing Toxic Threats" as a priority. The Governor also prioritizes "Holding the Federal Government to Its Promises." This request directly supports the state's litigation settlement with USDOE, which holds them accountable for delays in meeting their Tri-Party Agreement commitments.

***Does this decision package make key contributions to statewide results? Would it rate as a high priority in the Priorities of Government process?***

Yes, this package contributes to the key result of "Improve the Quality of Washington's Natural Resources" through established safeguards and standards. There are two activities associated with this request. The activity "Restore the Air, Soil, and Water Contaminated from Past Activities at Hanford" is ranked #3 in the state's 2010 Priorities of Government process. "Ensure Safe Tank Operations, Storage of Tank Wastes, & Closure of the Waste Storage Tanks at Hanford" ranks #44 of 148 activities. Both are high priority activities, based on the significant environmental threat Hanford poses and the improvement reflected in recent progress and projected as a result of the newly established Consent Decree.

***What are the other important connections or impacts related to this proposal?***

This request provides resources Ecology needs to support new requirements USDOE must perform to comply with the recent Hanford cleanup Consent Decree. USDOE must perform significant tank waste retrieval and cleanup actions that will result in improved environmental conditions at Hanford. This will require major support from Ecology to review and approve USDOE regulatory plans.

***What alternatives were explored by the agency, and why was this alternative chosen?***

Because the state initiated the lawsuit that resulted in the Consent Decree, we did not evaluate an alternative to support the new work. Transferring resources within Ecology was evaluated and determined unfeasible. Existing Ecology staff working on Hanford cleanup are assigned to priority cleanup and waste treatment activities. Shifting resources would result in delays in other areas of Hanford cleanup.

***What are the consequences of not funding this package?***

If this request is not approved, the state would not have resources to fulfill its commitments for oversight of tank waste retrieval, C-Tank Farm closure, and near river contaminated site cleanup. Because the state achieved these aggressive cleanup requirements through litigation with USDOE, other priority Hanford cleanup work would have to be unstaffed, negating environmental protection gains the state made through litigation. Without the staffing increase, other critical Hanford cleanup oversight resources would be redirected.

***What is the relationship, if any, to the state's capital budget?***

None.

***What changes would be required to existing statutes, rules, or contracts, in order to implement the change?***

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**Decision Package Code/Title:** DA Hanford Tank Closure and Cleanup

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No changes are required.

*Expenditure and revenue calculations and assumptions*

Expenditures are assumed to begin on May 1, 2012, pending passage of the 2012 Supplemental Budget. Workload assumptions are based on detailed program planning that provided hours (FTE), schedule, and positions (classifications) needed to perform the work. Revenue for this request is funded by fees charged to USDOE and by a federal grant. USDOE is required to fund state activities necessary to oversee Hanford cleanup. The tank waste retrieval work scope requires two Environmental Engineer 3 positions and one Environmental Specialist 3. These three positions are funded by the Mixed Waste Management fee. The near Columbia River cleanup work scope requires one Environmental Specialist 3. This position is funded by the federal grant for CERCLA oversight.

Salary estimates are based on two Environmental Engineer 3 and two Environmental Specialist 3 positions at current actual rates in effect for each job classification, and are calculated at step L. Employee benefits are calculated at the agency approved standard average of 30.4 percent of salaries. Goods and services reflect agency approved standard costs calculated at the agency average of \$4,316 per direct program FTE per fiscal year. Travel reflects agency approved standard costs calculated at the agency average of \$1,021 per direct program FTE per fiscal year. Agency Administrative Overhead is calculated at the federally approved agency indirect rate of 34.4 percent of program salaries and benefits and is shown in object T. Administration program FTEs are included at 0.15 FTE per direct program FTE. Equipment is based on the agency standard cost for start-up of new employees in the first year only and is shown in Object J.

*Which costs and functions are one-time? Which are ongoing? What are the budget impacts in future biennia?*

Expenditures are assumed to begin on May 1, 2012, pending passage of the 2012 Supplemental Budget, and expenditures are ongoing.

Salaries are based on the Department of Personnel's salary schedule effective July 1, 2011. This schedule includes a three percent temporary salary reduction for state employees effective during the 2011-13 biennium. The 6 Year Fiscal Detail salary and benefit estimates for Fiscal Year 2014 through Fiscal Year 2017 are also based on the July 1, 2011 schedule. Ecology assumes once the temporary salary reduction is lifted, future salary and benefits calculated as a percentage of salary will be increased. As appropriations are made or estimated for the future, Ecology assumes the Office of Financial Management and the Legislature will include an increase in our expenditure authority.

<u>Object Detail</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>Total</u>
A Salaries And Wages	43,010	257,544	300,554
B Employee Benefits	13,075	78,293	91,368
E Goods And Services	2,883	17,264	20,147
G Travel	683	4,084	4,767
J Capital Outlays	30,208		30,208
T Intra-Agency Reimbursements	19,293	115,528	134,821
<b>Total Objects</b>	<b>109,152</b>	<b>472,713</b>	<b>581,865</b>

**Decision Package Code/Title: PL DA Hanford Tank Closure and Cleanup**

**6 Year Fiscal Detail**

<b>Expenditures by Account</b>		<b><u>FY 2012</u></b>	<b><u>FY 2013</u></b>	<b><u>FY 2014</u></b>	<b><u>FY 2015</u></b>	<b><u>FY 2016</u></b>	<b><u>FY 2017</u></b>
001-2	General Fund - Federal	23,167	93,498	93,498	93,498	93,498	93,498
173-1	State Toxics Control - State	85,985	379,215	379,215	379,215	379,215	379,215
<b>Total Expenditures</b>		<b>109,152</b>	<b>472,713</b>	<b>472,713</b>	<b>472,713</b>	<b>472,713</b>	<b>472,713</b>

<b>Expenditures by Object</b>		<b><u>FY 2012</u></b>	<b><u>FY 2013</u></b>	<b><u>FY 2014</u></b>	<b><u>FY 2015</u></b>	<b><u>FY 2016</u></b>	<b><u>FY 2017</u></b>
A	Salaries and Wages	43,010	257,544	257,544	257,544	257,544	257,544
B	Employee Benefits	13,075	78,293	78,293	78,293	78,293	78,293
E	Goods and Services	2,883	17,264	17,264	17,264	17,264	17,264
G	Travel	683	4,084	4,084	4,084	4,084	4,084
J	Capital Outlays	30,208					
T	Intra-Agency Reimbursements	19,293	115,528	115,528	115,528	115,528	115,528
<b>Total Objects</b>		<b>109,152</b>	<b>472,713</b>	<b>472,713</b>	<b>472,713</b>	<b>472,713</b>	<b>472,713</b>

**Staffing**

<b><u>Job Class</u></b>	<b><u>Salary</u></b>	<b><u>FY 2012</u></b>	<b><u>FY 2013</u></b>	<b><u>FY 2014</u></b>	<b><u>FY 2015</u></b>	<b><u>FY 2016</u></b>	<b><u>FY 2017</u></b>
Environmental Engineer 3	78,468	0.3	2.0	2.0	2.0	2.0	2.0
Environmental Specialist 3	50,304	0.4	2.0	2.0	2.0	2.0	2.0
Financial Analyst 2		0.1	0.6	0.6	0.6	0.6	0.6
<b>Total FTEs</b>		<b>0.8</b>	<b>4.6</b>	<b>4.6</b>	<b>4.6</b>	<b>4.6</b>	<b>4.6</b>

**Revenue**

<b><u>Account</u></b>	<b><u>Source</u></b>	<b><u>FY 2012</u></b>	<b><u>FY 2013</u></b>	<b><u>FY 2014</u></b>	<b><u>FY 2015</u></b>	<b><u>FY 2016</u></b>	<b><u>FY 2017</u></b>
001 General Fund	0381	23,167	93,498	93,498	93,498	93,498	93,498
173 State Toxics Control	0294	85,985	379,215	379,215	379,215	379,215	379,215
<b>Total Revenue</b>		<b>109,152</b>	<b>472,713</b>	<b>472,713</b>	<b>472,713</b>	<b>472,713</b>	<b>472,713</b>



**Agency:** 461 Department of Ecology  
**Decision Package Code/Title:** DC Improving Air Permit Services

**Budget Period:** 2011-13  
**Budget Level:** PL - Performance Level

**Recommendation Summary Text:**

Certain new and modified sources of air pollution require air quality permits prior to construction. Despite the economic downturn, Ecology has seen an increase in permit applications over the past several years - especially for large air emitters. An unusually high number of large projects are already in process and more are expected soon. New federal regulations have increased permit complexity, requiring considerable additional analysis and staff time to process. Ecology expects an increase in the number of permits as the state economy improves. And businesses continue to press for faster permitting. Ecology requests an additional permit engineer position to make sure permits are issued in a timely fashion, so new and modified operations can begin without avoidable delays. A new position would be paid for through fees from increased permitting activity. (Air Pollution Control Account)

**Fiscal Detail**

<b>Operating Expenditures</b>		<b><u>FY 2012</u></b>	<b><u>FY 2013</u></b>	<b><u>Total</u></b>
216-1 Air Pollution Control Account-State			150,410	150,410
<b>Total Cost</b>			<b>150,410</b>	<b>150,410</b>
<b>Staffing</b>		<b><u>FY 2012</u></b>	<b><u>FY 2013</u></b>	<b><u>Annual Average</u></b>
FTEs		.0	1.2	.6
<b>Revenue</b>				
<b><u>Fund</u></b>	<b><u>Source</u></b>	<b><u>FY 2012</u></b>	<b><u>FY 2013</u></b>	<b><u>Total</u></b>
216 Air Pollution Ctl Ac	0299 Other Licenses Permi		175,000	175,000
<b>Total Revenue</b>			<b>175,000</b>	<b>175,000</b>

**Package Description:**

Federal and state clean air laws require certain new and modified sources of air pollution to get air quality permits prior to construction. These permits assure the appropriate level(s) of pollution controls are designed into the facilities and processes before they are built. Ecology issues permits for major and minor sources within its regional office jurisdictions, and statewide, for the largest sources -- those covered under the federal Prevention of Significant Deterioration (PSD) permit program. Ecology also manages ongoing permit and compliance issues for facilities under the federal large source Air Operating Permit program.

New applications for major sources of air pollution have been increasing, even though the state has experienced a significant slowing in economic activity over the last few years. Ecology is experiencing a larger-than-usual permitting load for large, complex projects. We expect this to be an ongoing and potentially increasing trend. A great number of modifications at existing large industrial facilities and new major projects in Eastern Washington have resulted in highly complex and time-consuming permit actions.

Examples include an upturn in Boeing aircraft production rates for a number of aircraft models; major biomass energy projects at pulp and paper facilities; changes to the federal permitting program requirements (including new requirements to permit large greenhouse

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gas-emitting sources); server farm operator development and continuing interest in low-cost land and power in Eastern Washington; and a rebound in the economy. All indicate an on-going, heightened level of permitting activity, especially for the larger, more-complex permits. Also, Ecology is responding to increased public participation in the permitting process, mainly with biomass facilities and server farms. Lengthy response to comments and multiple civil suits have added greatly to the workload. The combination of all these factors signals increased workload for the foreseeable future.

Ecology regional and headquarter permit resources have been challenged to meet these workload demands. Projects are being triaged between and among different regional and headquarters engineering staff, and policy employees with engineering background are being pressed back into direct permit services. In addition, engineering resources are being shared between the various permitting programs (minor new source review, major new source review, and air operating permit programs). A known, large workload for air operating permitting updates (that occur every five years), coupled with an unusually high number of new, large proposals, is inundating the existing permit issuing system. As stresses mount, the timeliness of issuing permits is starting to slip. Surveys show clients are satisfied with permit services to date, but the projected level of activity could negatively impact these positive ratings.

Ecology's Air Quality Program recently adjusted its fee structure for New Source Review permits. Instead of a flat rate based on emissions and source complexity, the fee is now more closely matched to the actual work performed to issue the permit. This structural change was intended to reduce the program's reliance on the amount of General Fund support needed to supplement permit issuing activities. But, it can also be used to help address fluctuations in permit demand. Given an increasing volume of permits, the new rate structure can also accommodate additional resources needed to meet the increasing demand. A new position would be paid for from increased permit revenues generated from increased permit demand.

This request is for 1.0 FTE and approximately \$150,410 in Air Pollution Control Account appropriation authority in Fiscal Year 2013, bow-waved in ensuing biennia, to address increases in permitting workload driven by projected increases in permit activity. This increased workload could be addressed through contracted services or by hiring temporary, project, or permanent-status staff, based on program and client need.

**Narrative Justification and Impact Statement**

*What specific performance outcomes does the agency expect?*

Ecology monitors permit timeliness and permittee satisfaction. Permit timeliness for one type of permit, Notice of Construction, is tracked as an agency performance measure. Client satisfaction with permit processing activities is determined regularly through an independent survey. Survey results are published on Ecology's website and can be found at <http://www.ecy.wa.gov/biblio/1101002.html>. (Specific air permitting results may be found in the appendices, pages 24-27 of that report.)

Ecology does not assume changes in the permit timeliness performance measure because we are seeking additional resources to stay at existing performance levels.

**Performance Measure Detail**

<b>Activity: A045 Reduce Air Pollution from Industrial and Commercial Sources</b>		<b>Incremental Changes</b>	
		<b><u>FY 2012</u></b>	<b><u>FY 2013</u></b>
<b>Output Measures</b>			
000994	Average Notice of Construction permit processing time (days).	0.00	0.00

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***Is this decision package essential to implement a strategy identified in the agency's strategic plan?***

Ecology's air quality permit activity is essential to the agency's strategic plan priority to "Reduce Toxic Threats." Making sure certain large facilities in Washington comply with the latest federal greenhouse gas emission regulations also helps support the agency's strategic plan priority to "Address Climate Change." This activity is also essential to the agency activity "Reduce Air Pollution from Industrial and Commercial Sources."

***Does this decision package provide essential support to one of the Governor's priorities?***

This request supports the Governor's priorities of "Delivering 21st Century Customer Service" and would support the Governor's strong interests in fostering economic development and job creation in the state.

***Does this decision package make key contributions to statewide results? Would it rate as a high priority in the Priorities of Government process?***

Air quality permitting activities protect public health from toxic pollutants emitted by commercial and industrial enterprises. Ecology's "Reduce Air Pollution from Commercial and Industrial Sources" activity ranks high at #42 of 148 natural resource activities in the state's 2010 Priorities of Government process. Issuing permits in a timely manner is also an important consideration in spurring economic growth and business expansion in the state, both key priorities for the Governor.

***What are the other important connections or impacts related to this proposal?***

Successful efforts to attract business to the state result in increased workload for Ecology. Major new projects of statewide significance have added to the permit workload.

Also, Ecology recently increased its fees for new and modified source permitting to more fully capture program costs and reduce Ecology's reliance on state General Fund resources. Fees are currently set to recover the eligible costs of issuing a permit identified in statute. This will allow the program to respond effectively to increases in permit workload. General Fund dollars are still required for the permit program's development and maintenance costs, such as writing rules, maintaining jurisdictional consistency, and coordinating with the U.S. Environmental Protection Agency.

Please note: Funding in this request does not offset General Fund dollars. This request provides additional, direct engineering support for permit issuing activities paid for from fees deposited to the Air Pollution Control Account.

***What alternatives were explored by the agency, and why was this alternative chosen?***

The alternative to acquiring additional resources to manage the burgeoning workload is to continue processing permits within existing resources. This would increase processing times and/or allow a backlog of permits to begin to accrue. Ecology believes these are unacceptable alternatives.

Ecology has already streamlined the permit process by implementing a number of Air Quality "General Orders." The orders simplify permit processing for like facilities (e.g., rock crushers and asphalt batch plants) within Ecology's jurisdiction.

Additional engineering staff and/or contracted resources to provide needed technical assistance and permit processing for applicants is the best way to assure continued environmental protection while maintaining high levels of service and client satisfaction.

***What are the consequences of not funding this package?***

Especially complex and time-consuming permits for large and/or complicated entities will continue to burden the system and may

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detract from the program's ability to address all permits in a timely manner. Slower permit issuing and project approvals delay economic development and job creation. Over-burdened and back-logged staff may not be able to maintain high-quality standards. All of these results can affect decisions by companies to locate in Washington, or for existing companies to seek permission to expand.

*What is the relationship, if any, to the state's capital budget?*

None

*What changes would be required to existing statutes, rules, or contracts, in order to implement the change?*

None

*Expenditure and revenue calculations and assumptions*

Revenue

Highly complex projects, either in terms of large volumes of pollution, the toxicity of pollution emitted, or cumulative impacts of pollution on a community, require large amounts of analytical and processing time. Permitting one of these projects generally costs an applicant \$10,000-\$30,000 or more in Ecology fees. In July 2011, Ecology had completed three large-scale permit actions, was in mid-process on 13 large projects, and four more complex projects were in pre-application discussions. Ecology is currently in preliminary communications on other projects not yet ready for detailed application discussions. Because workload is cyclical and dependent on many factors, it is important to have flexibility to respond to new workloads.

Expenditures

Large, highly complex projects require specialized knowledge in air quality permitting, as well as knowledge of evolving federal and state clean air act requirements. For this reason, Ecology assumes ongoing costs for a senior licensed Professional Engineer (Environmental Engineer 3), plus standard agency costs and overhead. As mentioned before, Ecology will decide to hire a permanent, temporary, part-time staff person or contracted services based on workload and projected duration.

Salary estimates are based on one Environmental Engineer 3 position at the current actual rate in effect, and is calculated at step L. Employee benefits are calculated at the agency approved standard average of 30.4 percent of salaries. Goods and services reflect agency approved standard costs calculated at the agency average of \$4,316 per direct program FTE per fiscal year. Travel reflects agency approved standard costs calculated at the agency average of \$1,021 per direct program FTE per fiscal year. Equipment is based on the agency standard cost for start-up of new employees in the first year only and is shown in Object J. Agency Administrative Overhead is calculated at the federally approved agency indirect rate of 34.4 percent of program salaries and benefits and is shown in object T. Administration program FTEs are included at 0.15 FTE per direct program FTE.

*Which costs and functions are one-time? Which are ongoing? What are the budget impacts in future biennia?*

One-time costs for necessary furniture and equipment of \$7,552 are requested in year one. All other costs are on-going.

Salaries are based on the Department of Personnel's salary schedule effective July 1, 2011. This schedule includes a three percent temporary salary reduction for state employees effective during the 2011-13 biennium. The 6 Year Fiscal Detail salary and benefit estimates for Fiscal Year 2014 through Fiscal Year 2017 are also based on the July 1, 2011 schedule. Ecology assumes once the temporary salary reduction is lifted, future salary and benefits calculated as a percentage of salary will be increased. As appropriations are made or estimated for the future, Ecology assumes the Office of Financial Management and the Legislature will include an increase in our expenditure authority.

State of Washington  
Decision Package

FINAL

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<u>Object Detail</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>Total</u>
A Salaries And Wages		78,468	78,468
B Employee Benefits		23,854	23,854
E Goods And Services		4,316	4,316
G Travel		1,021	1,021
J Capital Outlays		7,552	7,552
T Intra-Agency Reimbursements		35,199	35,199
<b>Total Objects</b>		<b>150,410</b>	<b>150,410</b>

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**6 Year Fiscal Detail**

<b>Expenditures by Account</b>		<b><u>FY 2012</u></b>	<b><u>FY 2013</u></b>	<b><u>FY 2014</u></b>	<b><u>FY 2015</u></b>	<b><u>FY 2016</u></b>	<b><u>FY 2017</u></b>
216-1	Air Pollution Control - State		150,410	150,410	150,410	150,410	150,410
	<b>Total Expenditures</b>	<b>0</b>	<b>150,410</b>	<b>150,410</b>	<b>150,410</b>	<b>150,410</b>	<b>150,410</b>

<b>Expenditures by Object</b>		<b><u>FY 2012</u></b>	<b><u>FY 2013</u></b>	<b><u>FY 2014</u></b>	<b><u>FY 2015</u></b>	<b><u>FY 2016</u></b>	<b><u>FY 2017</u></b>
A	Salaries and Wages		78,468	78,468	78,468	78,468	78,468
B	Employee Benefits		23,854	23,854	23,854	23,854	23,854
E	Goods and Services		4,316	4,316	4,316	4,316	4,316
G	Travel		1,021	1,021	1,021	1,021	1,021
J	Capital Outlays		7,552	-	-	-	-
T	Intra-Agency Reimbursements		35,199	35,199	35,199	35,199	35,199
	<b>Total Objects</b>	<b>0</b>	<b>150,410</b>	<b>142,858</b>	<b>142,858</b>	<b>142,858</b>	<b>142,858</b>

**Staffing**

<b><u>Job Class</u></b>	<b><u>Salary</u></b>	<b><u>FY 2012</u></b>	<b><u>FY 2013</u></b>	<b><u>FY 2014</u></b>	<b><u>FY 2015</u></b>	<b><u>FY 2016</u></b>	<b><u>FY 2017</u></b>
Environmental Engineer 3	78,468		1.0	1.0	1.0	1.0	1.0
Fiscal Analyst 2			0.2	0.2	0.2	0.2	0.2
	<b>Total FTEs</b>	<b>0.0</b>	<b>1.2</b>	<b>1.2</b>	<b>1.2</b>	<b>1.2</b>	<b>1.2</b>

**Revenue**

<b><u>Account</u></b>	<b><u>Source</u></b>	<b><u>FY 2012</u></b>	<b><u>FY 2013</u></b>	<b><u>FY 2014</u></b>	<b><u>FY 2015</u></b>	<b><u>FY 2016</u></b>	<b><u>FY 2017</u></b>
216 - Air Pollution Control	0299		175,000	175,000	175,000	175,000	175,000
	<b>Total Revenue</b>	<b>0</b>	<b>175,000</b>	<b>175,000</b>	<b>175,000</b>	<b>175,000</b>	<b>175,000</b>

**Agency:** 461 Department of Ecology  
**Decision Package Code/Title:** DB Reducing Toxic Gasoline Exposures

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**Budget Period:** 2011-13  
**Budget Level:** PL - Performance Level

**Recommendation Summary Text:**

Gasoline vapors contain toxic and carcinogenic chemicals that can escape during storage tank filling and dispensing, placing the public at risk. These vapors also contain volatile organic compounds that contribute to ozone formation, another pollutant of concern for public health. State and federal laws require gasoline stations to manage these emissions with vapor recovery and spill prevention technologies. Ecology does not currently operate a compliance program in its jurisdiction in central and eastern Washington and San Juan County to prevent gasoline vapors from entering the environment and harming public health. Ecology requests authority to establish new fees to cover costs to ensure proper operation at these sources of ongoing toxic air pollution. (Air Pollution Control Account).

**Fiscal Detail**

**Operating Expenditures**

**Total**

**Total Cost**

**Package Description:**

Gasoline is a highly volatile substance. Vapors contain toxic and carcinogenic chemicals, including benzene. According to Ecology's 2008 "Toxic Air Pollutants Priorities Study", benzene is among the top five highest health risk toxic air contaminants in Washington. It increases the risk of developing leukemia and may cause other health problems to those with high exposure. Many of the volatile organic compounds in gasoline vapors are also key components in the formation of ozone, a pollutant that threatens public health. Reducing emissions of these substances directly reduces the public's exposure and health risk from the toxic chemicals in the vapors and from ozone these chemicals form in the atmosphere. Reducing these precursor chemicals also reduces the potential for ozone nonattainment in areas that may be at risk of higher ozone concentrations.

Federal and state rules (40 CFR 63 and WAC 173-491) require gas stations to use technologies that capture gasoline vapors at the time of delivery (Stage 1 vapor recovery) and, in certain locations, at the time of dispensing/sale (Stage 2 vapor recovery). The effectiveness of capture and spill prevention technology systems depends on proper use, maintenance, and training associated with their use. Where local air agencies exist they are responsible for implementing the gas vapor provisions. Ecology retains this authority in places where local air agencies don't exist. Local air agencies in the state operate ongoing, fee-supported regulatory programs to assure gas station equipment and practices comply with the law. Ecology discontinued its program due to budget constraints in the early 2000s. Ecology estimates there are 500 gas stations in its jurisdiction in central and eastern Washington and San Juan County that have not had their equipment inspected and their emissions verified since the early 2000s.

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Ecology is seeking legislative authority in 2012 to re-establish a fee, and re-deploy a compliance program for gas stations within its jurisdiction. Having completed several high profile rule-makings, including mandatory revisions to the greenhouse gas reporting and fee rules, Ecology has capacity to address additional rules in Fiscal Year 2013. If approved, Ecology will update its gasoline vapor recovery rule (WAC 173-491) with the latest vapor recovery and spill prevention practices and technologies, as well as develop an appropriate fee schedule. When complete, gas stations in Ecology's jurisdiction will be re-instated to the Air Contaminant Source Registration Program. Beginning in Fiscal Year 2014, gas stations will be subject to an annual fee to defray the costs of facility and equipment inspections, as well as the costs of collecting, maintaining, and reporting ongoing source emissions data.

Ecology is not requesting new expenditure authority in 2012. This fee proposal will support Ecology's 2013-15 biennial budget request when we would require two new Air Quality Program FTEs to conduct ongoing inspections of truck-to-tank transfer technologies; inspect any necessary tank-to-vehicle dispensing equipment, if applicable; provide technical assistance to the trade; ensure compliance with the regulations; and collect emissions data at approximately 500 gas stations and non-retail fuel-dispensing locations in central and eastern Washington and San Juan County. Each staff person would be responsible for approximately 100 inspections per year. It is possible economies could be achieved because another state agency and an Ecology program already inspect these types of facilities (Department of Agriculture Weights and Measures inspections and Department of Ecology Underground Storage Tank inspections). Adding spill control and vapor collection inspections to those activities will require more time for those inspectors on each visit, but the activities could be combined to achieve compliance and public safety goals for less overall staffing and travel costs. Some new up-front costs will be incurred to cross-train inspection personnel, but these could be outweighed by eliminating duplicate personnel and travel costs.

**JUSTIFICATION FOR NEW OR INCREASED FEE REQUESTS**

This proposal re-establishes a fee under Ecology's current administrative authority.

- 1. Fee Name: Gasoline Vapor Registration Fee
- 2. Current Tax or Fee Amount: None.
- 3. Proposed Amount:  
Fiscal Year 2012: None  
Fiscal Year 2013: None - Fee levels to be determined by rule in Fiscal Year 2013 and implemented in Fiscal Year 2014 and beyond.
- 4. Incremental Change for Each Year:  
Fiscal Year 2012: Not Applicable  
Fiscal Year 2013: Not Applicable
- 5. Expected Implementation Date: January 1, 2014
- 6. Estimated Additional Revenue Generated by Increase:  
Fiscal Year 2012: Not Applicable  
Fiscal Year 2013: Not Applicable
- 7. Justification: Federal and state laws require gas stations to manage gasoline vapor emissions with vapor recovery and spill prevention technologies. Gasoline vapors contain toxic and carcinogenic chemicals that can escape during tank filling and dispensing, placing the public at risk. These vapors also contain volatile organic compounds that contribute to ozone formation. This is another pollutant of concern for public health and a concern for ozone nonattainment areas in Washington.

Unlike other local air agency jurisdictions in Washington, Ecology does not currently operate a compliance program in its central and

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eastern Washington and San Juan County jurisdiction to ensure required equipment is in place and operated properly. Ecology is requesting new fees to properly regulate these sources of ongoing toxic air pollution.

Gas stations will be added to Ecology's existing Air Contaminant Source Registration Program (RCW 70.94.151) by rule. Ecology will update its vapor recovery and fee rules during Fiscal Year 2013 and begin conducting inspections; providing technical assistance; collecting emission inventory information; and assuring ongoing compliance with relevant laws beginning in Fiscal Year 2014. Fee collection will begin in January 2014.

8. Changes in Who Pays: Gas stations and other entities with gasoline tanks and dispensing equipment that are required by federal and state law to be equipped with spill prevention and vapor recovery technologies.

9. Changes in Methodology: The fee will be set at a level to recover the costs of conducting facility inspections, providing technical assistance, and maintaining emission inventory data for the state's Air Contaminant Source Registration Program. Annual fees will be set at a flat rate or graduated based on volume of fuel dispensed by a facility each year (larger stations have more tanks and pumps to be inspected). The fee amount will be established in rule with the participation of the regulated community.

10. Alternatives: Despite federal and state requirements to regulate emissions from gas stations, Ecology discontinued the gas station portion of the Air Contaminant Source Registration Program in its jurisdiction in the early 2000s. Inspections, technical assistance, emission inventory collection, and the corresponding fees were eliminated. Ecology requires revenue from the industry to provide ongoing inspections and technical assistance to ensure appropriate public health protections and compliance with federal law and ambient air quality standards. Without additional revenue, Ecology will not conduct the program.

11. Statutory Change Required? No

**Narrative Justification and Impact Statement**

*What specific performance outcomes does the agency expect?*

Once the inspection program is re-instated, all 500 gas stations in Ecology's jurisdiction in central and eastern Washington and San Juan County will be inspected to verify the existence, proper operation, and compliance with appropriate truck-to-tank vapor recovery and spill prevention technologies. If applicable, vehicle fill technologies will also be inspected and verified. Through this program, Ecology expects noxious vapors and toxic chemicals will be reduced in those Washington communities. The expected result is reduced adverse health impacts and reduced health care costs.

Ecology expects that, in the first round of inspections, we will discover a higher rate of noncompliant equipment and practices related to this equipment, and a higher level of technical assistance will be required. But, over time, we expect the compliance rate to improve to the level experienced in other local jurisdictions around the state - approximately 80 percent.

It is possible to quantify the 200 inspections we expect to conduct per year, but it is not possible at this time to quantify the reduction in vapor emissions or the resulting reductions in health effects.

There is no relevant performance measure in the Air Quality Program at this time.

**Performance Measure Detail**

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Activity:	A051	Reduce Risk from Toxic Air Pollutants	Incremental Changes	
			FY 2012	FY 2013
		<b>Measures</b>		
001655		Refer to Narrative Justification	0.00	0.00

***Is this decision package essential to implement a strategy identified in the agency's strategic plan?***

This activity is essential to and will support Ecology's priority "Reducing Toxic Threats" by ensuring all gas stations install, use, maintain, and properly operate required Stage 1 vapor recovery and spill prevention technologies and properly maintain Stage 2 vapor recovery and spill prevention technologies, if applicable. This activity also supports Ecology's strategic plan objective to improve air quality through the agency activity "Reduce Risks from Toxic Air Pollutants."

***Does this decision package provide essential support to one of the Governor's priorities?***

Yes. Ecology and the Governor share the "Reducing Toxic Threats" priority. This item also supports the Governor's priority to "Improve the Health of Washingtonians" by ensuring toxic gasoline vapors are not emitted to the environment; especially in residential neighborhoods, near schools, etc.

***Does this decision package make key contributions to statewide results? Would it rate as a high priority in the Priorities of Government process?***

This request is an essential element of Ecology's "Reduce Risk from Toxic Air Pollution" activity. It contributes to the Priorities of Government (POG) result to improve the quality of natural resources through the purchase strategy establish safeguards and standards. This activity ranks #4 of 148 natural resource activities in the state's 2010 POG process. Ecology believes the protective health benefits of this activity, and this request, will rate highly in any consideration of essential government activities.

***What are the other important connections or impacts related to this proposal?***

Future inspection costs will be paid by fees from gas stations, supporting the Governor's recent emphasis to charge appropriate fees for state services.

All local air agencies in the state charge fees that cover costs of inspecting these substantial air contaminant sources. Fees at the seven local air agencies are each different and are usually based on the overall costs of operating Source Registration programs. Some charge flat fees for these sources, while others charge flat fees with add-ons for emission points (tank vents) or graduated fees based on gasoline through-put. Base fees range from \$90-\$395 per year, with fees for the high-volume through-put in one jurisdiction exceeding \$3,000 per station. Inspections of these facilities usually occur every two or three years. Gas stations in Ecology's jurisdiction are currently unregulated for these emissions. This creates a regulatory disparity for gas stations in different jurisdictions, and the citizens living within Ecology's jurisdiction are potentially exposed to larger volumes of toxic gasoline vapors.

***What alternatives were explored by the agency, and why was this alternative chosen?***

Ecology considered not renewing this program and not conducting these inspections. Based on the potential for public harm, we determined that not moving forward placed citizens at increased risk.

***What are the consequences of not funding this package?***

Citizens in Ecology's jurisdiction in central and eastern Washington and San Juan County would continue to be exposed to harmful gasoline emissions. Negative health impacts and the consequent health care costs would not be reduced. Gas stations in this jurisdiction would continue to be the only gas stations in the state not regulated for harmful vapor emissions. Also, uncontrolled

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emissions of precursor chemicals could contribute to higher ozone values in those communities. The federal government could withhold all or a portion of the state air grant for failing to comply with the federal regulation.

*What is the relationship, if any, to the state's capital budget?*

None.

*What changes would be required to existing statutes, rules, or contracts, in order to implement the change?*

In Fiscal Year 2013, Ecology will update its gasoline vapor recovery rule (WAC 173-491) to incorporate the newest vapor recovery and spill prevention requirements. We will also update the air quality fee rule (WAC 173-455) to re-instate gas stations in Ecology's jurisdiction to the Air Contaminant Source Registration Program.

*Expenditure and revenue calculations and assumptions*

Ecology is not requesting new expenditure authority in 2012. This fee proposal will support Ecology's 2013-15 biennial budget request. Beginning in Fiscal Year 2014, fee revenue will be used to conduct inspections for Stage 1 vapor recovery (and Stage 2 vapor recovery, if applicable) and spill prevention technologies. Revenue will also be used to update central and eastern Washington and San Juan County emission inventories to reflect newly reported emissions from gas stations. Ecology assumes two FTEs at the Environmental Specialist 3 level, plus agency standard costs. Each FTE will conduct approximately 100 inspections per year, and do all technical assistance, follow-up and enforcement actions, plus all annual emission inventory inputs/maintenance for gas stations newly reporting to the Air Contaminant Source Registration Program.

Salary estimates are based on one Environmental Specialist 3 position at the current actual rate in effect, and is calculated at step L. Employee benefits are calculated at the agency approved standard average of 30.4 percent of salaries. Goods and services reflect agency approved standard costs calculated at the agency average of \$4,316 per direct program FTE per fiscal year. Travel reflects agency approved standard costs calculated at the agency average of \$1,021 per direct program FTE per fiscal year. Agency Administrative Overhead is calculated at the federally approved agency indirect rate of 34.4 percent of program salaries and benefits and is shown in object T. Administration program FTEs are included at 0.15 FTE per direct program FTE. Equipment is based on the agency standard cost for start-up of new employees in the first year only and is shown in Object J.

*Which costs and functions are one-time? Which are ongoing? What are the budget impacts in future biennia?*

Inspection costs funded from the Air Pollution Control Account are ongoing beginning in Fiscal Year 2014, and will include start-up costs for new employees in Fiscal Year 2014.

Salaries are based on the Department of Personnel's salary schedule effective July 1, 2011. This schedule includes a three percent temporary salary reduction for state employees effective during the 2011-13 biennium. The 6 Year Fiscal Detail salary and benefit estimates for Fiscal Year 2014 through Fiscal Year 2017 are also based on the July 1, 2011 schedule. Ecology assumes once the temporary salary reduction is lifted, future salary and benefits calculated as a percentage of salary will be increased. As appropriations are made or estimated for the future, Ecology assumes the Office of Financial Management and the Legislature will include an increase in our expenditure authority.

**Decision Package Code/Title: PL DB Reducing Toxic Gasoline Exposures**

**6 Year Fiscal Detail**

<b>Expenditures by Account</b>		<b><u>FY 2012</u></b>	<b><u>FY 2013</u></b>	<b><u>FY 2014</u></b>	<b><u>FY 2015</u></b>	<b><u>FY 2016</u></b>	<b><u>FY 2017</u></b>
216-1	Air Pollution Ctl Ac - State			202,101	186,997	186,997	186,997
	<b>Total Expenditures</b>	<b>0</b>	<b>0</b>	<b>202,101</b>	<b>186,997</b>	<b>186,997</b>	<b>186,997</b>

<b>Expenditures by Object</b>		<b><u>FY 2012</u></b>	<b><u>FY 2013</u></b>	<b><u>FY 2014</u></b>	<b><u>FY 2015</u></b>	<b><u>FY 2016</u></b>	<b><u>FY 2017</u></b>
A	Salaries and Wages			100,608	100,608	100,608	100,608
B	Employee Benefits			30,585	30,585	30,585	30,585
E	Goods and Services			8,632	8,632	8,632	8,632
G	Travel			2,042	2,042	2,042	2,042
J	Capital Outlays			15,104			
T	Intra-Agency Reimbursements			45,130	45,130	45,130	45,130
	<b>Total Objects</b>	<b>0</b>	<b>0</b>	<b>202,101</b>	<b>186,997</b>	<b>186,997</b>	<b>186,997</b>

**Staffing**

<b><u>Job Class</u></b>	<b><u>Salary</u></b>	<b><u>FY 2012</u></b>	<b><u>FY 2013</u></b>	<b><u>FY 2014</u></b>	<b><u>FY 2015</u></b>	<b><u>FY 2016</u></b>	<b><u>FY 2017</u></b>
Environmental Specialist 3	50,304			2.0	2.0	2.0	2.0
Fiscal Analyst 2				0.3	0.3	0.3	0.3
	<b>Total FTEs</b>	<b>0.0</b>	<b>0.0</b>	<b>2.3</b>	<b>2.3</b>	<b>2.3</b>	<b>2.3</b>

**Revenue**

<b><u>Account</u></b>	<b><u>Source</u></b>	<b><u>FY 2012</u></b>	<b><u>FY 2013</u></b>	<b><u>FY 2014</u></b>	<b><u>FY 2015</u></b>	<b><u>FY 2016</u></b>	<b><u>FY 2017</u></b>
216 Air Pollution Control	0299			200,000	200,000	200,000	200,000
	<b>Total Revenue</b>	<b>0</b>	<b>0</b>	<b>200,000</b>	<b>200,000</b>	<b>200,000</b>	<b>200,000</b>

**Agency:** 461 Department of Ecology  
**Decision Package Code/Title:** DE Greenhouse Gas Reporting Fees

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**Budget Period:** 2011-13  
**Budget Level:** PL - Performance Level

**Recommendation Summary Text:**

Initiatives 960 and 1053 require the Legislature to authorize all new fees and fee increases. The Legislature directed Ecology to create a Greenhouse Gas Reporting Program, which requires certain entities in the state to report emissions of greenhouse gases each year. Costs of collecting, storing, and reporting greenhouse gas data, as well as providing technical assistance to the reporting community, are to be recovered by collecting a Greenhouse Gas Reporting Program fee. The rule authorizing fees was completed after passage of Initiative 1053, which restated Initiative 960's requirement for the Legislature to authorize new fees and fee increases. Ecology is requesting legislative authorization to implement the fee. (Air Pollution Control Account)

**Fiscal Detail**

<b>Operating Expenditures</b>	<b><u>Total</u></b>
<b>Total Cost</b>	

**Package Description:**

In 2008, the Legislature passed E2SHB 2815, adopting state greenhouse gas reduction targets and directing Ecology to create a Greenhouse Gas Reporting Program. Under that program, entities emitting more than 10,000 metric tons of carbon dioxide equivalents must report those emissions to Ecology. Costs of collecting, storing, and reporting that information, as well as providing technical assistance to the reporting community and coordinating reporting requirements with the U.S. Environmental Protection Agency (EPA), are to be recovered by collecting a fee.

In 2010, the Legislature reauthorized the reporting program (SSB 6373), but directed the requirements and timing of the state reporting program better align with the new federal reporting program. This legislation required revisions to pending rules and significantly delayed program implementation. Now adopted, the program rules stipulate the reporting will not begin until spring 2013; and fee collection will begin in the fall that year.

Prior to completing the rule implementing the Greenhouse Gas Reporting Program and fee, voters in Washington adopted Initiative 1053. That initiative, and Initiative 960, requires the Legislature to authorize new fees and fee increases. Despite previous legislative direction to create the program and fee, Ecology is now requesting additional legislative authorization to implement the fee element of the program.

JUSTIFICATION FOR NEW OR INCREASED FEE REQUESTS

**Agency:** 461 Department of Ecology  
**Decision Package Code/Title:** DE Greenhouse Gas Reporting Fees

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This proposal requests authority to implement a fee under Ecology's current statutory authority.

1. Fee Name: Greenhouse Gas Reporting Fee

2. Current Tax or Fee Amount: The fee amount is determined by formula in the regulation. Seventy-five percent of the documented cost of the program is distributed equally as a fee among all facilities that emit 10,000 metric tons or more of greenhouse gas equivalents in a calendar year. Twenty-five percent of the documented cost of the program is distributed equally as a fee among all fuel suppliers, distributors, and importers whose product, when combusted or oxidized, emits 10,000 metric tons or more of greenhouse gas equivalents in a calendar year.

3. Proposed Amount:

FY 2012: None

FY 2013: None

4. Incremental Change for Each Year:

FY 2012: None

FY 2013: None

5. Expected Implementation Date: Ecology is required to publish the fee amount, based on a regulatory formula, in fall 2012. Revenue will not be collected until October 31, 2013. Ecology assumes fee authority is needed in 2012 because the fee schedule will be set and published in 2012.

6. Estimated Additional Revenue Generated by Increase:

FY 2012: None

FY 2013: None

7. Justification: The Legislature created a state Greenhouse Gas Reporting Program in 2008 (E2SHB 2815). The legislation included authorization to collect fees from entities required to report their greenhouse gas emissions. Implementing the state Greenhouse Gas Reporting Program was delayed by subsequent legislation in 2010, and the program is now expected to begin collecting reported emissions information in spring 2013. The first fees to support the program are expected to be collected in October 2013 (Fiscal Year 2014).

8. Changes in Who Pays: Entities required to report their greenhouse gas emissions, or entities that choose to voluntarily report their emissions, will be required to pay the fee. The fee is to recover the costs of implementing the program.

9. Changes in Methodology: None

10. Alternatives: The greenhouse gas reporting fee is necessary to operate a state program.

11. Statutory Change Required? No

### **Narrative Justification and Impact Statement**

*What specific performance outcomes does the agency expect?*

The outcome of this proposal is to receive the authority to collect this fee.

**Agency:** 461 Department of Ecology  
**Decision Package Code/Title:** DE Greenhouse Gas Reporting Fees

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Ecology cannot implement the Greenhouse Gas Reporting Program without collecting fees to support the program's activities.

There will be no reportable performance measures in the 2011-13 biennium. With collecting fees, Ecology will be able to operate a program that collects, stores, and disseminates information for policymakers and the public beginning in the 2013-15 biennium.

**Performance Measure Detail**

**Activity: A063 Climate Change Mitigation and Adaptation**

		Incremental Changes	
		<u>FY 2012</u>	<u>FY 2013</u>
Measures			
001655	Refer to Narrative Justification	0.00	0.00

***Is this decision package essential to implement a strategy identified in the agency's strategic plan?***

"Addressing Climate Change" is one of the agency's strategic plan priorities. Collecting greenhouse gas emission information is an essential element in understanding the state's emission profile.

***Does this decision package provide essential support to one of the Governor's priorities?***

"Addressing Climate Change" is also a key priority for the Governor. Governor's Executive Order 09-05, "Washington's Leadership on Climate Change," directed Ecology and other state agencies to pursue actions necessary to position the state to achieve its statutory greenhouse gas reduction targets. Clearly understanding the source of greenhouse gas emissions can help policy makers frame effective reduction strategies.

***Does this decision package make key contributions to statewide results? Would it rate as a high priority in the Priorities of Government process?***

This activity is an important element in understanding the source of greenhouse gas emissions in the state and directly contributes to the statewide Priorities of Government (POG) result to "Improve the Quality of Washington's Natural Resources."

***What are the other important connections or impacts related to this proposal?***

Ecology completed the Greenhouse Gas Reporting Program rule in December 2010. We are proceeding with developing information systems, coordinating with EPA, and planning communication strategies for the regulated community. Ecology is required to publish fee amounts in fall 2012. Entities will be required to report 2012 emissions in spring 2013, and will be charged the fee for program participation in fall 2013.

***What alternatives were explored by the agency, and why was this alternative chosen?***

Ecology is following legislative direction to implement the program and recover a fee for the services provided.

***What are the consequences of not funding this package?***

Ecology will not be able to implement the Greenhouse Gas Reporting Program without collecting fees to support the program's activities.

**Agency:** 461 Department of Ecology  
**Decision Package Code/Title:** DE Greenhouse Gas Reporting Fees

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*What is the relationship, if any, to the state's capital budget?*

None.

*What changes would be required to existing statutes, rules, or contracts, in order to implement the change?*

None.

***Expenditure and revenue calculations and assumptions***

There are no proposed changes to revenues or expenditures at this time. This request seeks authority to implement fees per initiatives 960 and 1053.

*Which costs and functions are one-time? Which are ongoing? What are the budget impacts in future biennia?*

See above.

**Decision Package Code/Title: PL DE Greenhouse Gas Reporting Fees**

**6 Year Fiscal Detail**

<b>Expenditures by Account</b>		<b><u>FY 2012</u></b>	<b><u>FY 2013</u></b>	<b><u>FY 2014</u></b>	<b><u>FY 2015</u></b>	<b><u>FY 2016</u></b>	<b><u>FY 2017</u></b>
<b>Total Expenditures</b>		0	0	0	0	0	0

<b>Expenditures by Object</b>		<b><u>FY 2012</u></b>	<b><u>FY 2013</u></b>	<b><u>FY 2014</u></b>	<b><u>FY 2015</u></b>	<b><u>FY 2016</u></b>	<b><u>FY 2017</u></b>
<b>Total Objects</b>		0	0	0	0	0	0

<b>Staffing</b>							
<b><u>Job Class</u></b>	<b><u>Salary</u></b>	<b><u>FY 2012</u></b>	<b><u>FY 2013</u></b>	<b><u>FY 2014</u></b>	<b><u>FY 2015</u></b>	<b><u>FY 2016</u></b>	<b><u>FY 2017</u></b>
<b>Total FTEs</b>		0.0	0.0	0.0	0.0	0.0	0.0

<b>Revenue</b>							
<b><u>Account</u></b>	<b><u>Source</u></b>	<b><u>FY 2012</u></b>	<b><u>FY 2013</u></b>	<b><u>FY 2014</u></b>	<b><u>FY 2015</u></b>	<b><u>FY 2016</u></b>	<b><u>FY 2017</u></b>
<b>Total Revenue</b>		0	0	0	0	0	0



**Agency:** 461 Department of Ecology  
**Decision Package Code/Title:** DI Transfer Site Use Permits to Health

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**Budget Period:** 2011-13  
**Budget Level:** PL - Performance Level

**Recommendation Summary Text:**

The Department of Ecology is requesting to transfer commercial low-level radioactive waste site use permitting (site use permitting) from Ecology to the Department of Health (DOH). The majority of the permitting work involves radioactive waste, which falls under the regulatory purview of DOH, rather than hazardous or mixed radioactive and hazardous waste, which is Ecology's focus. Transferring this work will coordinate efforts between Ecology and DOH and provide improved service to permit applicants. This request supports DOH agency request legislation. (Site Closure Account)

**Fiscal Detail**

<b>Operating Expenditures</b>	<b><u>FY 2012</u></b>	<b><u>FY 2013</u></b>	<b><u>Total</u></b>
125-1 Site Closure Account-State		(79,000)	(79,000)
<b>Total Cost</b>		<b>(79,000)</b>	<b>(79,000)</b>

**Revenue**

<b><u>Fund</u></b>	<b><u>Source</u></b>	<b><u>FY 2012</u></b>	<b><u>FY 2013</u></b>	<b><u>Total</u></b>
125 Site Closure Account	0299 Other Licenses Permi		(240,000)	(240,000)
<b>Total Revenue</b>			<b>(240,000)</b>	<b>(240,000)</b>

**Package Description:**

The low-level radioactive waste (LLRW) site use permit program provides generators, packagers, and brokers permits for disposal of LLRW that is acceptable for disposal at the commercial LLRW radioactive waste disposal facility. There are close to 400 permits issued each year, and approximately 30,000 cubic feet of LLRW disposed.

Fees collected through the site use permit program are deposited in the Site Closure Account. Permit fees are managed by Ecology to ensure funds are sufficient to administer the permit program and to fund the executive and legislative participation in activities related to the Northwest Interstate Compact (NWIC) on LLRW Management. The NWIC is a cooperative effort of agreement states to protect citizens, maintain economic viability, and share the responsibilities of LLRW management. The NWIC provides authority to limit wastes disposed in the commercial LLRW disposal facility to only waste generated by member and agreement states. Without the authority provided by the NWIC, Washington would be unable to limit LLRW from other states.

Right now, DOH performs the permit reviews and makes recommendations to Ecology to issue permits to generators. This is done through an interagency agreement between Ecology and DOH. Ecology and DOH began this interagency agreement during the 2009-11 biennium, expecting to move forward with the natural resource agency streamlining proposal. E2SSB 5669 would have made this change in the 2011 legislative session. The DOH proposed 2012 legislation includes the move again providing authority for DOH

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**Decision Package Code/Title:** DI Transfer Site Use Permits to Health

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to issue permits. This request moves the LLRW permitting to DOH so it will reside within the agency that regulates all other aspects of radioactive waste management. This will make it easier for customers and constituents to work with state government on LLRW issues and remove the need for Ecology to maintain capacity for the site use permit program.

Subject matter contact: Steve Moore, (360) 407-7212 or steve.moore@ecy.wa.gov.

**Narrative Justification and Impact Statement**

*What specific performance outcomes does the agency expect?*

Site use permit customers and stakeholders will have one agency to work with to apply for and obtain permits.

**Performance Measure Detail**

<b>Activity: A018</b>	<b>Ensure the Safe Management of Radioactive Mixed Waste at Hanford</b>	<b>Incremental Changes</b>	
		<b><u>FY 2012</u></b>	<b><u>FY 2013</u></b>
	<b>Measures</b>		
001655	Refer to Narrative Justification	0.00	0.00

*Is this decision package essential to implement a strategy identified in the agency's strategic plan?*

This request is essential to providing seamless customer service to permit holders. It also supports the DOH request legislation that will streamline administration of the site use permit program.

*Does this decision package provide essential support to one of the Governor's priorities?*

This request is responsive to the Governor's priority for process improvement through Lean. The Governor and Ecology both have streamlining state services as priorities.

*Does this decision package make key contributions to statewide results? Would it rate as a high priority in the Priorities of Government process?*

Yes, this package contributes to the key result of "Improve the Quality of Washington's Natural Resources" through established safeguards and standards. This request supports the DOH request legislation that will streamline administration of the site use permit program.

*What are the other important connections or impacts related to this proposal?*

This request supports the DOH request legislation that will streamline administration of the site use permit program.

*What alternatives were explored by the agency, and why was this alternative chosen?*

DOH and Ecology considered not proposing the transfer of the site use permit program. Both agencies believe the transfer will result in

**Agency:** 461 Department of Ecology

**Decision Package Code/Title:** DI Transfer Site Use Permits to Health

improved service to customers by consolidating radiological regulatory functions at DOH. If the transfer does not occur, Ecology will continue issuing site use permits.

***What are the consequences of not funding this package?***

If this request is not approved, Ecology will have to resume administration of the site use permit program and end the interagency agreement with DOH. DOH will have to reassign a staff person who previously performed work under the interagency agreement. State government's customer and constituent service will not be improved without consolidating the state's site use permitting program into one agency.

***What is the relationship, if any, to the state's capital budget?***

Not applicable.

***What changes would be required to existing statutes, rules, or contracts, in order to implement the change?***

This package is tied to DOH agency request legislation. Chapter 70.98 RCW and Chapter 43.200 RCW will need to be revised to provide DOH the authority to issue LLRW site use permits and to remove this authority from Ecology statutes. DOH will also need to adopt rules to implement the program. The rules will be very similar to Ecology's WAC 173-326-050, and DOH does not expect them being complex or controversial.

***Expenditure and revenue calculations and assumptions***

Beginning in Fiscal Year 2013 and ongoing, all site use permitting activities and Ecology materials associated with the program will be transferred from Ecology to DOH. Costs include creating the rules necessary for the program, establishing and publishing renewal notifications, reviewing permit applications, recording permit information in the site use permit database, and managing the fiscal process for collecting permit fees. In Fiscal Year 2013 and ongoing, costs include \$79,000 from the Site Closure Account for this work.

DOH's agency request legislation will transfer collection of site use permit fees from Ecology to DOH. Estimated annual permit revenue is \$240,000, based on approximately 400 site use permit holders who renew permits each year. Ecology will continue to be the fund administrator and has already provided revenue estimates for the 2011-13 biennium. No new revenue is expected as a result of the transfer of site use permit work to DOH.

***Which costs and functions are one-time? Which are ongoing? What are the budget impacts in future biennia?***

Assumptions:

Expenditure is assumed to begin on July 1, 2012, pending passage of the DOH agency request legislation and the 2012 Supplemental Budget. The expenditure is ongoing. Expenditure assumptions support transfer of funds to DOH equivalent to the existing interagency agreement (\$79,000 annually). The transfer is shown in object E because DOH currently performs site use permitting under an interagency agreement.

<u>Object Detail</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>Total</u>
E Goods And Services		(79,000)	(79,000)

**Decision Package Code/Title: PL DI Transfer Site Use Permits to Health**

**6 Year Fiscal Detail**

<b>Expenditures by Account</b>		<b><u>FY 2012</u></b>	<b><u>FY 2013</u></b>	<b><u>FY 2014</u></b>	<b><u>FY 2015</u></b>	<b><u>FY 2016</u></b>	<b><u>FY 2017</u></b>
125-1	Site Closure Account - State		(79,000)	(79,000)	(79,000)	(79,000)	(79,000)
	<b>Total Expenditures</b>	<b>0</b>	<b>(79,000)</b>	<b>(79,000)</b>	<b>(79,000)</b>	<b>(79,000)</b>	<b>(79,000)</b>

<b>Expenditures by Object</b>		<b><u>FY 2012</u></b>	<b><u>FY 2013</u></b>	<b><u>FY 2014</u></b>	<b><u>FY 2015</u></b>	<b><u>FY 2016</u></b>	<b><u>FY 2017</u></b>
E	Goods and Services		(79,000)	(79,000)	(79,000)	(79,000)	(79,000)
	<b>Total Objects</b>	<b>0</b>	<b>(79,000)</b>	<b>(79,000)</b>	<b>(79,000)</b>	<b>(79,000)</b>	<b>(79,000)</b>

<b>Staffing</b>			<b><u>FY 2012</u></b>	<b><u>FY 2013</u></b>	<b><u>FY 2014</u></b>	<b><u>FY 2015</u></b>	<b><u>FY 2016</u></b>	<b><u>FY 2017</u></b>
<b><u>Job Class</u></b>		<b><u>Salary</u></b>						
	Total FTEs		0.0	0.0	0.0	0.0	0.0	0.0

<b>Revenue</b>			<b><u>FY 2012</u></b>	<b><u>FY 2013</u></b>	<b><u>FY 2014</u></b>	<b><u>FY 2015</u></b>	<b><u>FY 2016</u></b>	<b><u>FY 2017</u></b>
<b><u>Account</u></b>		<b><u>Source</u></b>						
125 - Site Closure Account		0299		(240,000)	(240,000)	(240,000)	(240,000)	(240,000)
	<b>Total Revenue</b>		<b>0</b>	<b>(240,000)</b>	<b>(240,000)</b>	<b>(240,000)</b>	<b>(240,000)</b>	<b>(240,000)</b>

**Agency:** 461 Department of Ecology  
**Decision Package Code/Title:** DH Public Participation Grants

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**Budget Period:** 2011-13  
**Budget Level:** PL - Performance Level

**Recommendation Summary Text:**

The Public Participation Grant Program (PPG) is a competitive grant program that provides funding to help citizen groups and non-profit public interest organizations facilitate public participation in the investigation and remediation of contaminated sites; carry out waste management projects; and promote state or local solid waste or hazardous waste management plans. The Model Toxics Control Act (MTCA) in RCW 70.105D.070(5) requires funding the PPG program at one percent of all revenues deposited into the State and Local Toxics Control Accounts (STCA/LTCA). In the 2011-13 enacted Operating Budget the Legislature funded the 2011-13 biennial PPG program below the one percent requirement, but did not change the statute to authorize a lower funding level. Ecology requests the Legislature amend the statute in the budget suspending the requirement to fund PPG at one percent of the revenues deposited into STCA/LTCA for the 2011-13 biennium consistent with the appropriation level and past biennial practice. (Proviso Request)

**Fiscal Detail**

<b>Operating Expenditures</b>	<b><u>Total</u></b>
<b>Total Cost</b>	

**Package Description:**

PPG projects help Washington residents provide informed feedback during public comment periods on site cleanup documents. PPG also funds non-profit organizations to do outreach and education to all members of a community on the causes, sources, and effects of pollution. Many projects help communities become aware of how their activities affect the environment. PPG projects educate diverse communities on responsible practices in their homes, schools, and businesses to prevent, reduce, or clean up pollution. PPG projects result in practical and responsible reuse of materials currently going to disposal sites as waste.

Two basic types of projects are funded out of PPG: contaminated site projects (investigation, cleanup, or restoration of contaminated sites); and waste management projects (carrying out waste management priorities of pollution prevention and waste reduction or elimination).

RCW 70.105D.070(5) requires that PPG be funded at one percent of actual revenues deposited into the STCA/LTCA. The statute reads, "One percent of the moneys deposited into the state and local toxics control accounts shall be allocated only for public participation grants to persons who may be adversely affected by a release or threatened release of a hazardous substance and to not-for-profit public interest organizations."

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**Decision Package Code/Title:** DH Public Participation Grants

During the 2009-11 biennium, the Legislature suspended the one percent requirement to line up with a reduction in the PPG appropriation levels. The 2011-13 biennium funding level is also below the one percent statutory requirement. If approved by the Legislature, this request will suspend the one percent statutory requirement again in the 2011-13 biennium.

**Narrative Justification and Impact Statement**

*What specific performance outcomes does the agency expect?*

This request ensures Ecology achieves PPG program outcomes within the MTCA requirements. All PPG projects must provide substantial and measurable public benefit and improve public participation through education and outreach. The projects must have well-defined activities that show positive behavior change related to the problem addressed by the agreement.

Some outcomes already seen from the 2009-11 biennium grants include:

- Diverting 1,300 pounds of paper for recycling and 56,000 pounds of organic waste for composting in Bellingham.
- Creating an educational curriculum for underserved Washington students that incorporates environmental sustainability.
- Adding Jefferson County to the Marina Enviro Stars program.
- Recruiting over 130 volunteers to sample Puget Sound beaches and waters in 12 counties for plastics accumulation analysis.
- Increasing the participation of Washington citizens regarding the Hanford cleanup process by more than 1,200 people.

Some outcomes expected from the 2011-13 biennium include:

- Adding up to 40 Spokane businesses to the Enviro Stars program.
- Diverting up to 900 tons of construction waste for reuse.
- Reducing waste and carbon footprint at 100 hotels statewide by at least 20 percent.
- Increasing the participation of Washington citizens concerning the Everett cleanup process by approximately 20 percent.

**Performance Measure Detail**

**Activity: A013 Fund Local Efforts to Clean Up Toxic Sites and Manage or Reduce Waste**

Incremental Changes

**FY 2012**

**FY 2013**

**Measures**

001655	Refer to Narrative Justification	0.00	0.00
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*Is this decision package essential to implement a strategy identified in the agency's strategic plan?*

Delivering resources for increased public education, participation, and oversight according to MTCA requirements and within legislative appropriations is essential to supporting Ecology's strategic plan priorities for "Reducing Toxic Threats" and "Protecting and Restoring Puget Sound." Education and participation - key functions of PPG - support the Urban Waters, Beyond Waste, as well as Persistent Bio-accumulative Toxin and Puget Sound initiatives. PPG provides funding for organizations to create and conduct education and outreach activities. These organizations host conferences, conduct workshops, and provide guidance to Washington's citizens and businesses on methods to reduce waste, limit exposure to toxins, prevent pollution to Puget Sound, and combat climate change. At the same time, they reduce energy and waste removal costs to homes and businesses.

*Does this decision package provide essential support to one of the Governor's priorities?*

PPG supports the Governor's priorities to "Clean Up Puget Sound" and "Reduce Toxic Threats." Funding recipients include Port

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**Decision Package Code/Title:** DH Public Participation Grants

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Townsend Marine Science Center, Citizens for a Healthy Bay, and Salish Sea Expeditions. These recipients allow the public access to information, training, and resources dedicated to reducing stormwater pollution, reducing plastic accumulation in Puget Sound, and restoring riparian vegetation.

***Does this decision package make key contributions to statewide results? Would it rate as a high priority in the Priorities of Government process?***

PPG is categorized under activity A013: "Fund Local Efforts to Clean Toxic Sites, Manage and Reduce Solid Waste." This activity makes key contributions to the result area to "Improve the Quality of Washington's Natural Resources" and ranked #105 of 148 natural resource activities in the state's 2010 Priorities of Government process. PPG provides funding for non-profit public interest groups across the state and focuses funding on many of Washington's environmental concerns, including:

- Hanford.
- Rayonier Mill cleanup.
- Plastics accumulation studies in the Puget Sound.
- Organic waste reduction for hotels and restaurants across Washington.
- Green building for affordable housing statewide.
- Reducing construction waste.

***What are the other important connections or impacts related to this proposal?***

Ecology places priority on projects that give diverse community groups a chance to learn about and help solve the state's environmental problems. These diverse groups include those who are economically disadvantaged or do not speak English as their first language.

***What alternatives were explored by the agency, and why was this alternative chosen?***

This proposal implements MTCA, which specifically directs Ecology to support public awareness and understanding of local cleanups and promote environmental education and outreach. Complying with the statute allows Ecology to expand local education efforts that support statewide priorities.

***What are the consequences of not funding this package?***

Ecology would not comply with the MTCA statute because the appropriation level authorized by the Legislature is less than one percent of the revenue estimated to be deposited into the STCA/LTCA.

***What is the relationship, if any, to the state's capital budget?***

None.

***What changes would be required to existing statutes, rules, or contracts, in order to implement the change?***

The language in RCW 70.105D.070(5) that requires PPG be funded at one percent of actual revenues deposited into the State and Local Toxics Control Accounts will need to be suspended for the 2011-13 biennium.

Ecology requests the Legislature include the following language in the supplemental budget: "Except during the 2011-2013 fiscal biennium, one percent of the moneys deposited into the state and local toxics control accounts shall be allocated only for public participation grants to persons who may be adversely affected by a release or threatened release of a hazardous substance and to not-for-profit public interest organizations."

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*Expenditure and revenue calculations and assumptions*

None.

*Which costs and functions are one-time? Which are ongoing? What are the budget impacts in future biennia?*

No change in costs.

**Decision Package Code/Title: PL DH Public Participation Grants**

**6 Year Fiscal Detail**

<b>Expenditures by Account</b>		<b><u>FY 2012</u></b>	<b><u>FY 2013</u></b>	<b><u>FY 2014</u></b>	<b><u>FY 2015</u></b>	<b><u>FY 2016</u></b>	<b><u>FY 2017</u></b>
<b>Total Expenditures</b>		0	0	0	0	0	0

<b>Expenditures by Object</b>		<b><u>FY 2012</u></b>	<b><u>FY 2013</u></b>	<b><u>FY 2014</u></b>	<b><u>FY 2015</u></b>	<b><u>FY 2016</u></b>	<b><u>FY 2017</u></b>
<b>Total Objects</b>		0	0	0	0	0	0

<b>Staffing</b>							
<b><u>Job Class</u></b>	<b><u>Salary</u></b>	<b><u>FY 2012</u></b>	<b><u>FY 2013</u></b>	<b><u>FY 2014</u></b>	<b><u>FY 2015</u></b>	<b><u>FY 2016</u></b>	<b><u>FY 2017</u></b>
<b>Total FTEs</b>		0.0	0.0	0.0	0.0	0.0	0.0

<b>Revenue</b>							
<b><u>Account</u></b>	<b><u>Source</u></b>	<b><u>FY 2012</u></b>	<b><u>FY 2013</u></b>	<b><u>FY 2014</u></b>	<b><u>FY 2015</u></b>	<b><u>FY 2016</u></b>	<b><u>FY 2017</u></b>
<b>Total Revenue</b>		0	0	0	0	0	0



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**Decision Package Code/Title:** DG Achieving Clean Air in Tacoma

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**Budget Period:** 2011-13  
**Budget Level:** PL - Performance Level

**Recommendation Summary Text:**

The Greater Tacoma area of Pierce County violates the national ambient air quality standard for fine particle pollution and has been designated nonattainment by the U.S. Environmental Protection Agency. Under federal law, the state and local community have until December 2012 to submit a set of viable, enforceable strategies that will return the area to compliance with the health-based standard. The Tacoma-Pierce County Clean Air Task Force, a broad-based stakeholder work group, is evaluating the problem and will recommend strategies to improve air quality in the area by November 2011. State resources may be required to fully implement adopted strategies. This is a placeholder request for state funding to implement those strategies if necessary. (Placeholder)

**Fiscal Detail**

<b>Operating Expenditures</b>	<b><u>Total</u></b>
<b>Total Cost</b>	

**Package Description:**

Fine particle pollution harms the health of Washington residents. Exposure to fine particles triggers or worsens heart and lung diseases, and may result in death.

There are many sources of fine particle pollution, including combustion in commercial/industrial activities; outdoor burning; residential wood heating; and exhaust from motor vehicles and off-road motorized equipment. Smoke from home heating (mainly wood stoves) is responsible for high particle pollution levels in many Washington communities during the winter months, exposing millions of citizens to unhealthy pollution levels. During periods of cold stagnant air, pollutants are held close to the ground. In a matter of hours, and sometimes for many days at a time, fine particles can build up to very harmful levels.

The U.S. Environmental Protection Agency (EPA) establishes health-based ambient air quality standards for certain pollutants, including fine particle pollution. The Greater Tacoma area in Pierce County violates the current standard and was designated nonattainment in December 2009. Under federal law, the state and local community must develop viable, enforceable strategies to reduce fine particle pollution and return the area to compliance with the health-based standard. The state is required to submit a plan by December 2012 to bring the area back into compliance, and the area must measure clean air by December 2014.

A nonattainment designation can have serious economic impacts on the community. In nonattainment areas, new or expanding

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businesses releasing air pollution must apply the most stringent and costly controls available. In addition, they must offset any increased pollution by reducing equal amounts of pollution from other sources in the nonattainment area. These requirements mean increased costs, less likelihood of investment in new facilities, and a compromised economic climate for business. Local governments also must devote scarce resources to develop and implement strategies to clean up the problem.

It will be difficult to correct this violation of the federal fine particle standard. It is clear from monitoring and source apportionment studies that smoke from residential home heating is the main source of fine particle pollution in the Pierce County nonattainment area. It accounts for approximately 60 percent of the winter time pollution. The vast majority of industrial and commercial sources of fine particle emissions are already well-controlled through strict permitting and capture-technology requirements. Major efforts to reduce pollution from motor vehicles and industrial engines are ongoing. Solutions that target the principal source of the local pollution problem - residential wood heat - will impact citizens' choices, behaviors, and personal finances, and are expected to be highly political.

Ecology and the local air agency, the Puget Sound Clean Air Agency (PSCAA), are not making sufficient progress to return the community's air quality to compliance with the federal standard by using existing tools. PSCAA has convened the Tacoma-Pierce County Clean Air Task Force, a broad-based stakeholder work group, to evaluate the problem and recommend solutions to bring the area back into clean air status. The work group is under a deadline to produce recommendations by November 2011. It is possible the work group could recommend strategies that require new statutory authority(ies) or that could require additional state financial support. Ecology is an active member of this workgroup and should be able to provide a better sense of the work group's strategy ideas as the process unfolds in early autumn.

This placeholder request is being submitted in advance of final recommendations to alert policy makers to potential funding needs in the Greater Tacoma community.

**Narrative Justification and Impact Statement**

*What specific performance outcomes does the agency expect?*

Any state funding will support critical strategies necessary to reduce air pollution and return the Greater Tacoma area of Pierce County from nonattainment to compliance. Ongoing measurements at the Tacoma "L" Street fine particle monitor will determine success of the overall plan. The formal, 24-hour fine particle average design value for the Tacoma "L" Street monitor during the monitored period, 2007-2009, was 45.6 micrograms per cubic meter of air. The monitor must measure a design value average less than 35.0 micrograms per cubic meter of air over a three year period to re-attain the standard.

**Performance Measure Detail**

Activity: A051 Reduce Risk from Toxic Air Pollutants

		Incremental Changes	
		<u>FY 2012</u>	<u>FY 2013</u>
Measures			
001655	Refer to Narrative Justification	0.00	0.00

*Is this decision package essential to implement a strategy identified in the agency's strategic plan?*

Fine particle pollution is toxic and very harmful to public health. Reducing public exposure to this pollutant is an essential component of the agency's strategic plan priority to "Reduce Toxic Threats."

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*Does this decision package provide essential support to one of the Governor's priorities?*

Reducing public exposure to this toxic pollutant supports the Governor's priorities to protect the health of citizens.

In addition, reducing fine particles in the air helps protect Puget Sound and the impacts of climate change, both priorities of the Governor. Fine particles are a delivery mechanism for highly toxic chemicals from combustion into the environment. Reducing the volume of particles helps protect Puget Sound by reducing the deposits of these chemicals into Puget Sound waters. Also, the black carbon particles associated with wood and petroleum combustion have recently been found to have a global warming/climate forcing effect. Reducing black carbon in the environment can help address climate change.

*Does this decision package make key contributions to statewide results? Would it rate as a high priority in the Priorities of Government process?*

This decision package directly supports the POG results "Improve the Quality of Washington's Environment" and "Improve the Health of Washingtonian's." Reducing the health and environmental threats from poor air quality has ranked high in the POG priorities, and would continue to be rated high. Many other communities in Washington are experiencing high levels of fine particle pollution. Like the Greater Tacoma area, the problems are most pronounced in winter, when cold, still air traps increased amounts of pollution closer to the ground where people breathe it. Successful strategies in Tacoma may be transferrable to other areas of the state.

*What are the other important connections or impacts related to this proposal?*

Strategies adopted by the Tacoma-Pierce County Clean Air Task Force may require legislation to authorize local actions, and it is possible such legislation may have a state financial component. This request should be considered a placeholder for that possibility.

*What alternatives were explored by the agency, and why was this alternative chosen?*

Not applicable for placeholder

*What are the consequences of not funding this package?*

Not applicable for placeholder

*What is the relationship, if any, to the state's capital budget?*

There is potential linkage to the state's capital budget and a complementary placeholder is included in our 2012 capital budget request. Strategies adopted by the Tacoma-Pierce County Clean Air Task Force could require significant expenditures for capital infrastructure or grants that could be appropriated through the capital budget.

*What changes would be required to existing statutes, rules, or contracts, in order to implement the change?*

Not known at this time

*Expenditure and revenue calculations and assumptions*

Not known at this time

*Which costs and functions are one-time? Which are ongoing? What are the budget impacts in future biennia?*

**PLACEHOLDER**

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Not known at this time

**Decision Package Code/Title: PL DG Achieving Clean Air in Tacoma (PLACEHOLDER)**

**6 Year Fiscal Detail**

<b>Expenditures by Account</b>		<b><u>FY 2012</u></b>	<b><u>FY 2013</u></b>	<b><u>FY 2014</u></b>	<b><u>FY 2015</u></b>	<b><u>FY 2016</u></b>	<b><u>FY 2017</u></b>
<b>Total Expenditures</b>		0	0	0	0	0	0

<b>Expenditures by Object</b>		<b><u>FY 2012</u></b>	<b><u>FY 2013</u></b>	<b><u>FY 2014</u></b>	<b><u>FY 2015</u></b>	<b><u>FY 2016</u></b>	<b><u>FY 2017</u></b>
<b>Total Objects</b>		0	0	0	0	0	0

<b>Staffing</b>							
<b><u>Job Class</u></b>	<b><u>Salary</u></b>	<b><u>FY 2012</u></b>	<b><u>FY 2013</u></b>	<b><u>FY 2014</u></b>	<b><u>FY 2015</u></b>	<b><u>FY 2016</u></b>	<b><u>FY 2017</u></b>
<b>Total FTEs</b>		0.0	0.0	0.0	0.0	0.0	0.0

<b>Revenue</b>							
<b><u>Account</u></b>	<b><u>Source</u></b>	<b><u>FY 2012</u></b>	<b><u>FY 2013</u></b>	<b><u>FY 2014</u></b>	<b><u>FY 2015</u></b>	<b><u>FY 2016</u></b>	<b><u>FY 2017</u></b>
<b>Total Revenue</b>		0	0	0	0	0	0



**Agency:** 461 Department of Ecology  
**Decision Package Code/Title:** XB 5% Reduction: Stormwater Grants

**Budget Period:** 2011-13  
**Budget Level:** PL - Performance Level

**Recommendation Summary Text:**

The Department of Ecology was directed by the Governor to submit five and ten percent budget reduction options based upon our General Fund-State biennial appropriations. This reduction request scales back Local Toxics Control Account (LTCA) stormwater grant funding on a one-time basis by \$2,246,000, or 25 percent of the base funding, and transfers these dollars to the General Fund-State. Significant local government stormwater funding in Ecology's Capital Budget helps to mitigate this reduction, but will result in less stormwater work in local communities. (Local Toxics Control Account, General Fund-State)

**Fiscal Detail**

<b>Operating Expenditures</b>		<b><u>FY 2012</u></b>	<b><u>FY 2013</u></b>	<b><u>Total</u></b>
174-1	Local Toxics Control Account-State	(965,780)	(1,280,220)	(2,246,000)
<b>Total Cost</b>		<b>(965,780)</b>	<b>(1,280,220)</b>	<b>(2,246,000)</b>
<b>Staffing</b>		<b><u>FY 2012</u></b>	<b><u>FY 2013</u></b>	<b><u>Annual Average</u></b>
	FTEs	-2	-2	-2
<b>Revenue</b>				
<b><u>Fund</u></b>	<b><u>Source</u></b>	<b><u>FY 2012</u></b>	<b><u>FY 2013</u></b>	<b><u>Total</u></b>
001 General Fund	0621 Operating Trans In	965,780	1,280,220	2,246,000
174 Local Toxics Control	0622 Operating Trans Out	(965,780)	(1,280,220)	(2,246,000)
<b>Total Revenue</b>				

**Package Description:**

**BACKGROUND:**

Operating budget funding for stormwater grants to local communities was first included in Ecology's 2007-09 biennium Operating Budget. A proviso required the funding be used to offset some of the costs to local governments from the new phase II stormwater permit requirements. Ecology distributed the 2007-09 biennium stormwater appropriation as \$75,000 capacity grants to more than 110 local governments. The grants helped them meet the stormwater requirements.

In the 2009-11 biennium, Ecology received nearly \$9 million for stormwater grants funded from the LTCA. Unlike the previous appropriation, no conditions were placed on the funding. Ecology distributed about \$5.35 million as \$50,000 capacity grants to 107 phase II cities and counties. We also gave approximately \$3.14 million in grants for stormwater projects of regional and statewide significance. In the 2011-13 biennium, nearly \$9 million of the LTCA has been appropriated to Ecology, with no proviso conditioning the use of funds.

**PACKAGE PROPOSAL:**

In June and September 2011, the state reduced its General Fund-State revenue forecast for the current biennium to reflect concerns

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about the global and national economy and to indicate the state's near-term economic outlook had weakened. Given the economic conditions, as well as the uncertain impact to states of pending federal budget reductions, it is highly possible agencies will face further revenue losses in the coming year. Therefore, the Governor directed the Office of Financial Management (OFM) to have agencies prepare for possible cutbacks by submitting a five percent first-priority reduction and a five percent second-priority reduction (for a total of ten percent) in General Fund-State reduction options as part of the 2012 Supplemental Operating Budget submittal. This package proposes a stormwater reduction at the five percent level.

In addition to straight General Fund-State cuts, OFM provided guidance allowing dedicated fund cuts and transfers to the General Fund-State to meet target amounts. This flexibility for Ecology is important, because less than 25 percent of our overall operating budget is supported from General Fund-State resources, and recent reductions have our limited General Fund-State reduction options. This request provides the details of Ecology's proposal to reduce the LTCA stormwater grant funding for the 2011-13 biennium by 25 percent as one part Ecology's five percent first-priority General Fund-State cut.

This request strategically targets a 25 percent reduction to the current LTCA stormwater grants appropriation of \$8,983,770, which equates to approximately \$2,246,000. This budget amount will be reduced from the LTCA, and the associated fund balance will then be transferred into the General Fund-State to help meet Ecology's five percent reduction target.

The \$2,246,000 reduction will be taken from the following grant and administrative categories:

- \$107,000 will be reduced from capacity grants distributed to phase II communities. This represents a two percent reduction or \$1,000 per grant for local governments from the previous biennium.
- \$1,450,666 will be reduced from targeted grants for high priority regional or statewide projects.
- \$650,000 eliminated from competitive small capital stormwater planning grants (\$20,000-\$30,000 per grant) to local governments to assist in developing pre-design reports to support local government capital grant applications.
- \$38,334 and 0.20 FTE will be reduced from grant administration.

Ecology would distribute the remaining \$6,737,770 LTCA stormwater budget as follows:

- 107 phase II cities and counties will receive a \$49,000 capacity grant for a total of \$5,243,000. These grants are on a two-year cycle that reflects the same time-frame associated with the operating budget.
- \$1,341,097 will be available for targeted grants for high priority regional or statewide projects, such as the stormwater center in Puyallup, and Stormwater Outreach for Regional Municipalities (STORM). Targeted grants are intended to address and resolve issues related to re-issuing the municipal stormwater permits. These grants will fund studies or work that is critical to completing re-issuing the municipal stormwater permits on time.
- \$153,673 and 0.80 FTE will be available for grant administration.

This one-time reduction is mitigated by the fact that significant local government stormwater grant funding remains in Ecology's 2011-13 enacted Capital Budget. Specifically, \$92.1 million in new and reappropriated capital funding is included in the current Capital Budget. Of this amount, \$30 million is new capital investments in the 2011-13 biennium, and \$62.1 million is reappropriated dollars from the 2007-09 and 2009-11 biennia. These capital dollars will allow for a significant investment in stormwater in the 2011-13 biennium, despite this required cut option.

**Narrative Justification and Impact Statement**

*What specific performance outcomes does the agency expect?*

There are no performance measure codes for this sub-activity. Under activity code A043, "Provide Water Quality Financial Assistance," fewer grants will be awarded for stormwater projects, which will delay reducing contamination of Puget Sound and other

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waters of the state under Activity Code A008, "Control Stormwater Pollution."

**Performance Measure Detail**

**Activity: A008 Control Stormwater Pollution**

	Incremental Changes	
	<u>FY 2012</u>	<u>FY 2013</u>
<b>Measures</b>		
001655 Refer to Narrative Justification	0.00	0.00

**Activity: A043 Provide Water Quality Financial Assistance**

	Incremental Changes	
	<u>FY 2012</u>	<u>FY 2013</u>
<b>Measures</b>		
001655 Refer to Narrative Justification	0.00	0.00

***Is this decision package essential to implement a strategy identified in the agency's strategic plan?***

This request will reduce work supporting Ecology's strategic priorities to "Protect and Restore Puget Sound" and "Reduce Toxic Threats." It will also reduce work in our strategic plan objective to improve water quality through the activities A043, "Provide Water Quality Financial Assistance," and A008, "Control Stormwater Pollution."

***Does this decision package provide essential support to one of the Governor's priorities?***

This reduction request impacts the Governor's priority to "Clean Up Puget Sound," and "Reduce Toxic Threats" on a one-time basis.

***Does this decision package make key contributions to statewide results? Would it rate as a high priority in the Priorities of Government process?***

This request will reduce grants and loans to local governments, non-government organizations, tribes, and businesses. This impacts activities which ranked highly in the state's 2010 Priorities of Government (POG) process - A008 ranked #2 and A043 ranked #34 of 148 natural resource activities. The LTCA stormwater funding is a key component assisting local governments to implement local stormwater control programs that prevent and reduce discharges of toxic material into the state's surface waters.

***What are the other important connections or impacts related to this proposal?***

Local governments and environmental interests will be concerned about a reduced investment in the stormwater area. Stormwater has been identified as a major issue facing Puget Sound recovery. Stormwater negatively impacts overall surface water quality and aquatic resources statewide. This one-time reduction is mitigated by the fact that significant local government stormwater grant funding remains in Ecology's 2011-13 enacted Capital Budget. Specifically, \$92.1 million in new and reappropriated capital funding is included in the current capital budget. Of this amount, \$30 million is new capital investments in the 2011-13 biennium, and \$62.1 million is reappropriated dollars from the 2007-09 and 2009-11 biennia. These capital dollars will allow for a significant investment in stormwater in the current biennium, despite this required cut option.

***What alternatives were explored by the agency, and why was this alternative chosen?***

In developing reduction options, Ecology developed the following guiding principles:

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- Minimize negative impacts to the environment and public health.
- Offer a mix of General Fund-State and dedicated fund source cuts.
- Follow-up OFM guidance allows for dedicated fund cuts and transfers to the General Fund-State.
- Follow OFM guidance and direction for these reduction options.
- Minimize impacts to Director and Governor Priority areas: Restore and Protect Puget Sound; Manage our Water; Reduce Toxic Threats; Facing Climate Change.
- Minimize staff impacts and loss of investment in the agency's human resources.
- Consider "chunks" rather than "across-the-board" or "skim" proposals where possible.
- Take advantage of staff vacancy savings where applicable and within overall reduction guidelines.
- Advance one-time cuts where possible to effectively "ramp down" during the economic slow-down and "ramp up" as the economy recovers.
- Consider cut areas where capital investments remain in place to continue overall progress, or where fees do not cover program costs.

Regarding the stormwater reductions specifically, Ecology considered three reduction alternatives (25 percent, 50 percent, and 100 percent) to meet the targeted five and ten percent agency reduction amount. This package reflects a 25 percent reduction level to current funding. This alternative was chosen because Ecology's goal is to keep funding allocated to stormwater capacity grants as close to current levels as possible, and this alternative meets that goal. It also is a reduction that can effectively be "ramped down" this biennium, "ramped up" next biennium, and has capital budget funds in place that help mitigate the reduction in the 2011-13 biennium. Reductions above the 25 percent level will result in significant reductions to the capacity grants. Ecology's ten percent reduction proposal increases this alternative to the 50 percent level.

***What are the consequences of not funding this package?***

Reduced support for grants related to re-issuing the municipal stormwater permits means it will be more difficult to re-issue the municipal stormwater general phase I & II permits on schedule.

A cut to the LTCA stormwater grants program would compromise our efforts to establish a collaborative pay-in monitoring approach.

***What is the relationship, if any, to the state's capital budget?***

This proposal will result in an approximately \$2.1 million reduction to competitive stormwater grants to local governments to assist in developing pre-design reports to support local government capital grant applications. With the loss of this operating funding, local government entities will have to obtain similar funding through competitive grants available in other capital budget funds.

***What changes would be required to existing statutes, rules, or contracts, in order to implement the change?***

No changes would be required.

***Expenditure and revenue calculations and assumptions***

FY 2012:

0.15 FTE (0.20 FTE for 9-months) of an Environmental Specialist 4 (Range 55, Step L) at \$58,320

FY 2013:

0.20 FTE of an Environmental Specialist 4 (Range 55, Step L) at \$58,320

Employee benefits are calculated at the agency approved standard average of 30.4 percent of salaries. Goods and services reflect agency approved standard costs calculated at the agency average of \$4,316 per direct program FTE per fiscal year. Travel reflects agency approved standard costs calculated at the agency average of \$1,021 per direct program FTE per fiscal year. Agency

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Administrative Overhead is calculated at the federally approved agency indirect rate of 34.4 percent of program salaries and benefits and is shown in object T.

The targeted reduction in the LTCA included in this package would be transferred to the General Fund-State.

*Which costs and functions are one-time? Which are ongoing? What are the budget impacts in future biennia?*

All proposals within this request are considered one-time reductions. Ecology assumes that full funding will be restored to the LTCA stormwater grant program for the 2013-15 biennium.

<u>Object Detail</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>Total</u>
A Salaries And Wages	(8,777)	(11,634)	(20,411)
B Employee Benefits	(2,888)	(3,828)	(6,716)
E Goods And Services	(649)	(862)	(1,511)
G Travel	(154)	(203)	(357)
N Grants, Benefits & Client Services	(949,299)	(1,258,374)	(2,207,673)
T Intra-Agency Reimbursements	(4,013)	(5,319)	(9,332)
<b>Total Objects</b>	<b>(965,780)</b>	<b>(1,280,220)</b>	<b>(2,246,000)</b>

**Decision Package Code/Title: PL XB 5% Reduction: Stormwater Grants**

**6 Year Fiscal Detail**

<b>Expenditures by Account</b>		<b><u>FY 2012</u></b>	<b><u>FY 2013</u></b>	<b><u>FY 2014</u></b>	<b><u>FY 2015</u></b>	<b><u>FY 2016</u></b>	<b><u>FY 2017</u></b>
174-1	Local Toxics Control - State	(965,780)	(1,280,220)				
	<b>Total Expenditures</b>	<b>(965,780)</b>	<b>(1,280,220)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

<b>Expenditures by Object</b>		<b><u>FY 2012</u></b>	<b><u>FY 2013</u></b>	<b><u>FY 2014</u></b>	<b><u>FY 2015</u></b>	<b><u>FY 2016</u></b>	<b><u>FY 2017</u></b>
A	Salaries and Wages	(8,777)	(11,634)				
B	Employee Benefits	(2,888)	(3,828)				
E	Goods and Services	(649)	(862)				
G	Travel	(154)	(203)				
N	Grants, Benefits, and Client Services	(949,299)	(1,258,374)				
T	Intra-Agency Reimbursements	(4,013)	(5,319)				
	<b>Total Objects</b>	<b>(965,780)</b>	<b>(1,280,220)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**Staffing**

<b><u>Job Class</u></b>	<b><u>Salary</u></b>	<b><u>FY 2012</u></b>	<b><u>FY 2013</u></b>	<b><u>FY 2014</u></b>	<b><u>FY 2015</u></b>	<b><u>FY 2016</u></b>	<b><u>FY 2017</u></b>
Environmental Specialist 4	58,320	(0.2)	(0.2)				
	<b>Total FTEs</b>	<b>(0.2)</b>	<b>(0.2)</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

**Revenue**

<b><u>Account</u></b>	<b><u>Source</u></b>	<b><u>FY 2012</u></b>	<b><u>FY 2013</u></b>	<b><u>FY 2014</u></b>	<b><u>FY 2015</u></b>	<b><u>FY 2016</u></b>	<b><u>FY 2017</u></b>
001 General Fund State	0621	965,780	1,280,220				
174 Local Toxics Control	0622	(965,780)	(1,280,220)				
	<b>Total Revenue</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**Agency:** 461 Department of Ecology  
**Decision Package Code/Title:** XC 5% Red: Orphaned Abandoned Cleanup

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**Budget Period:** 2011-13  
**Budget Level:** PL - Performance Level

**Recommendation Summary Text:**

The Department of Ecology was directed by the Governor to submit five percent and ten percent budget reduction options based upon our General Fund - State appropriation level. This reduction option is one part of Ecology's five percent reduction level. It will cut funding that Ecology dedicates to cleaning up orphaned and abandoned sites and transfer the dollars to the General Fund - State. Orphaned and abandoned sites are places where the responsible party (land user, facility operator, or property owner) is either unwilling or unable to pay the costs associated with cleanup activities. This one-time reduction option will cut the funding available to clean up these sites and limit Ecology's ability to protect public and environmental health, create jobs, and promote economic growth as these sites would be re-developed. (General Fund - State, State Toxics Control Account)

**Fiscal Detail**

<b>Operating Expenditures</b>	<b><u>FY 2012</u></b>	<b><u>FY 2013</u></b>	<b><u>Total</u></b>
173-1 State Toxics Control Account-State	(359,000)	(259,913)	(618,913)
<b>Total Cost</b>	<b>(359,000)</b>	<b>(259,913)</b>	<b>(618,913)</b>

**Revenue**

<b><u>Fund</u></b>	<b><u>Source</u></b>	<b><u>FY 2012</u></b>	<b><u>FY 2013</u></b>	<b><u>Total</u></b>
001 General Fund	0621 Operating Trans In	359,000	259,913	618,913
173 State Toxics Control	0622 Operating Trans Out	(359,000)	(259,913)	(618,913)
<b>Total Revenue</b>				

**Package Description:**

A five percent reduction to orphaned and abandoned cleanup site funding will reduce Ecology's ability to respond to the emergency removal and cleanup of toxic contamination from orphaned and abandoned sites; perform water quality work in the Lower Duwamish Waterway; and complete additional cleanup activities at Gas Works Park.

Reducing funds for emergency removal and cleanup at orphaned and abandoned properties will keep toxic materials in the environment. This negatively impacts public and environmental health. If these toxic materials are not cleaned up, these substances could contaminate neighboring properties and groundwater. Any reduction will hinder our ability to address emergency removals and cleanups. For example, the average cost of cleaning up a leaking underground storage tank site is \$350,000. This reduction could support the cleanup costs of one to two sites in the 2011-13 biennium. This cut could impact our ability to address emergency situations.

Under an agreement with the U.S. Environmental Protection Agency (EPA), Ecology committed to perform water quality activities to

**Agency:** 461 Department of Ecology  
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obtain source control information along the Lower Duwamish Waterway. A reduction in this funding will delay Ecology's work to obtain source control information and issue National Pollutant Discharge Elimination System (NPDES) permits to protect future cleanups from being recontaminated. A reduction will postpone the cleanup now scheduled to begin in 2013.

Orphaned and abandoned site funding also supports cleanup needs at Gas Works Park. More investigation and cleanup is needed on several upland portions of the park where contamination is at the surface and human contact is likely. This site is contaminated with benzene, petroleum products, and polyaromatic hydrocarbons (PAHs). These chemicals pose long term health threats to humans and aquatic life.

**Narrative Justification and Impact Statement**

*What specific performance outcomes does the agency expect?*

This reduction cuts resources dedicated to Ecology's emphasis area of "Reduce Toxics Threats" and "Protect and Restore Puget Sound." Specifically, it will slow Ecology's response to emergency removal and cleanup of toxic materials at orphaned and abandoned sites and inhibit progress on Puget Sound cleanup.

**Performance Measure Detail**

<b>Activity: A005</b>	<b>Clean up the Most Contaminated Sites First (Upland and Aquatic)</b>	<b>Incremental Changes</b>	
		<b><u>FY 2012</u></b>	<b><u>FY 2013</u></b>
	<b>Measures</b>		
001655	Refer to Narrative Justification	0.00	0.00

*Is this decision package essential to implement a strategy identified in the agency's strategic plan?*

If this cut is made, progress toward Ecology's strategic plan objective to "Clean Up Toxic Sites" and strategic priority to "Reduce Toxic Threats" will be hindered. The activity "Cleanup the Most Contaminated Sites First (Upland and Aquatic)" will be negatively impacted because funding will not be available for emergency removal of toxic substances at orphaned and abandoned sites.

*Does this decision package provide essential support to one of the Governor's priorities?*

This reduction will stop significant 2011-13 biennium projects planned to support the Governor's environmental priority of "Cleaning up Puget Sound." Delayed cleanup activities at Gas Works Park and the Lower Duwamish Waterway will impact the Governor's priority to clean up Puget Sound. Also, emergency removal and cleanup of toxic material at orphaned and abandoned sites will not occur within one-half mile of Puget Sound.

*Does this decision package make key contributions to statewide results? Would it rate as a high priority in the Priorities of Government process?*

This request does not support the Priorities of Government (POG) strategy of "Improving the Quality of Washington's Natural Resources," because the reductions will reduce resources needed for additional cleanup work and source control work to protect future cleanup work. The following strategies will be impacted:

- Preserve and restore natural systems.
- Establish safeguards and standards to protect natural resources.

**Agency:** 461 Department of Ecology  
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Cleaning up toxic sites protects human health as well as the environment and is necessary to achieve at least three other POG categories:

- Improve the health of Washington's citizens.
- Improve the economic vitality of businesses and individuals.
- Improve cultural and recreational opportunities throughout the state.

***What are the other important connections or impacts related to this proposal?***

The Lower Duwamish Waterway stakeholders - the City of Seattle, the Port of Seattle, and EPA - will be impacted if Ecology is unable to complete the needed source control work before cleanup is scheduled to begin in 2013. Source control activities and NPDES permitting are necessary to prevent recontamination of cleaned up areas.

***What alternatives were explored by the agency, and why was this alternative chosen?***

The alternative explored by Ecology was further cleanup staff reductions. This alternative was not chosen because cleanup staff provide technical assistance (review remedial investigations/feasibility studies and approve cleanup plans) to Potential Liable Parties (PLPs) that are in the midst of cleaning up contaminated toxics sites. They also give technical assistance to owners of contaminated properties who are voluntarily cleaning up contaminated sites through the Voluntary Cleanup Program (VCP). Staff reductions in either of these areas would delay cleanup at contaminated sites, impacting human and environmental health. Finally, more staff cuts would impact capital projects focused on cleaning up toxics in Puget Sound, removing arsenic from schools in Central Washington, and cleaning up toxics sites in Eastern Washington.

***What are the consequences of not funding this package?***

Cleanup work scheduled to begin in the Lower Duwamish Waterway in 2013 could be impacted if Ecology does not complete the needed source control work. Also, cleanup at Gas Works Park would not proceed, resulting in continued human and aquatic life exposure to toxic materials.

***What is the relationship, if any, to the state's capital budget?***

No relationship to the capital budget.

***What changes would be required to existing statutes, rules, or contracts, in order to implement the change?***

No changes required.

***Expenditure and revenue calculations and assumptions***

Expenditure assumptions are based on project estimates. The projects identified were chosen because of their relative priority for orphaned and abandoned site cleanup funding.

***Which costs and functions are one-time? Which are ongoing? What are the budget impacts in future biennia?***

The Office of Financial Management advised Ecology that a dedicated environmental fund cut and transfer to the General Fund-State is an acceptable reduction option. This option is a one-time State Toxics Control Account reduction that will be restored in the 2013-15 biennium.

State of Washington  
Decision Package

FINAL

Agency: **461 Department of Ecology**

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<u>Object Detail</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>Total</u>
C Personal Service Contracts	(269,300)	(194,900)	(464,200)
E Goods And Services	(89,700)	(65,013)	(154,713)
<b>Total Objects</b>	<b>(359,000)</b>	<b>(259,913)</b>	<b>(618,913)</b>

**Decision Package Code/Title: PL XC 5% Red: Orphaned Abandoned Cleanup**

**6 Year Fiscal Detail**

<b>Expenditures by Account</b>		<b><u>FY 2012</u></b>	<b><u>FY 2013</u></b>	<b><u>FY 2014</u></b>	<b><u>FY 2015</u></b>	<b><u>FY 2016</u></b>	<b><u>FY 2017</u></b>
173-1	State Toxics Control - State	(359,000)	(259,913)				
	<b>Total Expenditures</b>	<b>(359,000)</b>	<b>(259,913)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

<b>Expenditures by Object</b>		<b><u>FY 2012</u></b>	<b><u>FY 2013</u></b>	<b><u>FY 2014</u></b>	<b><u>FY 2015</u></b>	<b><u>FY 2016</u></b>	<b><u>FY 2017</u></b>
C	Personal Service Contract	(269,300)	(194,900)				
E	Goods and Services	(89,700)	(65,013)				
	<b>Total Objects</b>	<b>(359,000)</b>	<b>(259,913)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

<b>Staffing</b>								
<b><u>Job Class</u></b>		<b><u>Salary</u></b>	<b><u>FY 2012</u></b>	<b><u>FY 2013</u></b>	<b><u>FY 2014</u></b>	<b><u>FY 2015</u></b>	<b><u>FY 2016</u></b>	<b><u>FY 2017</u></b>
	<b>Total FTEs</b>		<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

<b>Revenue</b>							
<b><u>Account</u></b>	<b><u>Source</u></b>	<b><u>FY 2012</u></b>	<b><u>FY 2013</u></b>	<b><u>FY 2014</u></b>	<b><u>FY 2015</u></b>	<b><u>FY 2016</u></b>	<b><u>FY 2017</u></b>
001 General Fund	0621	359,000	259,913				
173 State Toxics Control	0622	(359,000)	(259,913)				
	<b>Total Revenue</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>



**Agency:** 461 Department of Ecology  
**Decision Package Code/Title:** XA 5% Reduction: Staff Cuts

**Budget Period:** 2011-13  
**Budget Level:** PL - Performance Level

**Recommendation Summary Text:**

The Department of Ecology was directed by the Governor to submit five and ten percent budget reduction options based upon our General Fund-State biennial appropriations. This reduction request includes permanent staffing cuts that will reduce motor vehicle emission testing, stream flow monitoring, water quality permit administration and water resources management. It also includes one-time 2011-13 biennium staff cuts focused on air quality, toxic cleanup, and grant management activities. The reductions include a mix of ongoing, direct General Fund-State cuts and one-time cuts and transfers from dedicated environmental accounts. (General Fund-State, Local Toxics Control Account, State Toxics Control Account)

**Fiscal Detail**

<b>Operating Expenditures</b>		<b><u>FY 2012</u></b>	<b><u>FY 2013</u></b>	<b><u>Total</u></b>
001-1	General Fund - Basic Account-State	(609,300)	(482,052)	(1,091,352)
173-1	State Toxics Control Account-State	(535,031)	(243,712)	(778,743)
174-1	Local Toxics Control Account-State	(46,975)	(58,017)	(104,992)
<b>Total Cost</b>		<b>(1,191,306)</b>	<b>(783,781)</b>	<b>(1,975,087)</b>

  

<b>Staffing</b>		<b><u>FY 2012</u></b>	<b><u>FY 2013</u></b>	<b><u>Annual Average</u></b>
FTEs		-12.6	-9.2	-10.9

**Revenue**

<b>Fund</b>	<b>Source</b>	<b><u>FY 2012</u></b>	<b><u>FY 2013</u></b>	<b><u>Total</u></b>
001 General Fund	0621 Operating Trans In	582,006	301,729	883,735
173 State Toxics Control	0622 Operating Trans Out	(535,031)	(243,712)	(778,743)
174 Local Toxics Control	0622 Operating Trans Out	(46,975)	(58,017)	(104,992)
<b>Total Revenue</b>				

**Package Description:**

The state reduced its General Fund-State forecast in June 2011. Economic conditions continued to weaken over the summer, and the Governor directed agencies to prepare five and ten percent reduction options should additional cutbacks be needed in the 2011-13 biennium. The September 2011 General Fund-State forecast dropped again.

Considering those economic circumstances, knowing there may be state impacts from possible federal budget reductions and emerging from the 2009-11 hiring freeze, Ecology moved quickly to fill essential, high priority positions in the first three months of this biennium. However, Ecology was also prudent. We still have vacant, funded positions that are accumulating salary and benefit savings. Some of the reduction options proposed are one-time opportunistic cuts that capture existing vacancies or hold positions vacant for varying periods of time. Other reduction options permanently reduce Ecology's capacity for emissions testing, streamflow monitoring, water quality permit administration, and water resource management.

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#### PERMANENT GENERAL FUND-STATE STAFF REDUCTIONS

Description: Ecology's Emission Check Program will be cut by one FTE effective July 1, 2011.

This reduction option will compromise Ecology's ability to ensure proper, accurate emission testing and repair of motor vehicles. It will reduce 1) the ongoing levels of contractor monitoring; 2) emission test station and motor vehicle repair shop auditing; 3) technical assistance to motorists and the repair industry; and 4) customer service support for the Emission Check program at Ecology's Northwest Regional Office. Though newer cars are cleaner and their emission control systems are more robust, the permanent loss of this position could lessen our ability to ensure the quality of emission tests and integrity of vehicle repairs.

The Northwest Region field staff supervise testing of approximately 60 percent of the 1,000,000 vehicles tested each year. While this is a mature program, a new rule that makes significant improvements to the program has just been adopted. Those changes include provisions to allow independently-owned test stations to provide testing services and streamlined and modified vehicle testing methods. There will be an increased need to provide technical assistance and assure proper testing among new operators, centralized test stations, and the repair industry in Fiscal Years 2012 and 2013. A tougher federal ozone standard could also increase the importance of the Emission Check program in the Puget Sound region in the future and create additional pressure to assure proper tests, proper repairs, and motorist compliance.

Performance Outcomes/Priorities/Consequences: An ongoing reduction in Emission Check staffing will reduce compliance assurance for contractor and repair facilities in the area with the largest number of tested vehicles in the state. Technical assistance to motorists will also be reduced. The permanent loss of this position will lessen Ecology's ability to ensure the quality of emission tests and integrity of vehicle repairs.

This reduction option impacts the program activity "Reduce Health and Environmental Threats from Motor Vehicle Emissions - A047," which ranked #5 of 148 in the 2010 POG evaluation process.

Important Connections: The Emission Check program tests vehicles five years or older. All 2009 and newer vehicles are exempt from testing because they meet Washington's strict motor vehicle emission standards. This means fewer vehicles will need to be tested over time. The program sunsets in 2020. However, new emissions testing contract has recently been approved. It has new testing requirements and authorizes independent contractors to conduct emission tests. There is an increased need to assure compliance with the new requirements and provide technical assistance to the public and any new independent contractors.

Alternatives: Several alternatives were explored. There are extremely high demands on the Air Quality Program at this time. The emission check position became vacant during the 2009-11 biennium hiring freeze and is still open. While there are immediate demands on the Emission Check program, this reduction option considered that the program is ramping down and is scheduled to sunset in 2020.

Fiscal Year 2012 = 1.2 FTE; \$108,742 General Fund-State

Fiscal Year 2013 = 1.2 FTE; \$108,742 General Fund-State

Description: Ecology's Streamflow Monitoring Program will be cut by one FTE effective January 1, 2012.

Ecology is responsible for adopting instream flows to protect instream and out-of-stream uses and restore flows by acquiring and then managing trust water rights. Timely and accurate stream flow information is needed to support these water management activities. Stream flow gaging - combined with groundwater assessment and modeling information - is needed for basin planning and water management decisions.

This permanent reduction option will eliminate one hydrogeologist position. This will require Ecology to permanently decommission

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approximately 10-12 additional flow monitoring gages during the 2011-13 biennium. This reduction option will reduce the information available to characterize stream flows. This information is used to set or improve instream flow levels within select salmon-critical river basins in Washington. This reduction option will also delay review of data, which is necessary to ensure the quality of stream flow information.

Performance Outcomes/Priorities/Consequences: Ecology's Stream Flow Monitoring Program provides science-based information that supports the following water resource management activities:

- Setting and protecting instream flows.
- Developing water cleanup plans (TMDLs).
- Monitoring water acquisitions.
- Watershed planning.
- Managing irrigation withdrawals.
- Supporting groundwater/surface water interaction studies.

With continued emphasis on setting and achieving instream flows, it is important to maintain Ecology's capacity to provide timely and accurate stream flow information. Ecology currently operates a stream gaging network of just over 100 near real-time stream gages.

Budget reductions in the 2009-11 biennium forced the decommissioning of about 85 gages, reducing the gaging network from approximately 195 gages to around 110 gages. It also resulted in grants to local entities being cut from approximately \$300,000 to \$130,000. This program needs to be maintained, expanded, and enhanced to protect existing rights and support future management of water resources.

This reduction option impacts the program activity "Monitor the Quality of State Waters - A027." The 2010 Priority of Government process points out that providing scientific-based information is vital to preserving and maintaining natural systems and landscapes and achieving sustainable use of public resources.

Important Connections: This activity is key to Ecology's strategies and the Governor's priorities. Within Ecology, the Water Resources Program relies on the stream flow monitoring data to establish and protect instream flows. Ecology's Water Quality Program also uses the information to develop water cleanup plans (TMDLs), which are required by a federal lawsuit settlement agreement.

Alternatives: The United States Geological Survey (USGS) has a stream gaging network that it operates nationwide. The USGS currently operates around 248 stream flow gages in Washington. Thirty-two are funded through a USGS cooperative stream gaging program with Ecology's Water Resources Program.

Ecology's stream gaging network has around 110 near real-time gages. We developed our own stream gaging program to control costs and to build the expertise required to provide scientifically based information for water management decisions. We can respond more quickly than USGS to new and emerging state and local stream flow needs.

It is preferable and more cost effective to maintain stream flow monitoring work and expertise within Ecology. If this reduction option is taken, similar information is available from USGS at a likely higher cost.

Fiscal Year 2012 = 0.6 FTE; \$51,224 General Fund-State  
Fiscal Year 2013 = 1.2 FTE; \$102,449 General Fund-State

Description: Ecology's Water Quality Permit administration would be cut by one FTE and the program would postpone some equipment replacement for the 2011-13 biennium.

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This reduction option will eliminate Ecology's water quality permit administration capacity. Duties eliminated with the position and lowering our capacity include:

- Reviewing stormwater general permit applications for completeness.
- Issuing permits.
- Transferring and terminating permits.
- Entering permit information into the PARIS database.
- Gathering and analyzing information to develop recommendations.
- Making decisions related to permit administration, implementation, and development.
- Planning, developing, and generating database reports for quality assurance.
- Working with Ecology and non-Ecology sources on permit required data submittals.
- Conducting conflict resolution.
- Making decisions regarding applicability of general permit coverage.

The permit administrator evaluates data to determine technical compliance with regulatory requirements, and provides environmental, technical, and administrative assistance to permittees and potential permittees.

Performance Outcomes/Priorities/Consequences: This reduction option would permanently increase the time it takes to issue construction and industrial stormwater general permit coverages to applicants by approximately three days. Data quality will suffer, and Ecology's technical assistance service to permit applicants will decrease. We will not have the capacity to improve guidance documents for permit applicants.

This request will reduce support for Ecology's strategic plan to control stormwater pollution by eliminating a permit administrator that issues and manages permits to reduce the discharge of contamination to surface and ground water. Eliminating this position will impact our ability to achieve our performance measures of assuring new permit applicants they will get a response within 60 days of application receipt, and manage 3,000 construction and industrial stormwater dischargers that require permits.

This reduction option impacts the program activity "Control Stormwater Pollution- A008," which ranked #2 of 148 in the 2010 POG evaluation process.

Important Connections: The National Pollutant Discharge Elimination System (NPDES) and State Waste Discharge permit programs serve a broad stakeholder group ranging from small businesses to cities and counties. Issuing the permits quickly and efficiently is a primary concern of the stakeholders. This reduction option will permanently cut Ecology's ability to process and issue permits efficiently.

Alternatives: Ecology reviewed and prioritized Water Quality Program work funded by General Fund-State. Essential services and core work were given highest priority. This option, which also postpones equipment purchases, was selected as the most viable alternative based on least impact to the program.

Fiscal Year 2012 = 1.1 FTE; \$137,256 General Fund-State

Fiscal Year 2013 = 1.2 FTE; \$95,189 General Fund-State

Description: Ecology's Water Resources Program would be cut by two FTE effective July 1, 2011.

This reduction option will permanently cut two positions that became vacant during the 2009-11 biennium hiring freeze and are still open.

A Water Resources adjudication support staff position will be cut. This will reduce efficiency by eliminating clerical support. This will require senior level staff to manage their professional level workload as well as all related clerical functions. Additionally, the following

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projects and work tasks will be impacted.

- Delays in or no response to client needs.
- Delays in or cancellation of a project for public web access to critical documents.
- Delays in adjudication document management.
- Delays in updates to adjudication data system mailing lists and ownership records.

An instream flow rule writer position will be cut. This will impact development of instream flow rules and Ecology's representation at public hearings and workshops on proposed administrative rules to set instream flows.

Performance Outcome/Priorities: By eliminating the rule-writer position within the activity "Assess, Set and Enhance Instream Flows Activity - A003," the program will lose all capacity to increase rule-making activity once the moratorium is lifted. This will prolong conflicts between water users in basins where no instream flow rules exist or where they need to be updated.

Eliminating secretarial support for the activity "Clarify Water Rights - A001" will delay document management activity for the ongoing Yakima adjudication effort and will likely limit Ecology responsiveness if a Spokane adjudication is filed.

Fiscal Year 2012 = 2.3 FTE; \$175,672 General Fund-State  
Fiscal Year 2013 = 2.3 FTE; \$175,672 General Fund-State

**ONE-TIME VACANCIES FOR DEDICATED FUND CUTS AND TRANSFERS TO THE GENERAL FUND-STATE**

The Office of Financial Management advised Ecology that dedicated environmental fund cuts and transfers were acceptable reduction options. These vacancies are one-time cuts from the State and Local Toxics Control Accounts that will be restored in the 2013-15 biennium.

Two positions in Ecology's Toxic Cleanup Program will be held vacant for the entire biennium. An information technology position would develop a database to track cleanup work in the ASARCO Tacoma Smelter Plume. Ecology and the U.S. Environmental Protection Agency planned to use the database to manage cleanup activities and parcels in the smelter plume. A hydrogeologist would provide technical assistance to potential liable parties at formal contaminated sites. Keeping this position empty negatively impacts environmental and human health.

Fiscal Year 2012 = 2.3 FTE; \$243,712 State Toxics Control Account  
Fiscal Year 2013 = 2.3 FTE; \$243,712 State Toxics Control Account

One position in Ecology's Waste 2 Resources Program will be held vacant for the entire biennium. The Public Participation Grant (PPG) and Remedial Action Grant programs provide funding to assist local efforts to clean up toxic sites and involve citizens in the process. PPG also provides funding to not-for-profits to encourage prevention and recycling efforts. Coordinated Prevention Grants fund local government projects and activities to prevent, reduce, and manage waste. The Community Litter Cleanup Program provides funding to local governments to fund litter pick-up. Two grant fiscal tracking FTEs oversee more than \$100 million in grants and contracts for these four programs. One staff will retire at the end of September 2011, which Ecology proposes as a one-time vacancy.

Ecology expects the workload can be managed by one person with some delays in processing. The significant risks are audit findings and late payment penalties if staff fall behind and are unable to meet a 30-day payment requirement.

Fiscal Year 2012 = 0.9 FTE; \$43,512 Local Toxics Control Account

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Fiscal Year 2013 = 1.2 FTE; \$58,017 Local Toxics Control Account

These one-time reduction options impact program activities "Clean Up the Most Contaminated Sites First (Upland and Aquatic) - A005, Services to Site Owners that Volunteer to Clean Up Their Contaminated Sites - A057, and Fund Local Efforts to Clean Up Toxic Sites and Manage or Reduce Waste - A013."

#### ONE-TIME THREE TO SIX MONTH ACCUMULATED VACANCIES

Ecology's Air Quality and Toxics Cleanup Programs have existing vacancies caused by recent staff turnover or left unfilled due to the 2009-2011 biennium hiring freeze. The positions that are accumulating savings are essential, and Ecology is working diligently to fill them.

In Air Quality, 15 staff months are expected to accumulate between July 1, 2011 and January 1, 2012. These vacancies reduce Ecology's ability to 1) protect public health from the dangers of smoke and ensure compliance with smoke management strategies (effectiveness of smoke management and compliance activities) and 2) maintain support services for program-wide database and data systems management. The program had planned to use these savings to pay for essential staff training and ambient monitoring equipment upgrades. Reductions in staff training will hamper achievement of agency goals in all program activities. Reducing purchases of necessary equipment could reduce effectiveness of the monitoring network and reduce availability of data for policy makers and the public.

Fiscal Year 2012 = 1.5 FTE; \$136,406 General Fund-State

In the Toxics Cleanup Program, 36 staff months are expected to accumulate between July 1, 2011 and October 1, 2011. These vacancies reduce Ecology's program development and operational capacity to direct and respond to toxic cleanups. The program activities "Clean Up the Most Contaminated Sites First (Upland and Aquatic) - A005" and "Services to Site Owners that Volunteer to Clean Up Their Contaminated Sites - A057" have experienced delays in:

- Puget Sound cleanup plans and environmental decisions.
- Natural Resource Damage Assessments.
- Sediment Management Standards revision.
- Voluntary Cleanup Program's "no further action" 90-day performance goal affecting economic redevelopment of contaminated sites in Southwest and Northwest regions.
- Sediment cleanup in Budd Inlet.
- Uniform Environment Covenants Act five-year review to ensure cleanups are performing as intended to protect public health.
- Technical support and guidance for ecological risk assessments related to the Model Toxics Control Act (MTCA), potentially liable parties' compliance with MTCA, and screening criteria for MTCA scientific analysis. The lack of guidance and technical support has caused delays in cleanups, more expensive cleanup actions, and continued exposure to unhealthy levels of toxic chemicals.
- Initial contaminated site investigations in King County.
- Investigation of contamination sources flowing into the Lower Duwamish River.
- Supporting cleanup activities in and around Bellingham Bay.

Fiscal Year 2012 = 2.9 FTE; \$291,319 State Toxics Control Account; \$3,463 Local Toxics Control Account

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**Narrative Justification and Impact Statement**

*What specific performance outcomes does the agency expect?*

Please refer to narrative above.

**Performance Measure Detail**

Activity: A001	Clarify Water Rights		
			Incremental Changes
		<b><u>FY 2012</u></b>	<b><u>FY 2013</u></b>
	Measures		
001655	Refer to Narrative Justification	0.00	0.00
Activity: A003	Assess, Set, and Enhance Instream Flows		
			Incremental Changes
		<b><u>FY 2012</u></b>	<b><u>FY 2013</u></b>
	Measures		
001655	Refer to Narrative Justification	0.00	0.00
Activity: A005	Clean up the Most Contaminated Sites First (Upland and Aquatic)		
			Incremental Changes
		<b><u>FY 2012</u></b>	<b><u>FY 2013</u></b>
	Measures		
001655	Refer to Narrative Justification	0.00	0.00
Activity: A008	Control Stormwater Pollution		
			Incremental Changes
		<b><u>FY 2012</u></b>	<b><u>FY 2013</u></b>
	Measures		
001655	Refer to Narrative Justification	0.00	0.00
Activity: A013	Fund Local Efforts to Clean Up Toxic Sites and Manage or Reduce Waste		
			Incremental Changes
		<b><u>FY 2012</u></b>	<b><u>FY 2013</u></b>
	Measures		
001655	Refer to Narrative Justification	0.00	0.00
Activity: A025	Measure Air Pollution Levels and Emissions		
			Incremental Changes
		<b><u>FY 2012</u></b>	<b><u>FY 2013</u></b>
	Measures		
001655	Refer to Narrative Justification	0.00	0.00
Activity: A027	Monitor the Quality of State Waters and Measure Stream Flows Statewide		
			Incremental Changes
		<b><u>FY 2012</u></b>	<b><u>FY 2013</u></b>
	Measures		
001655	Refer to Narrative Justification	0.00	0.00

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Activity: <b>A047 Reduce Health and Environmental Threats from Motor Vehicle Emissions</b>		Incremental Changes	
		<b><u>FY 2012</u></b>	<b><u>FY 2013</u></b>
<b>Measures</b>			
001655	Refer to Narrative Justification	0.00	0.00
Activity: <b>A048 Reduce Health and Environmental Threats from Smoke</b>		Incremental Changes	
		<b><u>FY 2012</u></b>	<b><u>FY 2013</u></b>
<b>Measures</b>			
001655	Refer to Narrative Justification	0.00	0.00
Activity: <b>A057 Services to Site Owners that Volunteer to Clean Up their Contaminated Sites</b>		Incremental Changes	
		<b><u>FY 2012</u></b>	<b><u>FY 2013</u></b>
<b>Measures</b>			
001655	Refer to Narrative Justification	0.00	0.00

*Is this decision package essential to implement a strategy identified in the agency's strategic plan?*

Please refer to narrative above.

*Does this decision package provide essential support to one of the Governor's priorities?*

Please refer to narrative above.

*Does this decision package make key contributions to statewide results? Would it rate as a high priority in the Priorities of Government process?*

Please refer to narrative above.

*What are the other important connections or impacts related to this proposal?*

Please refer to narrative above.

*What alternatives were explored by the agency, and why was this alternative chosen?*

In developing reduction options, Ecology developed the following guiding principles:

- Minimize negative impacts to the environment and public health.
- Offer a mix of General Fund-State and dedicated fund source cuts.
- Follow-up OFM guidance allows for dedicated fund cuts and transfers to the General Fund-State.
- Follow OFM guidance and direction for these reduction options.
- Minimize impacts to Director and Governor Priority areas: Restore and Protect Puget Sound; Manage our Water; Reduce Toxic Threats; Facing Climate Change.
- Minimize staff impacts and loss of investment in the agency's human resources.
- Consider "chunks" rather than "across-the-board" or "skim" proposals where possible.

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**Decision Package Code/Title:** XA 5% Reduction: Staff Cuts

- Take advantage of staff vacancy savings where applicable and within overall reduction guidelines.
- Advance one-time cuts where possible to effectively "ramp down" during the economic slow-down and "ramp up" as the economy recovers.
- Consider cut areas where capital investments remain in place to continue overall progress, or where fees do not cover program costs.

Regarding alternatives to specific reductions, please refer to narrative above.

***What are the consequences of not funding this package?***

The consequences of turning the individual reduction options into actual budget cuts are explained in the narrative above.

***What is the relationship, if any, to the state's capital budget?***

There is no relationship to the state's capital budget.

***What changes would be required to existing statutes, rules, or contracts, in order to implement the change?***

No rule changes are required.

***Expenditure and revenue calculations and assumptions***

Expenditures for each reduction option are listed in the narrative.

Employee benefits are calculated at the agency approved standard average of 30.4 percent of salaries. Agency Administrative Overhead is calculated at the federally approved agency indirect rate of 34.4 percent of program salaries and benefits and is shown in object T. Administration programs FTEs are included at 0.15 FTE per direct program FTE.

For dedicated environmental account reduction options, revenue cuts are assumed in the dedicated account and revenue increases are assumed in the General Fund-State.

General Fund-State = \$883,735

State Toxics Control Account = (\$778,743) Local Toxics Control Account = (\$104,992)

***Which costs and functions are one-time? Which are ongoing? What are the budget impacts in future biennia?***

Reduction options are listed in the narrative as one-time or ongoing.

<b><u>Object Detail</u></b>	<b><u>FY 2012</u></b>	<b><u>FY 2013</u></b>	<b><u>Total</u></b>
A Salaries And Wages	(630,734)	(429,430)	(1,060,164)
B Employee Benefits	(195,784)	(133,884)	(329,668)
E Goods And Services	(24,638)	(21,580)	(46,218)
G Travel	(5,828)	(5,105)	(10,933)
J Capital Outlays	(50,000)		(50,000)
T Intra-Agency Reimbursements	(284,322)	(193,782)	(478,104)
<b>Total Objects</b>	<b>(1,191,306)</b>	<b>(783,781)</b>	<b>(1,975,087)</b>

**Decision Package Code/Title: PL XA 5% Reduction: Staff Cuts**

**6 Year Fiscal Detail**

<b>Expenditures by Account</b>		<b><u>FY 2012</u></b>	<b><u>FY 2013</u></b>	<b><u>FY 2014</u></b>	<b><u>FY 2015</u></b>	<b><u>FY 2016</u></b>	<b><u>FY 2017</u></b>
001-1	General Fund - State	(609,300)	(482,052)	(482,052)	(482,052)	(482,052)	(482,052)
173-1	State Toxics Control - State	(535,031)	(243,712)				
174-1	Local Toxics Control - State	(46,975)	(58,017)				
	<b>Total Expenditures</b>	<b>(1,191,306)</b>	<b>(783,781)</b>	<b>(482,052)</b>	<b>(482,052)</b>	<b>(482,052)</b>	<b>(482,052)</b>

<b>Expenditures by Object</b>		<b><u>FY 2012</u></b>	<b><u>FY 2013</u></b>	<b><u>FY 2014</u></b>	<b><u>FY 2015</u></b>	<b><u>FY 2016</u></b>	<b><u>FY 2017</u></b>
A	Salaries and Wages	(630,734)	(429,430)	(255,443)	(255,443)	(255,443)	(255,443)
B	Employee Benefits	(195,784)	(133,884)	(83,369)	(83,369)	(83,369)	(83,369)
E	Goods and Services	(24,638)	(21,580)	(21,580)	(21,580)	(21,580)	(21,580)
G	Travel	(5,828)	(5,105)	(5,105)	(5,105)	(5,105)	(5,105)
J	Capital Outlays	(50,000)	-				
T	Intra-Agency Reimbursements	(284,322)	(193,782)	(116,555)	(116,555)	(116,555)	(116,555)
	<b>Total Objects</b>	<b>(1,191,306)</b>	<b>(783,781)</b>	<b>(482,052)</b>	<b>(482,052)</b>	<b>(482,052)</b>	<b>(482,052)</b>

**Staffing**

<b><u>Job Class</u></b>	<b><u>Salary</u></b>	<b><u>FY 2012</u></b>	<b><u>FY 2013</u></b>	<b><u>FY 2014</u></b>	<b><u>FY 2015</u></b>	<b><u>FY 2016</u></b>	<b><u>FY 2017</u></b>
Various		(11.0)	(8.0)	(5.0)	(5.0)	(5.0)	(5.0)
Fiscal Analyst 2		(1.6)	(1.2)	(0.8)	(0.8)	(0.8)	(0.8)
	<b>Total FTEs</b>	<b>(12.6)</b>	<b>(9.2)</b>	<b>(5.8)</b>	<b>(5.8)</b>	<b>(5.8)</b>	<b>(5.8)</b>

**Revenue**

<b><u>Account</u></b>	<b><u>Source</u></b>	<b><u>FY 2012</u></b>	<b><u>FY 2013</u></b>	<b><u>FY 2014</u></b>	<b><u>FY 2015</u></b>	<b><u>FY 2016</u></b>	<b><u>FY 2017</u></b>
001 General Fund	0621	582,006	301,729				
173 State Toxics Control	0622	(535,031)	(243,712)				
174 Local Toxics Control	0622	(46,975)	(58,017)				
	<b>Total Revenue</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**Agency:** 461 Department of Ecology  
**Decision Package Code/Title:** YB 10% Reduction: Stormwater Grants

**Budget Period:** 2011-13  
**Budget Level:** PL - Performance Level

**Recommendation Summary Text:**

The Department of Ecology was directed by the Governor to submit five and ten percent budget reduction options based upon our General Fund-State biennial appropriations. This reduction request scales back Local Toxics Control Account (LTCA) stormwater grant funding on a one-time basis by an additional \$2,246,000 (Ecology's first five percent cut also cuts the same amount), and transfers these dollars to the General Fund - State. At the full ten percent level, this represents a 50 percent reduction of the base funding. Significant local government stormwater capital budget funding in Ecology's budget helps to mitigate this reduction, but will result in less stormwater work in local communities. (Local Toxics Control Account, General Fund-State)

**Fiscal Detail**

<b>Operating Expenditures</b>	<b><u>FY 2012</u></b>	<b><u>FY 2013</u></b>	<b><u>Total</u></b>
174-1 Local Toxics Control Account-State	(965,780)	(1,280,220)	(2,246,000)
<b>Total Cost</b>	<b>(965,780)</b>	<b>(1,280,220)</b>	<b>(2,246,000)</b>

**Revenue**

<b><u>Fund</u></b>	<b><u>Source</u></b>	<b><u>FY 2012</u></b>	<b><u>FY 2013</u></b>	<b><u>Total</u></b>
001 General Fund	0621 Operating Trans In	965,780	1,280,220	2,246,000
174 Local Toxics Control	0622 Operating Trans Out	(965,780)	(1,280,220)	(2,246,000)
<b>Total Revenue</b>				

**Package Description:**

**BACKGROUND:**

Operating budget funding for stormwater grants to local communities was first included in Ecology's 2007-09 Operating Budget. A proviso required the funding be used to offset some of the costs to local governments from the new phase II stormwater permit requirements. Ecology distributed the 2007-09 biennium stormwater appropriation as \$75,000 capacity grants to more than 110 local governments. The grants helped them meet the stormwater requirements.

In the 2009-11 biennium, Ecology received nearly \$9 million for stormwater grants funded from the LTCA. Unlike the previous appropriation, no conditions were placed on the funding. Ecology distributed about \$5.35 million as \$50,000 capacity grants to 107 phase II cities and counties. We also gave approximately \$3.14 million in grants for stormwater projects of regional and statewide significance. In the 2011-13 biennium, nearly \$9 million of the LTCA has been appropriated to Ecology, with no proviso conditioning the use of funds.

**Agency:** 461 Department of Ecology

**Decision Package Code/Title:** YB 10% Reduction: Stormwater Grants

**PACKAGE PROPOSAL:**

In June and September 2011, the state reduced its General Fund-State revenue forecast for the current biennium to reflect concerns about the global and national economy and to indicate the state's near-term economic outlook had weakened. Given the economic conditions, as well as the uncertain impact to states of pending federal budget reductions, it is highly possible agencies will face further revenue losses in the coming year. Therefore, the Governor directed the Office of Financial Management (OFM) to have agencies prepare for possible cutbacks by submitting a five percent first-priority reduction and five percent second-priority reduction (for a total of ten percent) in General Fund-State reduction options as part of the 2012 Supplemental Operating Budget submittal. This request proposes a stormwater reduction at the ten percent level.

In addition to straight General Fund-State cuts, OFM provided guidance allowing dedicated fund cuts and transfers to the General Fund-State to meet target amounts. This flexibility for Ecology is important, because less than 25 percent of our overall operating budget is supported from General Fund-State resources, and recent reductions have limited our General Fund-State reduction options. This request provides the details of Ecology's proposal to reduce the LTCA stormwater grant funding for the 2011-13 biennium by 50 percent as one part of the Ecology's five percent second-priority General Fund-State cut.

This request strategically targets a second 25 percent reduction equaling \$2,246,000. This is a cumulative 50 percent cut to the current LTCA stormwater grants appropriation of \$8,983,770. This budget amount will be reduced from the LTCA, and the associated fund balance will then be transferred into the General Fund-State to meet Ecology's ten percent reduction target.

At the cumulative 50 percent reduction level, we are also requesting a proviso change in capital budget stormwater funding to allow for additional flexibility to meet local government funding priorities. (Please see the section titled "What is the relationship, if any, to the state's capital budget?" for a description of the requested proviso change). This proviso relief will allow for capacity grants to be funded in the capital budget from LTCA as they normally would be using the operating funding being reduced in this request.

The cumulative \$4,492,000 reduction will be taken from the following grant and administrative categories:

- \$2,350,000 reduced from capacity grants.
- \$ 1,453,666 reduced from targeted grants for high priority regional or statewide projects.
- \$650,000 eliminated from competitive small capital stormwater planning grants (\$20,000-\$30,000 per grant) to local governments to assist in developing pre-design reports to support local government capital grant applications.
- \$ 38,334 and 0.20 FTE reduced from grant administration.

Ecology would distribute the remaining \$4,491,770 LTCA stormwater budget as follows:

- \$3,000,000 will be available for capacity grants. Ecology will direct \$50,000 per capacity grant for the 60 smallest phase II cities and counties. These grants are on a two-year cycle that reflects the same time-frame associated with the operating budget.
- \$1,338,104 will be available for targeted grants for high priority regional or statewide projects, such as the stormwater center in Puyallup and Stormwater Outreach for Regional Municipalities (STORM). Targeted grants are intended to address and resolve issues related to re-issuing the municipal stormwater permits. These grants will fund studies or work that is critical to completing re-issuing the municipal stormwater permits on time.
- \$153,666 and 0.80 FTE will be available for grant administration to continue support for the remaining \$4.5 million operating budget and to manage the capacity grants Ecology is requesting be authorized through the capital budget proviso change.

This one-time reduction is mitigated by the fact that significant local government stormwater grant funding remains in Ecology's 2011-13 enacted Capital Budget. Specifically, \$92.1 million in new and reappropriated capital funding is included in the current Capital Budget. Of this amount, \$30 million is new capital investments in the 2011-13 biennium, and \$62.1 million is reappropriated dollars from the 2007-09 and 2009-11 biennia. These capital dollars will allow for a significant investment in stormwater in the 2011-13 biennium, despite this required cut option. Finally, the proviso relief noted in this request will also ensure base capacity grants are maintained.

This has been a priority for our local government partners.

**Agency:** 461 Department of Ecology  
**Decision Package Code/Title:** YB 10% Reduction: Stormwater Grants

**Narrative Justification and Impact Statement**

*What specific performance outcomes does the agency expect?*

There are no performance measure codes for this sub-activity. Under activity code A043, "Provide Water Quality Financial Assistance," fewer grants will be awarded for stormwater projects, which will delay reducing contamination of Puget Sound and other waters of the state under Activity Code A008, "Control Stormwater Pollution."

**Performance Measure Detail**

**Activity: A008 Control Stormwater Pollution**

**Incremental Changes**  
**FY 2012**                      **FY 2013**

**Measures**

001655 Refer to Narrative Justification 0.00 0.00

**Activity: A043 Provide Water Quality Financial Assistance**

**Incremental Changes**  
**FY 2012**                      **FY 2013**

**Measures**

001655 Refer to Narrative Justification 0.00 0.00

*Is this decision package essential to implement a strategy identified in the agency's strategic plan?*

This request will reduce work supporting Ecology's strategic priorities to "Protect and Restore Puget Sound" and "Reduce Toxic Threats." It will also reduce work in our strategic plan objective to improve water quality through the activities A043, "Provide Water Quality Financial Assistance," and A008, "Control Storm Water Pollution."

*Does this decision package provide essential support to one of the Governor's priorities?*

This reduction request impacts the Governor's priority to "Clean up Puget Sound," and "Reduce Toxic Threats" on a one-time basis.

*Does this decision package make key contributions to statewide results? Would it rate as a high priority in the Priorities of Government process?*

This request will reduce grants and loans to local governments, non-government organizations, tribes, and businesses. This impacts activities which ranked highly in the state's 2010 Priorities of Government (POG) process - A008 ranked #2 and A043 ranked #34 of 148 natural resource activities. The LTCA stormwater funding is a key component helping local governments to implement local stormwater control programs that prevent and reduce discharges of toxic material into the state's surface waters.

*What are the other important connections or impacts related to this proposal?*

Local governments and environmental interests will be concerned about a reduced investment in the stormwater area. Stormwater has been identified as a major issue facing Puget Sound recovery. Stormwater negatively impacts surface water quality and aquatic resources statewide. This one-time reduction is mitigated by the fact that significant local government stormwater grant funding remains in Ecology's 2011-13 enacted Capital Budget. Specifically, \$92.1 million in new and reappropriated capital funding is included in

**Agency:** 461 Department of Ecology

**Decision Package Code/Title:** YB 10% Reduction: Stormwater Grants

the current capital budget. Of this amount, \$30 million is new capital investments in the 2011-13 biennium, and \$62.1 million is reappropriated dollars from the 2007-09 and 2009-11 biennia. These capital dollars will allow for a significant investment in stormwater in the current biennium, despite this required cut option.

***What alternatives were explored by the agency, and why was this alternative chosen?***

In developing reduction options, Ecology developed the following guiding principles:

- Minimize negative impacts to the environment and public health.
- Offer a mix of General Fund-State and dedicated fund source cuts.
- Follow-up OFM guidance allows for dedicated fund cuts and transfers to the General Fund-State.
- Follow OFM guidance and direction for these reduction options.
- Minimize impacts to Director and Governor Priority areas: Restore and Protect Puget Sound; Manage our Water; Reduce Toxic Threats; Facing Climate Change.
- Minimize staff impacts and loss of investment in the agency's human resources.
- Consider "chunks" rather than "across-the-board" or "skim" proposals where possible.
- Take advantage of staff vacancy savings where applicable and within overall reduction guidelines.
- Advance one-time cuts where possible to effectively "ramp down" during the economic slow-down and "ramp up" as the economy recovers.
- Consider cut areas where capital investments remain in place to continue overall progress, or where fees do not cover program costs.

Regarding the stormwater reductions specifically, Ecology considered three reduction alternatives (25 percent, 50 percent, and 100 percent) to meet the targeted five and ten percent agency reduction amount. This request reflects a cumulative 50 percent reduction level to current funding (25 percent from Ecology's first five percent reduction options and 25 percent from Ecology's second five percent reduction options). This alternative was chosen because Ecology's goal is to keep funding allocated to stormwater capacity grants as close to current levels as possible, and this alternative meets that goal. It also is a reduction that can effectively be "ramped down" this biennium, "ramped up" next biennium, and has capital budget funds in place that help mitigate the reduction in the 2011-13 biennium.

***What are the consequences of not funding this package?***

Reduced support for grants related to re-issuing the municipal stormwater permits means it will be more difficult to re-issue the municipal stormwater general phase I & II permits on schedule. A cut to the LTCA stormwater grants program would compromise our efforts to establish a collaborative pay-in monitoring approach.

***What is the relationship, if any, to the state's capital budget?***

This reduction option, if taken with the first five percent proposal, will result in a cumulative \$4.5 million one-time reduction to competitive stormwater grants to local governments to assist in developing pre-design reports to support local government capital grant applications. To help mitigate this reduction, Ecology is submitting a complementary capital budget request to modify proviso language in existing capital budget appropriations. The language will allow LTCA funding to be used for local government capacity grants. These grants are priorities for our local government partners, and at the 50 percent reduction level proposed in this request. A proviso change is helpful to allow these capacity grants in the capital budget.

The "Stormwater Grants Proviso Change" capital budget package formally requests this change to add new language in ESHB 1497 (cash only capital budget) Section 3041, Statewide Storm Water Projects (30000294), as follows:

"Up to \$2,350,000 of the appropriation is provided for local governments to build staffing capacity to address storm water in their communities."

**Agency:** 461 Department of Ecology  
**Decision Package Code/Title:** YB 10% Reduction: Stormwater Grants

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*What changes would be required to existing statutes, rules, or contracts, in order to implement the change?*

No changes would be required.

*Expenditure and revenue calculations and assumptions*

The targeted reduction in Ecology's five percent second-priority cuts additional local government capacity grants. The LTCA included in this request will be transferred to the General Fund-State account.

*Which costs and functions are one-time? Which are ongoing? What are the budget impacts in future biennia?*

All proposals within this request are considered one-time reductions. Ecology assumes full funding will be restored to the LTCA stormwater grant program for the 2013-15 biennium.

<u>Object Detail</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>Total</u>
N Grants, Benefits & Client Services	(965,780)	(1,280,220)	(2,246,000)

**Decision Package Code/Title: PL YB 10% Reduction: Stormwater Grants**

**6 Year Fiscal Detail**

<b>Expenditures by Account</b>		<b><u>FY 2012</u></b>	<b><u>FY 2013</u></b>	<b><u>FY 2014</u></b>	<b><u>FY 2015</u></b>	<b><u>FY 2016</u></b>	<b><u>FY 2017</u></b>
174-1	Local Toxics Control - State	(965,780)	(1,280,220)				
	<b>Total Expenditures</b>	<b>(965,780)</b>	<b>(1,280,220)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

<b>Expenditures by Object</b>		<b><u>FY 2012</u></b>	<b><u>FY 2013</u></b>	<b><u>FY 2014</u></b>	<b><u>FY 2015</u></b>	<b><u>FY 2016</u></b>	<b><u>FY 2017</u></b>
N	Grants, Benefits, and Client Services	(965,780)	(1,280,220)				
	<b>Total Objects</b>	<b>(965,780)</b>	<b>(1,280,220)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

<b>Staffing</b>			<b><u>FY 2012</u></b>	<b><u>FY 2013</u></b>	<b><u>FY 2014</u></b>	<b><u>FY 2015</u></b>	<b><u>FY 2016</u></b>	<b><u>FY 2017</u></b>
<b><u>Job Class</u></b>	<b><u>Salary</u></b>							
	<b>Total FTEs</b>		<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

<b>Revenue</b>			<b><u>FY 2012</u></b>	<b><u>FY 2013</u></b>	<b><u>FY 2014</u></b>	<b><u>FY 2015</u></b>	<b><u>FY 2016</u></b>	<b><u>FY 2017</u></b>
<b><u>Account</u></b>	<b><u>Source</u></b>							
001 General Fund State	0621		965,780	1,280,220				
174 Local Toxics Control	0622		(965,780)	(1,280,220)				
	<b>Total Revenue</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**Agency:** 461 Department of Ecology  
**Decision Package Code/Title:** YC 10% Red: Orphaned Abandoned Cleanup

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**Budget Period:** 2011-13  
**Budget Level:** PL - Performance Level

**Recommendation Summary Text:**

The Department of Ecology was directed by the Governor to submit five percent and ten percent budget reduction options based upon our General Fund - State appropriation level. This reduction is one part of Ecology's ten percent reduction level. It will cut funding that Ecology dedicates to cleaning up orphaned and abandoned sites and transfer the dollars to the General Fund - State. The initial five percent cut for this was \$618,913 and this next five percent cut is for \$765,702 (a total ten percent of \$1,384,615). Orphaned and abandoned sites are places where the responsible party (land user, facility operator, or property owner) is either unwilling or unable to pay the costs associated with cleanup activities. This one-time reduction option will cut the funding available to clean up these sites and limit Ecology's ability to protect public and environmental health, create jobs, and promote economic growth as these sites would be redeveloped. (General Fund - State, State Toxics Control Account)

**Fiscal Detail**

<b>Operating Expenditures</b>	<b><u>FY 2012</u></b>	<b><u>FY 2013</u></b>	<b><u>Total</u></b>
173-1 State Toxics Control Account-State	(459,500)	(306,202)	(765,702)
<b>Total Cost</b>	<b>(459,500)</b>	<b>(306,202)</b>	<b>(765,702)</b>

**Revenue**

<b><u>Fund</u></b>	<b><u>Source</u></b>	<b><u>FY 2012</u></b>	<b><u>FY 2013</u></b>	<b><u>Total</u></b>
001 General Fund	0621 Operating Trans In	459,500	306,202	765,702
173 State Toxics Control	0622 Operating Trans Out	(459,500)	(306,202)	(765,702)
<b>Total Revenue</b>				

**Package Description:**

A ten percent reduction to orphaned and abandoned cleanup site funding will reduce Ecology's ability to respond to emergency removal and cleanup of toxic contamination from orphaned and abandoned sites; perform additional cleanup work at Gas Works Park; and complete Sediment Management Standards in the Model Toxics Control Act (MTCA) rules.

Reducing funds for cleanup at orphaned and abandoned properties will keep toxic materials in the environment. This negatively impacts public and environmental health. If these toxic materials are not cleaned up, these substances could contaminate neighboring properties and groundwater. Any reduction will hinder our ability to address emergency removals and cleanups. For example, the average cost of cleaning up a leaking underground storage tank site is \$350,000. This reduction option could impact our ability to fund two emergency site cleanups.

Under an agreement with the U.S. Environmental Protection Agency (EPA), Ecology committed to perform water quality activities to

**Agency:** 461 Department of Ecology  
**Decision Package Code/Title:** YC 10% Red: Orphaned Abandoned Cleanup

obtain source control information along the Lower Duwamish Waterway. A reduction in this funding will delay Ecology's work to obtain source control information and issue National Pollutant Discharge Elimination System (NPDES) permits to protect future cleanups from being recontaminated. A reduction will postpone the cleanup now scheduled to begin in 2013.

This reduction option will further delay cleanup at Gas Works Park. At the five percent reduction level, Ecology identified a cut to upland investigation and cleanup. This second five percent will broaden the impact by cutting investigation and cleanup of the park's aquatic lands. Contamination at the site includes toxic materials such as benzene, petroleum products, and polyaromatic hydrocarbons (PAHs). These chemicals pose a long term health threat to aquatic life.

Finally, this reduction option will stop the update of the Sediment Management Standards (SMS) in MTCA. Under the Federal Clean Water Act, states are required to review their water quality standards at least once every three years. This requirement applies to the SMS rule, which is part of the federally approved water quality standards. This rule revision is focusing on providing clear, workable, and understandable framework for decisions on sediment cleanup requirements based on human health protection; sediment cleanup requirements needed to protect freshwater benthic organisms; site cleanup liability that takes into account background concentrations and ongoing discharges; and ways to synchronize sediment cleanup actions and source control requirements at sites where cleanups are based on human health protection. The consequences of not proceeding with the rule revision include lengthy delays in sediment cleanup actions and associated waterfront development projects; inefficient use of available cleanup funds (both public and private funds); and continued exposure to unhealthy levels of toxic chemicals.

**Narrative Justification and Impact Statement**

*What specific performance outcomes does the agency expect?*

This reduction cuts resources dedicated to Ecology's emphasis areas of "Reduce Toxics Threats" and "Protect and Restore Puget Sound." Specifically, it will slow Ecology's response to emergency removal and cleanup of toxic materials at orphaned and abandoned sites and inhibit progress on Puget Sound cleanup.

**Performance Measure Detail**

<b>Activity: A005</b>	<b>Clean up the Most Contaminated Sites First (Upland and Aquatic)</b>	<b>Incremental Changes</b>	
		<b><u>FY 2012</u></b>	<b><u>FY 2013</u></b>
	<b>Measures</b>		
001655	Refer to Narrative Justification	0.00	0.00

*Is this decision package essential to implement a strategy identified in the agency's strategic plan?*

This request negatively impacts Ecology's emphasis on "Reduce Toxics Threats" and "Protect and Restore Puget Sound."

This request reduces Ecology's strategic plan objective to "Clean Up Toxic Sites" and strategic priority "Reduce Toxic Threats." It affects activity A005: "Clean the Worst Contaminated Sites First (Uplands and Aquatics)."

*Does this decision package provide essential support to one of the Governor's priorities?*

This request will reduce Ecology's ability to support the Governor's environmental priority of "Clean Up Puget Sound." A reduction in cleanup activities at Gas Works Park and the Lower Duwamish Waterway, along with the revision of the SMS rules, will impact the

**Agency:** 461 Department of Ecology  
**Decision Package Code/Title:** YC 10% Red: Orphaned Abandoned Cleanup

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Governor's priority to clean up Puget Sound. Also, emergency removal and cleanup of toxic sites at orphaned and abandoned sites will not occur within one-half mile of Puget Sound.

***Does this decision package make key contributions to statewide results? Would it rate as a high priority in the Priorities of Government process?***

This request negatively impacts the Priorities of Government (POG) strategy of "Improving the Quality of Washington's Natural Resources," including the following strategies:

- Preserve and restore natural systems.
- Establish safeguards and standards to protect natural resources.

Cleaning up toxic sites protects human health as well as the environment and is necessary to achieve at least three other POG categories:

- Improve the health of Washington's citizens.
- Improve the economic vitality of businesses and individuals.
- Improve cultural and recreational opportunities throughout the state.

***What are the other important connections or impacts related to this proposal?***

The Lower Duwamish Waterway stakeholders - the City of Seattle, the Port of Seattle, and EPA - will be impacted if Ecology is unable to complete the needed source control work before cleanup is scheduled to begin in 2013. Source control activities and NPDES permitting are necessary to prevent recontamination of cleaned up areas.

Also, any delay in SMS rule changes will cause lengthy delays in sediment cleanup actions and associated water development projects.

***What alternatives were explored by the agency, and why was this alternative chosen?***

The alternative explored by Ecology was further cleanup staff reductions. This alternative was not chosen because cleanup staff provide technical assistance (review remedial investigations/feasibility studies and approve cleanup plans) to Potential Liable Parties (PLPs) that are in the midst of cleaning up contaminated toxics sites. They also provide the same technical assistance to owners of contaminated properties who are voluntarily cleaning up contaminated sites through the Voluntary Cleanup Program (VCP). Staff reductions in either of these areas would delay cleanup at contaminated sites, impacting human and environmental health. Finally, more staff cuts would impact capital projects focused on cleaning up toxics in Puget Sound, removing arsenic from schools in Central Washington, and cleaning up toxics sites in Eastern Washington.

***What are the consequences of not funding this package?***

Cleanup work scheduled to begin in the Lower Duwamish Waterway in 2013 would be impacted if Ecology does not complete the needed source control work.

Cleanup at Gas Works Park would not proceed, resulting in continued human and aquatic life exposure to toxic materials. Not updating the SMS rule would cause lengthy delays in sediment cleanup actions and associated waterfront development projects.

These reductions would affect public health and the environment because of continued exposure to toxic chemicals in our environment, groundwater, and aquatic areas.

***What is the relationship, if any, to the state's capital budget?***

No relationship to the capital budget.

**Agency:** 461 Department of Ecology  
**Decision Package Code/Title:** YC 10% Red: Orphaned Abandoned Cleanup

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*What changes would be required to existing statutes, rules, or contracts, in order to implement the change?*

No changes required.

*Expenditure and revenue calculations and assumptions*

Expenditure assumptions are based on estimated project costs of the SMS rule revision, delaying water quality source control work in the Lower Duwamish Waterway, and delaying an emergency removal and cleanup of toxic contamination at a contaminated site.

*Which costs and functions are one-time? Which are ongoing? What are the budget impacts in future biennia?*

The Office of Financial Management advised Ecology that a dedicated environmental fund cut and transfer to the General Fund-State is an acceptable reduction option. This option is a one-time State Toxics Control Account reduction that will be restored in the 2013-15 biennium.

<u>Object Detail</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>Total</u>
C Personal Service Contracts	(344,600)	(229,700)	(574,300)
E Goods And Services	(114,900)	(76,502)	(191,402)
<b>Total Objects</b>	<b>(459,500)</b>	<b>(306,202)</b>	<b>(765,702)</b>

**Decision Package Code/Title: PL YC 10% Red: Orphaned Abandoned Cleanup**

**6 Year Fiscal Detail**

<b>Expenditures by Account</b>		<b><u>FY 2012</u></b>	<b><u>FY 2013</u></b>	<b><u>FY 2014</u></b>	<b><u>FY 2015</u></b>	<b><u>FY 2016</u></b>	<b><u>FY 2017</u></b>
173-1	State Toxics Control - State	(459,500)	(306,202)				
	<b>Total Expenditures</b>	<b>(459,500)</b>	<b>(306,202)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

<b>Expenditures by Object</b>		<b><u>FY 2012</u></b>	<b><u>FY 2013</u></b>	<b><u>FY 2014</u></b>	<b><u>FY 2015</u></b>	<b><u>FY 2016</u></b>	<b><u>FY 2017</u></b>
C	Personal Service Contract	(344,600)	(229,700)				
E	Goods and Services	(114,900)	(76,502)				
	<b>Total Objects</b>	<b>(459,500)</b>	<b>(306,202)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

<b>Staffing</b>								
<b><u>Job Class</u></b>		<b><u>Salary</u></b>	<b><u>FY 2012</u></b>	<b><u>FY 2013</u></b>	<b><u>FY 2014</u></b>	<b><u>FY 2015</u></b>	<b><u>FY 2016</u></b>	<b><u>FY 2017</u></b>
	<b>Total FTEs</b>		<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

<b>Revenue</b>							
<b><u>Account</u></b>	<b><u>Source</u></b>	<b><u>FY 2012</u></b>	<b><u>FY 2013</u></b>	<b><u>FY 2014</u></b>	<b><u>FY 2015</u></b>	<b><u>FY 2016</u></b>	<b><u>FY 2017</u></b>
001 General Fund	0621	459,500	306,202				
173 State Toxics Control	0622	(459,500)	(306,202)				
	<b>Total Revenue</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>



**Agency:** 461 Department of Ecology  
**Decision Package Code/Title:** YD 10% Red: Agricultural Burning & Fee

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**Budget Period:** 2011-13  
**Budget Level:** PL - Performance Level

**Recommendation Summary Text:**

The Department of Ecology was directed by the Governor to submit five percent and ten percent budget reduction options based on our General Fund - State appropriation level. This option is one part of the agency's ten percent reduction level. State law directs that Ecology operate an agricultural burning permit program and that the costs of operating the program are to be covered by a fee. A recent increase in the fee reduced - but did not eliminate - a General Fund-State subsidy for that program. This request will reduce General Fund-State in that program by reducing staff dedicated to administering and enforcing permits. This request will also reduce contract expenditures for alternatives-to-agricultural burning paid for from fees. Fees could be raised to offset the reductions to the program, while still providing the General Fund-State savings. (General Fund-State, Air Pollution Control Account)

**Fiscal Detail**

<b>Operating Expenditures</b>		<b><u>FY 2012</u></b>	<b><u>FY 2013</u></b>	<b><u>Total</u></b>
001-1	General Fund - Basic Account-State	(83,774)	(137,547)	(221,321)
216-1	Air Pollution Control Account-State	53,774	107,547	161,321
<b>Total Cost</b>		<b>(30,000)</b>	<b>(30,000)</b>	<b>(60,000)</b>

**Revenue**

<b>Fund</b>	<b>Source</b>	<b><u>FY 2012</u></b>	<b><u>FY 2013</u></b>	<b><u>Total</u></b>	
216	Air Pollution Ctl Ac	0225	Burning Permit Fees	145,000	145,000
<b>Total Revenue</b>			<b>145,000</b>	<b>145,000</b>	

**Package Description:**

Burning is a common agricultural practice for disposing of large quantities of post-harvest residue, such as cereal grain stubble and removed orchard trees. Ecology regulates the amount of smoke generated from this practice to reduce the negative public health and safety impacts caused by smoke, while keeping burning available as an important agronomic tool. This is done through a comprehensive smoke management and permitting program. In Ecology's jurisdiction, the smoke management portion of this program is operated for the benefit of growers seven days per week, including all holidays.

Ecology charges a fee to operate its Agricultural Burning Permit and Smoke Management program. By statute (RCW 70.94.6528), the fee is intended to recover the costs of administering and enforcing the program. The fee level is set by the independent Agricultural Burning Practices and Research Task Force (Task Force), and the fee that may be charged is capped in statute.

Legislation in 2010 increased the statutory cap on the Agricultural Burning Permit fee from \$2.50 per acre to \$3.75 per acre. The legislation also established a new fee for pile burning capped at \$1.00 per ton. The \$3.75 per acre level was intended to capture 100

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percent of the direct service costs of operating the program. That fee level does not cover some of the ancillary, costs of the program, such as smoke management monitoring and atmospheric/meteorological modeling.

In 2010, the Task Force increased the fee from \$2.50 per acre to \$3.00 per acre and set a new fee of \$0.50 per ton for piled material (over 100 tons). The current fee levels do not fully recover the direct or ancillary costs of the program, so a General Fund-State subsidy to operate the program at the current level of effort is required. The fee collects approximately 66 percent of the direct costs of operating the program.

Ecology proposes to reduce its General Fund-State level of effort for the Agricultural Burning Permit and Smoke Management program by \$145,000 and one FTE, effective January 1, 2012. In addition to the reduction in effort, we propose redirecting \$60,000 of contract expenditures for research into alternatives-to-agricultural-burning (paid for from fees deposited to the Air Pollution Control Account) to fund a portion of the ancillary costs of the program.

The Task Force could raise fees to offset the reduced General Fund-State support and redirection of contract monies. It is not clear at this time if they would do so. Despite the Task Force's statutory authority to set fees up to the statutory cap, legislative approval is necessary to raise fees under Initiatives 960 and 1053.

#### JUSTIFICATION FOR NEW OR INCREASED FEE REQUESTS

This request could result in increased fees under the Task Forces' current statutory authority and under Ecology's current administrative authority (RCW 70.94.6528).

1. Fee Name: Agricultural Burning Permit Fee

2. Current Tax or Fee Amount: \$3.00 per acre for field burning and \$0.50 per ton of piled material over 100 tons.

3. Proposed Amount:

FY 2012: Unknown at this time

FY 2013: Unknown at this time.

Rates are set by the Task Force established in statute (RCW 70.94.6528). Fees are limited by a statutory cap of \$3.75 per acre and \$1.00 per ton of piled material. The Task Force has not made a determination to adjust fees. Under Initiatives 960 and 1053, the Task Force requires advance legislative authority to do so. Raising the fees close to the cap could generate sufficient revenue to offset the program reduction.

4. Incremental Change for Each Year:

FY 2012: Unknown at this time

FY 2013: Unknown at this time.

5. Expected Implementation Date: July 1, 2012 or earlier depending on timing of decisions.

6. Estimated Additional Revenue Generated by Increase:

FY 2012: Unknown at this time

FY 2013: ~\$145,000 if fees are set at the cap

7. Justification: Legislation in 2010 increased the statutory cap on the Agricultural Burning Permit fee from \$2.50 per acre to \$3.75 per acre and established a new fee for pile burning capped at \$1.00 per ton. The \$3.75 level was intended to capture 100 percent of the direct service costs of operating the program (it did not capture some ancillary costs of the program, such as smoke management monitoring and atmospheric/meteorological modeling). In 2010, the Task Force increased the fee from \$2.50 per acre to \$3.00 per acre and set a new fee of \$0.50 per ton for piled material (over 100 tons).

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Initiatives 960 and 1053 require legislative authority to increase fees. Despite the Task Force's statutory authority to set fees up to the statutory cap, Ecology requests authority for the Task Force to adjust fees in the future.

Ecology proposes the following budget proviso language:

"Pursuant to the authority and limitations contained in RCW 70.94.6528 the Agricultural Burning Practices and Research Task Force may adjust Agricultural Burning Permit fees without additional prior legislative authority."

8. Changes in Who Pays: There will be no change in who pays fees.

9. Changes in Methodology: No changes in fee methodology are anticipated.

10. Alternatives: The Agricultural Burning Permit and Smoke Management program is subsidized by the General Fund-State. Ecology is proposing to reduce the effort directed to this activity by one FTE and \$145,000. We are also requesting to redirect \$60,000 of Air Pollution Control Account funds dedicated to research into alternatives to agricultural burning to fund ancillary activities that support the remaining program (also paid for from the General Fund-State). Service reductions could lower the number of days burning is allowed and could subject local communities to unhealthy smoke impacts from unregulated or unpermitted burning. The Task Force could choose to increase fees to maintain the current levels of service. Legislative approval is required for the fee increase.

11. Statutory Change Required? No

**Narrative Justification and Impact Statement**

*What specific performance outcomes does the agency expect?*

The General Fund-State reduction will reduce permit services to farmers and reduce smoke protection services provided for surrounding communities. Service reductions could lower the number of days burning is allowed and could subject local communities to unhealthy smoke impacts from unregulated or unpermitted burning. Because burning is an important and less expensive agronomic tool than alternatives to burning, limiting the practice could also have adverse economic impacts on growers.

**Performance Measure Detail**

**Activity: A048 Reduce Health and Environmental Threats from Smoke**

		Incremental Changes	
		<u>FY 2012</u>	<u>FY 2013</u>
<b>Measures</b>			
001655	Refer to Narrative Justification	0.00	0.00

*Is this decision package essential to implement a strategy identified in the agency's strategic plan?*

The Agricultural Burning Permit and Smoke Management program is an essential component of Ecology's strategic priority to "Reduce Toxic Threats." This program also supports the agency's strategic plan objective to improve air quality through the activity "Reduce Health and Environmental Impacts from Smoke." A reduction in the program's level of effort will reduce Ecology's ability to protect public health.

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*Does this decision package provide essential support to one of the Governor's priorities?*

This reduction will adversely impact the Governor's priorities to protect the health of Washingtonians because of reduced compliance and smoke management resources. It would also restrict the options and opportunities for growers to manage residue, disease, and pests on their farms. This could affect crop decisions and productivity on cereal grain farms that may result in or add to stress in the agriculture sector of the economy.

*Does this decision package make key contributions to statewide results? Would it rate as a high priority in the Priorities of Government process?*

This request directly contributes to the statewide Priorities of Government (POG) results to improve the health of Washingtonians and improve the quality of Washington's natural resources. The Ecology activity "Reduce Health and Environmental Threats from Smoke" ranked #27 of 148 natural resource activities in the state's 2010 POG process. Ecology's efforts to achieve these goals would be diminished by this reduction.

*What are the other important connections or impacts related to this proposal?*

The existing fee does not fully cover the costs of operating the program. The fee levels are not yet at the statutory cap of \$3.75 per acre or \$1.00 per ton for agricultural pile burning. Fees could be increased by the Task Force to the statutory cap to more fully recover the direct and ancillary costs of operating the program. Raising the fee to the cap could offset part of the program reduction.

*What alternatives were explored by the agency, and why was this alternative chosen?*

A number of reduction alternatives were considered. This alternative was chosen because the existing program, intended to be fully supported by fees, is subsidized by the General Fund - State.

*What are the consequences of not funding this package?*

If no reduction is taken, the consequence is a continuing subsidy of the Agricultural Burning Permit and Smoke Management Programs by the General Fund-State and not helping the General Fund-State budget shortfall.

If a fee increase is not approved by the Legislature, or implemented by the Task Force, the consequence is a reduction in the level of effort to administer and enforce the program. This could result in a substantial reduction in the number of days growers will be allowed to burn, and/or increase the number of times citizens could be exposed to harmful levels of air pollution.

*What is the relationship, if any, to the state's capital budget?*

None.

*What changes would be required to existing statutes, rules, or contracts, in order to implement the change?*

None. The Task Force has authority to set fees, and Ecology has authority to adopt fee increases in rule. The Task Force requires prior legislative authority under Initiatives 960 and 1053.

*Expenditure and revenue calculations and assumptions*

Direct costs of operating the Agricultural Burning Permit and Smoke Management program are estimated to be \$680,000 per biennium or \$340,000 per year. This does not include ancillary costs of operating the smoke net monitoring system or the atmospheric/meteorological modeling systems used to predict atmospheric and smoke behavior - estimated to be \$82,500 per year.

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Expenditure calculations assume a reduction of one FTE, effective January 1, 2012 (18 months). Salary estimates are based the Environmental Specialist classification. Employee benefits are calculated at the agency approved standard average of 30.4 percent of salaries. Goods and services reflect agency approved standard costs calculated at the agency average of \$4,316 per direct program FTE per fiscal year. Travel reflects agency approved standard costs calculated at the agency average of \$1,021 per direct program FTE per fiscal year. Equipment is based on the agency standard cost for start-up of new employees in the first year only and is shown in Object J. Agency Administrative Overhead is calculated at the federally approved agency indirect rate of 34.4 percent of program salaries and benefits and is shown in object T. Administration program FTEs are included at 0.15 FTE per direct program FTE.

There is also an assumption that \$60,000 in contracts currently funded by General Fund-State will be cut and redirected to existing Air Pollution Control Account funding to offset ancillary costs of the program.

**FY 2012 - General Fund- State Reduction**

FTE = (0.60)  
 Salaries = (\$29,160)  
 Benefits = (\$8,865)  
 Contracts = (\$30,000)  
 Goods and Services = (\$2,158)  
 Travel = (\$511)  
 Intra-Agency Reimbursements = (\$13,080)  
 TOTAL = (\$83,774)

**FY 2013 - General Fund- State Reduction**

FTE = (1.2)  
 Salaries = (\$58,320)  
 Benefits = (\$17,729)  
 Contracts = (\$30,000)  
 Goods and Services = (\$4,316)  
 Travel = (\$1,021)  
 Intra-Agency Reimbursements = (\$26,161)  
 TOTAL = (\$137,547)

**Revenue calculations assume the following:**

180,000 acres burned each year (variable)  
 \$0.75 per acre fee increase  
 \$135,000 revenue increase

Minimum fee and per ton fee increase for agricultural pile burning could generate between \$1,000-\$10,000 per year.

***Which costs and functions are one-time? Which are ongoing? What are the budget impacts in future biennia?***

The staff reduction in General Fund-State and the redirection of the contract in the Air Pollution Control Account are ongoing. If fees are increased, the services will be continued and funded from the Air Pollution Control Account.

The following tables are contingent on a fee increase being authorized by the Legislature and implemented by the Task Force and Ecology to offset the proposed reduction and redirection. It is unclear whether the Task Force would act to increase fees at this time, but Ecology believes an increase in fees is preferable to losing existing service levels.

State of Washington  
Decision Package

FINAL

Agency: 461 Department of Ecology

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<u>Object Detail</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>Total</u>
C Personal Service Contracts	(30,000)	(30,000)	(60,000)

**Decision Package Code/Title: PL YD 10% Red: Agricultural Burning & Fee**

**6 Year Fiscal Detail**

<b>Expenditures by Account</b>		<b><u>FY 2012</u></b>	<b><u>FY 2013</u></b>	<b><u>FY 2014</u></b>	<b><u>FY 2015</u></b>	<b><u>FY 2016</u></b>	<b><u>FY 2017</u></b>
001-1	General Fund - State	(83,774)	(137,547)	(137,547)	(137,547)	(137,547)	(137,547)
216-1	Air Pollution Control - State	53,774	107,547	53,774	107,547	53,774	107,547
<b>Total Expenditures</b>		<b>(30,000)</b>	<b>(30,000)</b>	<b>(83,773)</b>	<b>(30,000)</b>	<b>(83,773)</b>	<b>(30,000)</b>

<b>Expenditures by Object</b>		<b><u>FY 2012</u></b>	<b><u>FY 2013</u></b>	<b><u>FY 2014</u></b>	<b><u>FY 2015</u></b>	<b><u>FY 2016</u></b>	<b><u>FY 2017</u></b>
C	Personal Service Contract	(30,000)	(30,000)	(30,000)	(30,000)	(30,000)	(30,000)
<b>Total Objects</b>		<b>(30,000)</b>	<b>(30,000)</b>	<b>(30,000)</b>	<b>(30,000)</b>	<b>(30,000)</b>	<b>(30,000)</b>

<b>Staffing</b>								
<b><u>Job Class</u></b>		<b><u>Salary</u></b>	<b><u>FY 2012</u></b>	<b><u>FY 2013</u></b>	<b><u>FY 2014</u></b>	<b><u>FY 2015</u></b>	<b><u>FY 2016</u></b>	<b><u>FY 2017</u></b>
	<b>Total FTEs</b>		<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

<b>Revenue</b>								
<b><u>Account</u></b>		<b><u>Source</u></b>	<b><u>FY 2012</u></b>	<b><u>FY 2013</u></b>	<b><u>FY 2014</u></b>	<b><u>FY 2015</u></b>	<b><u>FY 2016</u></b>	<b><u>FY 2017</u></b>
216 Air Pollution Control		0225		145,000	145,000	145,000	145,000	145,000
<b>Total Revenue</b>			<b>0</b>	<b>145,000</b>	<b>145,000</b>	<b>145,000</b>	<b>145,000</b>	<b>145,000</b>



**Agency:** 461 Department of Ecology  
**Decision Package Code/Title:** YA 10% Reduction: Staff Cuts

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**Budget Period:** 2011-13  
**Budget Level:** PL - Performance Level

**Recommendation Summary Text:**

The Department of Ecology was directed by the Governor to submit five and ten percent budget reduction options based on our General Fund-State biennial appropriations. This reduction request includes permanent staffing cuts that will eliminate a reclaimed water engineer, a non-point source pollution control inspector, a water metering coordinator, and a water rights processor. It also includes one-time 2011-13 biennium staff cuts focused on pollution source control, voluntary cleanup, and Bellingham Bay cleanup work. A separate five percent cut package identifies the initial staff reduction requested, and this package identifies the next five percent increment. The reductions include a mix of ongoing, direct General Fund-State cuts and one-time cuts and transfers from dedicated environmental accounts. (General Fund - State, State Toxics Control Account)

**Fiscal Detail**

<b>Operating Expenditures</b>		<b><u>FY 2012</u></b>	<b><u>FY 2013</u></b>	<b><u>Total</u></b>
001-1	General Fund - Basic Account-State	(496,895)	(452,869)	(949,764)
173-1	State Toxics Control Account-State	(281,263)	(375,950)	(657,213)
<b>Total Cost</b>		<b>(778,158)</b>	<b>(828,819)</b>	<b>(1,606,977)</b>
<b>Staffing</b>		<b><u>FY 2012</u></b>	<b><u>FY 2013</u></b>	<b><u>Annual Average</u></b>
	FTEs	-6.3	-7.5	-6.9

<b>Revenue</b>			<b><u>FY 2012</u></b>	<b><u>FY 2013</u></b>	<b><u>Total</u></b>
<b>Fund</b>	<b>Source</b>				
001 General Fund	0621	Operating Trans In	281,263	375,950	657,213
173 State Toxics Control	0622	Operating Trans Out	(281,263)	(375,950)	(657,213)
<b>Total Revenue</b>					

**Package Description:**

The state reduced its General Fund-State forecast in June 2011. Economic conditions continued to weaken over the summer, and the Governor directed agencies to prepare five and ten percent reduction options should additional cutbacks be needed in the 2011-13 biennium. The September 2011 General Fund-State forecast dropped again.

Considering those economic circumstances, knowing there may be state impacts from possible federal budget reductions and emerging from the 2009-11 hiring freeze, Ecology moved quickly to fill essential, high priority positions in the first three months of this biennium. However, Ecology was also prudent. We still have vacant, funded positions that are accumulating salary and benefit savings. Some of the reduction options proposed are one-time opportunistic cuts that hold positions vacant for the entire biennium. Other reduction options reduce Ecology's laboratory services, and permanently lower capacity for reclaimed water engineering, non-point pollution inspections, and water resources management.

**Agency:** 461 Department of Ecology  
**Decision Package Code/Title:** YA 10% Reduction: Staff Cuts

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PERMANENT GENERAL FUND - STATE STAFF REDUCTIONS

Description: Ecology will permanently cut 1.5 FTE in its Water Quality Program focused on reclaimed water and non-point pollution and a portion of its Urban Waters laboratory budget in fiscal year 2012 for the Spokane River.

This reduction option proposes to eliminate a reclaimed water engineer (1.0 FTE). Ecology will lose the lead position for implementing and developing reclaimed water use in the state of Washington. This is an emerging and highly technical statewide program involving a significant transition from traditional work models.

Reclaimed water is an important component of wise water management. Reclaimed water is derived from domestic wastewater and small amounts of industrial process water or stormwater. The process of reclaiming water - sometimes called water recycling or water reuse - involves a highly engineered, multi-step treatment process that speeds up nature's restoration of water quality. The process provides a high level of disinfection and reliability to assure that only water meeting stringent requirements leaves the treatment facility.

The position serves as Ecology's policy specialist and the Water Quality Program's chief engineer on reclaimed water use and related issues. The engineer is responsible for developing regulations, policy, and guidance to help carry out the state's reclaimed water use program. The reclaimed water engineer applies conventional and newly emerging environmental engineering techniques and principles in innovative, creative ways to address complex environmental engineering problems. The position also consults with and advises Ecology management on issues related to reclaimed water.

This reduction option also proposes to eliminate a non-point source pollution inspector (0.5 FTE). Non-point pollution is Washington's most serious pollution problem, and the most difficult one to solve. This is because it comes from diffused sources, is generated by every kind of land use, and has no specific regulatory tool - like a permit - designed to deal with it. Solving the non-point pollution problem will require behavior changes, as well as better land management and structural management practices. The loss of a non-point inspector will reduce our ability to identify specific non-point sources and provide land owners with technical assistance to help them avoid discharging polluted water to surface and groundwater.

Ecology will lose environmental specialist capacity that:

- Administers the non-point source strategy focused on technical assistance and regulatory programs enforcement related to land use impacts on water quality.
- Works with Ecology staff and local, state, federal, and tribal entities to address non-point water quality concerns.
- Evaluates scientific analyses and plans.
- Conducts field sampling.
- Analyzes information to develop recommendations and make decisions.
- Promotes and coordinates local water quality protection activities through coordination with local efforts and by using regulatory compliance procedures.

Performance Outcomes/Priorities/Consequences: This reduction option will permanently impact the activities "Prevent Point Source Pollution - A032" and "Reduce Nonpoint Source Pollution - A049." The expected result for activity A032 that "communities get help increasing the production and use of reclaimed wastewater" will be significantly reduced. This could result in delays or additional consulting expenses for proposed municipal projects that would save water and reduce pollution to Puget Sound and other waters of the state.

Two expected results will be permanently reduced under activity A049 that "the Department of Agriculture gets help to manage water quality problems generated by agricultural uses" and "best management practices necessary to address nonpoint source pollution problems are implemented." This could result in delays in reducing pollution to Puget Sound and other waters of the state.

**Agency:** 461 Department of Ecology  
**Decision Package Code/Title:** YA 10% Reduction: Staff Cuts

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This request reduces support for the state's Priority of Government (POG) "Improve the Quality of Washington's Natural Resources;" Indicator 1: Reducing negative impacts on the environment; b: Percentage of rivers and streams that meet water quality standards. POG identifies one of its purchase strategies as "Establish safeguards and standards." This request eliminates a reclaimed water engineer and the non-point source pollution inspector that provide regulation and technical assistance to protect and improve the quality of stormwater, wastewater, and groundwater discharges. Providing clear guidance and technical assistance to the regulated community and the general public are key tools in reducing the pollution discharged into our lakes, rivers, marine waters, and estuaries, and protecting groundwater and streams.

Alternatives: Ecology reviewed and prioritized Water Quality Program work funded by General Fund-State. Essential services and core work were given highest priority. This option, which also cuts the Urban Waters lab sampling budget, was selected as the most viable alternative based on least impact to the program.

Fiscal Year 2012 = 1.5 FTE; \$258,013 General Fund - State  
Fiscal Year 2013 = 1.7 FTE; \$213,987 General Fund - State

Description: Ecology's Water Resources Program would be cut by two FTE effective July 1, 2011.

This reduction option will permanently cut the Central Region metering coordinator. This will result in more instances of unauthorized water use in basins, which may mean other water right holders are more likely to have their water rights impaired.

This reduction option will also permanently cut the Northwest Region water rights processor. About ten to fifteen fewer applications for new water rights or changes to existing water rights will be processed due to the elimination of this position. This will result in additional delays processing applications and lead to an increase in the existing backlog of water right applications.

Performance Outcomes/Priorities/Consequences: Eliminating the metering coordinator position within the compliance activity will reduce our field presence and meter checks. Ecology's Central Region Water Resources Program will have no capacity to monitor water use at established metering locations. This will increase the likelihood of illegal water use and impairment of other water rights. And if there is no monitoring, and illegal use occurs, flow levels in the region could be impacted.

Eliminating the water rights processing position will result in fewer applications for new water rights or changes to existing water rights being processed. This will slow down economic activity in the region. Projects needing water will wait longer to be permitted and begin construction.

Fiscal Year 2012 = 2.3 FTE; \$238,882 General Fund - State  
Fiscal Year 2013 = 2.3 FTE; \$238,882 General Fund - State

**ONE-TIME VACANCIES FOR DEDICATED FUND CUTS AND TRANSFERS TO THE GENERAL FUND-STATE**  
The Office of Financial Management (OFM) advised Ecology that dedicated environmental fund cuts and transfers were acceptable reduction options. These vacancies are one-time cuts from the State Toxics Control Account that will be restored in the 2013-15 biennium. Three positions in Ecology's Toxics Cleanup Program will be held vacant for the entire biennium.

First, an environmental engineer position would review the adequacy of proposed source control measures and contamination or recontamination of sediments from point source National Pollutant Discharge Elimination System permitted discharges in the state. This work will be delayed and impact the review of major discharges from cities and municipalities such as the City of Tacoma, King County,

**Agency:** 461 Department of Ecology  
**Decision Package Code/Title:** YA 10% Reduction: Staff Cuts

the City of Everett, and industrial discharges at oil refineries and manufacturing plants.

Second, a hydrogeologist would work on Southwest Region's Voluntary Cleanup Program review to determine whether contaminated sites are cleaned up and require no further action. Delaying this impacts the economic redevelopment of contaminated sites. One site manager in this region has an average portfolio of 137 sites.

Finally, an environmental engineer would support cleanup activities in and around Bellingham Bay. Holding this vacancy will mean Ecology cannot provide adequate support at these cleanup sites. This position is critical and could impact the Port and City of Bellingham's cleanup schedules and their business plans related to the reuse of the cleanup sites. Also, this position would support Voluntary Cleanup Program activities in Northwest Region. In this region, one site manager has an average portfolio of 140 sites.

These one-time reduction options impact program activities "Clean Up the Most Contaminated Sites First (Upland and Aquatic) - A005" and "Services to Site Owners that Volunteer to Clean Up Their Contaminated Sites - A057."

Fiscal Year 2012 = 2.6 FTE; \$281,263 State Toxics Control Account  
Fiscal Year 2013 = 3.5 FTE; \$375,950 State Toxics Control Account

**Narrative Justification and Impact Statement**

*What specific performance outcomes does the agency expect?*

Please refer to narrative above.

**Performance Measure Detail**

<p><b>Activity: A005      Clean up the Most Contaminated Sites First (Upland and Aquatic)</b></p> <p><b>Measures</b></p> <p>001655    Refer to Narrative Justification</p>	<p><b>Incremental Changes</b></p> <p><b><u>FY 2012</u></b>                      <b><u>FY 2013</u></b></p> <p>0.00                                      0.00</p>
<p><b>Activity: A024      Manage Water Rights</b></p> <p><b>Measures</b></p> <p>001655    Refer to Narrative Justification</p>	<p><b>Incremental Changes</b></p> <p><b><u>FY 2012</u></b>                      <b><u>FY 2013</u></b></p> <p>0.00                                      0.00</p>
<p><b>Activity: A032      Prevent Point Source Water Pollution</b></p> <p><b>Measures</b></p> <p>001655    Refer to Narrative Justification</p>	<p><b>Incremental Changes</b></p> <p><b><u>FY 2012</u></b>                      <b><u>FY 2013</u></b></p> <p>0.00                                      0.00</p>
<p><b>Activity: A035      Promote Compliance with Water Laws</b></p> <p><b>Measures</b></p>	<p><b>Incremental Changes</b></p> <p><b><u>FY 2012</u></b>                      <b><u>FY 2013</u></b></p>

Agency: **461 Department of Ecology**

Decision Package Code/Title: **YA 10% Reduction: Staff Cuts**

001655	Refer to Narrative Justification	0.00	0.00
<b>Activity: A049 Reduce Nonpoint-Source Water Pollution</b>		<b>Incremental Changes</b>	
		<b><u>FY 2012</u></b>	<b><u>FY 2013</u></b>
<b>Measures</b>			
001655	Refer to Narrative Justification	0.00	0.00
<b>Activity: A057 Services to Site Owners that Volunteer to Clean Up their Contaminated Sites</b>		<b>Incremental Changes</b>	
		<b><u>FY 2012</u></b>	<b><u>FY 2013</u></b>
<b>Measures</b>			
001655	Refer to Narrative Justification	0.00	0.00

*Is this decision package essential to implement a strategy identified in the agency's strategic plan?*

Please refer to narrative above.

*Does this decision package provide essential support to one of the Governor's priorities?*

Please refer to narrative above.

*Does this decision package make key contributions to statewide results? Would it rate as a high priority in the Priorities of Government process?*

Please refer to narrative above.

*What are the other important connections or impacts related to this proposal?*

Please refer to narrative above.

*What alternatives were explored by the agency, and why was this alternative chosen?*

In developing reduction options, Ecology developed the following guiding principles:

- Minimize negative impacts to the environment and public health.
- Offer a mix of General Fund-State and dedicated fund source cuts.
- Follow-up OFM guidance allows for dedicated fund cuts and transfers to the General Fund-State.
- Follow OFM guidance and direction for these reduction options.
- Minimize impacts to Director and Governor Priority areas: Restore and Protect Puget Sound; Manage our Water; Reduce Toxic Threats; Facing Climate Change.
- Minimize staff impacts and loss of investment in the agency's human resources.
- Consider "chunks" rather than "across-the-board" or "skim" proposals where possible.
- Take advantage of staff vacancy savings where applicable and within overall reduction guidelines.
- Advance one-time cuts where possible to effectively "ramp down" during the economic slow-down and "ramp up" as the economy recovers.
- Consider cut areas where capital investments remain in place to continue overall progress, or where fees do not cover program costs.

**Agency:** 461 Department of Ecology  
**Decision Package Code/Title:** YA 10% Reduction: Staff Cuts

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Regarding alternatives to specific reductions, please refer to narrative above.

*What are the consequences of not funding this package?*

The consequences of turning the individual reduction options into actual budget cuts are explained in the narrative above.

*What is the relationship, if any, to the state's capital budget?*

There is no relationship to the state's capital budget.

*What changes would be required to existing statutes, rules, or contracts, in order to implement the change?*

No rule changes are required.

*Expenditure and revenue calculations and assumptions*

Expenditures for each reduction option are listed in the narrative.

Employee benefits are calculated at the agency approved standard average of 30.4 percent of salaries. Agency Administrative Overhead is calculated at the federally approved agency indirect rate of 34.4 percent of program salaries and benefits and is shown in object T. Administration programs FTEs are included at 0.15 FTE per direct program FTE.

For dedicated environmental account reduction options, revenue cuts are assumed in the dedicated account and revenue increases are assumed in the General Fund-State.

General Fund-State = \$657,213

State Toxics Control Account = (\$657,213)

*Which costs and functions are one-time? Which are ongoing? What are the budget impacts in future biennia?*

Reduction options are listed in the narrative as one-time or ongoing.

<u>Object Detail</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>Total</u>
A Salaries And Wages	(383,159)	(455,905)	(839,064)
B Employee Benefits	(123,643)	(146,615)	(270,258)
E Goods And Services	(93,763)	(15,395)	(109,158)
G Travel	(3,256)	(3,642)	(6,898)
T Intra-Agency Reimbursements	(174,337)	(207,262)	(381,599)
<b>Total Objects</b>	<b>(778,158)</b>	<b>(828,819)</b>	<b>(1,606,977)</b>

**Decision Package Code/Title: PL YA 10% Reduction: Staff Cuts**

**6 Year Fiscal Detail**

<b>Expenditures by Account</b>		<b><u>FY 2012</u></b>	<b><u>FY 2013</u></b>	<b><u>FY 2014</u></b>	<b><u>FY 2015</u></b>	<b><u>FY 2016</u></b>	<b><u>FY 2017</u></b>
001-1	General Fund - State	(496,895)	(452,869)	(452,869)	(452,869)	(452,869)	(452,869)
173-1	State Toxics Control - State	(281,263)	(375,950)				
	<b>Total Expenditures</b>	<b>(778,158)</b>	<b>(828,819)</b>	<b>(452,869)</b>	<b>(452,869)</b>	<b>(452,869)</b>	<b>(452,869)</b>

<b>Expenditures by Object</b>		<b><u>FY 2012</u></b>	<b><u>FY 2013</u></b>	<b><u>FY 2014</u></b>	<b><u>FY 2015</u></b>	<b><u>FY 2016</u></b>	<b><u>FY 2017</u></b>
A	Salaries and Wages	(383,159)	(455,905)	(242,787)	(242,787)	(242,787)	(242,787)
B	Employee Benefits	(123,643)	(146,615)	(80,006)	(80,006)	(80,006)	(80,006)
E	Goods and Services	(93,763)	(15,395)	(15,395)	(15,395)	(15,395)	(15,395)
G	Travel	(3,256)	(3,642)	(3,642)	(3,642)	(3,642)	(3,642)
T	Intra-Agency Reimbursements	(174,337)	(207,262)	(111,039)	(111,039)	(111,039)	(111,039)
	<b>Total Objects</b>	<b>(778,158)</b>	<b>(828,819)</b>	<b>(452,869)</b>	<b>(452,869)</b>	<b>(452,869)</b>	<b>(452,869)</b>

**Staffing**

<b><u>Job Class</u></b>	<b><u>Salary</u></b>	<b><u>FY 2012</u></b>	<b><u>FY 2013</u></b>	<b><u>FY 2014</u></b>	<b><u>FY 2015</u></b>	<b><u>FY 2016</u></b>	<b><u>FY 2017</u></b>
Various		(5.6)	(6.5)	(3.5)	(3.5)	(3.5)	(3.5)
Fiscal Analyst 2		(0.7)	(1.0)	(0.5)	(0.5)	(0.5)	(0.5)
	<b>Total FTEs</b>	<b>(6.3)</b>	<b>(7.5)</b>	<b>(4.0)</b>	<b>(4.0)</b>	<b>(4.0)</b>	<b>(4.0)</b>

**Revenue**

<b><u>Account</u></b>	<b><u>Source</u></b>	<b><u>FY 2012</u></b>	<b><u>FY 2013</u></b>	<b><u>FY 2014</u></b>	<b><u>FY 2015</u></b>	<b><u>FY 2016</u></b>	<b><u>FY 2017</u></b>
001 General Fund	0621	281,263	375,950				
173 State Toxics Control	0622	(281,263)	(375,950)				
	<b>Total Revenue</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>



# State of Washington

## Summarized Revenue by Account and Source

	Maintenance Level		Performance Level		Biennium Totals		Total
	FY2012	FY2013	FY2012	FY2013	FY2012	FY2013	
Budget Period: 2011-13							9/21/2011
Dollars in thousands							2:16PM
461 - Department of Ecology							
Agency Level							
S1 - Supplemental 2012							
Supporting Text Excluded							
<b>001 - General Fund</b>							
MB - Natural Resource Consolidation Fix	(15)						
Total - 0310 - Dept of Agriculture - F	(15)				(15)		(15)
DJ - PS NEP Federal Funding Authority			5,419	17,471			
Total - 0366 - Environ Protection A - F			5,419	17,471	5,419	17,471	22,890
DA - Hanford Tank Closure and Cleanup			23	93			
Total - 0381 - Dept of Energy - F			23	93	23	93	116
MB - Natural Resource Consolidation Fix	(314)						
Total - 0541 - Contributions Grants - P/L	(314)				(314)		(314)
XA - 5% Reduction: Staff Cuts			582	302			
XB - 5% Reduction: Stormwater Grants			966	1,280			
XC - 5% Red: Orphaned Abandoned Cleanup			359	260			
YA - 10% Reduction: Staff Cuts			281	376			
YB - 10% Reduction: Stormwater Grants			966	1,280			
YC - 10% Red: Orphaned Abandoned Cleanup			460	306			
Total - 0621 - Operating Trans In - S			3,614	3,804	3,614	3,804	7,418
<b>001 - General Fund - State</b>			<b>3,614</b>	<b>3,804</b>	<b>3,614</b>	<b>3,804</b>	<b>7,418</b>
<b>001 - General Fund - Federal</b>		(15)	<b>5,442</b>	<b>17,564</b>	<b>5,442</b>	<b>17,549</b>	<b>22,991</b>
<b>001 - General Fund - Private/Local</b>		(314)				(314)	(314)
<b>Total - 001 - General Fund</b>		(329)	<b>9,056</b>	<b>21,368</b>	<b>9,056</b>	<b>21,039</b>	<b>30,095</b>
<b>125 - Site Closure Account</b>							
DI - Transfer Site Use Permits to Health				(240)			(240)
Total - 0299 - Other Licenses Permi - S				(240)			(240)
<b>125 - Site Closure Account - State</b>				<b>(240)</b>		<b>(240)</b>	<b>(240)</b>

# State of Washington

## Summarized Revenue by Account and Source

BASS - BDS029					9/21/2011 2:16PM
Budget Period: 2011-13					
Dollars in thousands					
461 - Department of Ecology					
Agency Level					
S1 - Supplemental 2012					
Supporting Text Excluded					
	<b>Maintenance Level</b>	<b>Performance Level</b>	<b>Biennium Totals</b>	<b>Total</b>	
	FY2012	FY2012	FY2012	FY2013	
	FY2013	FY2013	FY2013	FY2013	
<b>Total - 125 - Site Closure Account</b>			(240)	(240)	(240)
<b>173 - State Toxics Control</b>					
DA - Hanford Tank Closure and Cleanup	86	86	379	379	465
Total - 0294 - Hazardous Waste Fees - S	86	86	379	379	465
XA - 5% Reduction: Staff Cuts	(535)	(535)	(244)	(244)	(2,821)
XC - 5% Red: Orphaned Abandoned Cleanup	(359)	(359)	(260)	(260)	(2,356)
YA - 10% Reduction: Staff Cuts	(281)	(281)	(376)	(376)	(2,356)
YC - 10% Red: Orphaned Abandoned Cleanup	(460)	(460)	(306)	(306)	(2,356)
Total - 0622 - Operating Trans Out - S	(1,635)	(1,635)	(1,186)	(1,186)	(2,821)
<b>173 - State Toxics Control - State</b>	(1,549)	(1,549)	(807)	(807)	(2,356)
<b>Total - 173 - State Toxics Control</b>	(1,549)	(1,549)	(807)	(807)	(2,356)
<b>174 - Local Toxics Control</b>					
XA - 5% Reduction: Staff Cuts	(47)	(47)	(58)	(58)	(4,597)
XB - 5% Reduction: Stormwater Grants	(966)	(966)	(1,280)	(1,280)	(4,597)
YB - 10% Reduction: Stormwater Grants	(966)	(966)	(1,280)	(1,280)	(4,597)
Total - 0622 - Operating Trans Out - S	(1,979)	(1,979)	(2,618)	(2,618)	(4,597)
<b>174 - Local Toxics Control - State</b>	(1,979)	(1,979)	(2,618)	(2,618)	(4,597)
<b>Total - 174 - Local Toxics Control</b>	(1,979)	(1,979)	(2,618)	(2,618)	(4,597)
<b>216 - Air Pollution Ctl Ac</b>					
YD - 10% Red: Agricultural Burning & Fee			145	145	145
Total - 0225 - Burning Permit Fees - S			145	145	145
DC - Improving Air Permit Services			175	175	175

# State of Washington

## Summarized Revenue by Account and Source

	Maintenance Level			Performance Level			Biennium Totals		Total
	FY2012	FY2013	FY2012	FY2012	FY2013	FY2012	FY2013		
<b>216 - Air Pollution Ctl Ac</b>									
Total - 0299 - Other Licenses Permi - S			175					175	175
<b>216 - Air Pollution Ctl Ac - State</b>			320					320	320
<b>Total - 216 - Air Pollution Ctl Ac</b>			320					320	320
<b>461 - Department of Ecology - State</b>			86					86	545
Total - 0299 - Other Licenses Permi - S			175					175	175
<b>461 - Department of Ecology - Federal</b>		(15)	5,442			5,442		17,549	22,991
Total - 0299 - Other Licenses Permi - S			175					175	175
<b>461 - Department of Ecology - Private/Local</b>		(314)						(314)	(314)
Total - 461 - Department of Ecology		(329)	5,528			5,528		17,694	23,222

9/21/2011  
2:16PM







# Washington Department of Ecology

## 2012 Supplemental Budget

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### Capital Budget



**461 - Department of Ecology  
Ten Year Capital Plan by Project Number**  
2011-13 Biennium \*

Version: S1 Supplemental 2012

Report Number: CBS001  
Date Run: 9/21/2011 2:02PM

Project by Account-EA Type	Estimated Total	Prior Expenditures	Current Expenditures	Reapprop 2011-13	New Approp 2011-13	Estimated 2013-15	Estimated 2015-17	Estimated 2017-19	Estimated 2019-21
<b>20062950 Columbia River Basin Water Supply Development Program</b>									
10P-1 Col River Water-State	216,088,000	3,849,000	16,664,000	23,987,000	36,596,000	33,748,000	33,748,000	33,748,000	33,748,000
18B-1 Col Rvr Bsn Tax Bond-State	19,804,000				10,404,000	2,350,000	2,350,000	2,350,000	2,350,000
<b>Project Total:</b>	<b>235,892,000</b>	<b>3,849,000</b>	<b>16,664,000</b>	<b>23,987,000</b>	<b>47,000,000</b>	<b>36,098,000</b>	<b>36,098,000</b>	<b>36,098,000</b>	<b>36,098,000</b>
<b>30000265 Clean Up Toxics Sites - Puget Sound</b>									
173-1 State Toxics Control-State	20,899,662				9,652,000	11,247,662			
174-1 Local Toxics Control-State	6,748,000				6,748,000				
<b>Project Total:</b>	<b>27,647,662</b>				<b>16,400,000</b>	<b>11,247,662</b>			
<b>30000294 Stormwater Grants Proviso Change</b>									
174-1 Local Toxics Control-State	30,000,000				30,000,000				
<b>30000302 Remedial Action Grant Program</b>									
174-1 Local Toxics Control-State	2,145,000				2,145,000				
<b>30000315 Johns Creek Hydrogeology Study</b>									
001-7 General Fund-Private/Local	80,000				80,000				
05W-1 State Drought Prep-State	171,000				171,000				
<b>Project Total:</b>	<b>251,000</b>				<b>251,000</b>				
<b>Total</b>	<b>295,935,662</b>	<b>3,849,000</b>	<b>16,664,000</b>	<b>23,987,000</b>	<b>95,796,000</b>	<b>47,345,662</b>	<b>36,098,000</b>	<b>36,098,000</b>	<b>36,098,000</b>

**Total Account Summary**

**461 - Department of Ecology  
Ten Year Capital Plan by Project Number**  
2011-13 Biennium \*

Version: S1 Supplemental 2012

Report Number: CBS001  
Date Run: 9/21/2011 2:02PM

<b>Total Account Summary</b>										
Account-Expenditure Authority Type	Estimated Total	Prior Expenditures	Current Expenditures	Reapprop 2011-13	New Approp 2011-13	Estimated 2013-15	Estimated 2015-17	Estimated 2017-19	Estimated 2019-21	
001-7 General Fund-Private/Local	80,000				80,000					
05W-1 State Drought Prep-State	171,000				171,000					
10P-1 Col River Water-State	216,088,000	3,849,000	16,664,000	23,987,000	36,596,000	33,748,000	33,748,000	33,748,000	33,748,000	33,748,000
173-1 State Toxics Control-State	20,899,662				9,652,000	11,247,662				
174-1 Local Toxics Control-State	38,893,000				38,893,000					
18B-1 Col Rvr Bsn Tax Bond-State	19,804,000				10,404,000	2,350,000	2,350,000	2,350,000	2,350,000	2,350,000
<b>Total</b>	<b>295,935,662</b>	<b>3,849,000</b>	<b>16,664,000</b>	<b>23,987,000</b>	<b>95,796,000</b>	<b>47,345,662</b>	<b>36,098,000</b>	<b>36,098,000</b>	<b>36,098,000</b>	<b>36,098,000</b>

## 461 - Department of Ecology Capital Project Request

2011-13 Biennium

\*

Version: S1 Supplemental 2012

Report Number: CBS002

Date Run: 9/20/2011 8:18AM

Project Number: 30000265

Project Title: Clean Up Toxics Sites - Puget Sound

### Description

Starting Fiscal Year: 2012

Project Class: Grant

Agency Priority: 1

#### Project Summary

This request supports Ecology's Puget Sound Cleanup Initiative by making a fund source switch and requesting a one-time statutory amendment in the budget to the Local Toxics Control Account (LTCA). In the 2011-13 enacted Capital Budget, \$16.4 million was appropriated from the LTCA rather than from the State Toxics Control Account (STCA) – the traditional fund source for this cleanup program. The Legislature and Ecology recognize the Model Toxics Control Act (MTCA) requirements make LTCA a problematic fund source for cleaning up orphaned and abandoned waste sites where there is no local government liability. The approved list of Puget Sound projects requires a fund source change from the LTCA to the STCA. Based on the September forecast, there is \$9.652 million in available STCA fund balance to make a partial fund switch and support projects previously authorized under the LTCA. If the November forecast increases available fund balance, Ecology requests the remaining \$6.748 million be switched to STCA. If it does not increase, Ecology requests the LTCA's statutory limitations be amended so that the remaining \$6.748 million in Puget Sound Cleanup projects is funded. (State Toxics Control Account)

#### Project Description

##### What is the proposed project?

The Puget Sound Cleanup Initiative began in the 2007-09 biennium with \$11.7 million in STCA appropriations, and continued in the 2009-11 biennium with \$22.4 million from the STCA in the 2010 Supplemental Budget. This initiative has broad stakeholder support.

Ecology is requesting funding for the Puget Sound Cleanup Initiative by making a fund source correction. This capital project has traditionally been funded by the STCA, and was funded by STCA throughout various budget versions during the 2011 legislative session. When the Legislature adopted the final budget, funding was appropriated from the LTCA. The LTCA is not an authorized use for Ecology's Puget Sound Cleanup Initiative under MTCA (RCW 70.105D). Legislative leaders and staff and the Office of Financial Management have acknowledged the need for this funding correction. The LTCA has limitations on its use and typically funds grants to local communities.

As of the September forecast, the STCA fund balance increased, making \$9.652 million available to support the fund source switch. This will lower the LTCA portion of funding to \$6.748 million. All planned projects equaling \$16.4 million are shown in Attachment 1. Ecology requests that the Legislature amend the allowable uses of LTCA funds under MTCA so that the entire list of projects is funded.

Appropriations from the LTCA for this initiative have limited Ecology's ability to fund Puget Sound cleanup work. Ecology's Toxics Cleanup Program is actively seeking options for a solution. Right now, Ecology is pursuing possible solutions to allow the use of LTCA funds via partnerships with local governments to continue important work on Puget Sound cleanups. For example, Ecology is working with several local governments and partners to find ways to continue work in the Lower Duwamish River if they will accept LTCA's statutory limitations.

In the event the November Hazardous Substance Tax forecast increases available STCA fund balance above the \$6.748 million needed to eliminate LTCA funding for this project, Ecology is requesting new STCA funding to support additional high priority cleanup work in Puget Sound. The increase will support cleanup activities for the projects included in Attachment 2. These projects continue to advance work in the seven priority bays that implement the objectives of the Governor's goal of cleaning up Puget Sound by 2020. The attached project list (Attachment 2) will be scaled to the available fund balance after the November forecast is released.

##### What opportunity or problem is driving this request?

## 461 - Department of Ecology Capital Project Request

2011-13 Biennium

\*

Version: S1 Supplemental 2012

Report Number: CBS002

Date Run: 9/20/2011 8:18AM

Project Number: 30000265

Project Title: Clean Up Toxics Sites - Puget Sound

### Description

#### The reason for the project:

The objective of this request is to restore environmental and economic vitality to the state by focusing comprehensive cleanup on remaining contaminated sites impacting Puget Sound. Cleaning up and protecting Puget Sound is critical to the social and economic well-being of Washington's citizens. Decades of industrial, municipal, and naturally occurring pollution have taken their toll on the quality, condition, and ecology of Puget Sound. This has resulted in several sites needing cleanup. Although the state has made progress addressing the most highly contaminated areas of the Sound, additional cleanup work is needed to meet Ecology, local government, and Puget Sound Partnership goals.

#### The effects of non-funding:

This funding significantly contributes to cleanup progress in Washington, and there will be a direct impact on human health and the environment due to these cleanups. Without funding these projects, benefits would not be achieved. The economic, human health, and environmental impacts would be largely felt in areas in or immediately adjacent to Puget Sound. Also, the progress of cleanup in Washington and the Puget Sound would not progress at the accelerated rate expected by the Governor and Legislature.

#### How does the project support the agency and statewide results?

This request supports Ecology's strategic plan priority to "Reduce Toxic Threats" and "Protect and Restore Puget Sound." It also supports Ecology's strategic plan objective to "Clean Up Toxic Sites." It provides the resources to continue activity A005, "Clean the Worst Contaminated Sites First."

The request supports the Priorities of Government (POG) result of "Improving the Quality of Washington's Natural Resources," including the following strategies:

- Preserve and restore natural systems.
- Establish safeguards and standards.

Cleaning up toxic sites protects human health, as well as the environment, and is necessary to achieve at least three other POG results:

- Improve the health of Washington's citizens.
- Improve the economic vitality of businesses and individuals.
- Improve cultural and recreational opportunities throughout the state.

#### What are the specific benefits of this project?

This project will achieve the following benefits:

- Contaminated Puget Sound sites will be investigated, characterized, and cleaned up.
- The public, environment, and endangered and threatened fish and wildlife will have reduced exposure to hazardous substances as work progresses at these sites.
- Economic development will move forward at abandoned sites, improving communities and creating jobs.
- Long overdue cleanup and restoration of Puget Sound will continue.

This will benefit the citizens of Washington greatly, by achieving the much sought after economic and social benefits of a clean, restored Puget Sound.

#### How will clients be affected and services change if this project is funded?

## 461 - Department of Ecology Capital Project Request

2011-13 Biennium

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Version: S1 Supplemental 2012

Report Number: CBS002

Date Run: 9/20/2011 8:18AM

Project Number: 30000265

Project Title: Clean Up Toxics Sites - Puget Sound

### Description

This request continues ongoing Puget Sound toxic and hazardous waste cleanup efforts, and will result in improved environmental health for Puget Sound ecosystems. It will also improve the quality of life for citizens and communities in the region, and allow local economic development opportunities, such as land redevelopment.

#### Are FTEs required to support this project?

No FTEs are needed to support this project.

#### How will the other state programs or units of government be affected if this project is funded?

This request may involve port districts and other local government agencies as Ecology works to involve them in the cleanup process whenever possible. Other state agencies, such as the Department of Natural Resources, may be consulted on specific projects impacting state-owned aquatic lands.

#### What is the impact on the state operating budget?

This request will not impact the state Operating Budget.

#### Why is this the best option or alternative?

Regarding the fund source switch, alternatives have been considered. First, Ecology is working on partnerships with local governments on the Lower Duwamish River. This will not allow progress on the entire list, but may offer progress at one high priority cleanup site. Ecology is still uncertain and still exploring whether this is within the legal confines of the LTCA. Second, the Legislature could choose to amend the allowable uses of LTCA funds under MTCA. This is part of Ecology's request and would require a change to the existing statute because LTCA funding is dedicated to grants, loans, and partnerships with local governments.

Our request for funding supports an ongoing initiative endorsed by and worked with stakeholders. Support for this is high and includes MTCA stakeholders and the Puget Sound Partnership. The identified projects are fully ready to proceed and have dollars spent. Many of these projects are currently underway, and the funding requested will provide resources to continue the work. Capital budget appropriations are the best funding mechanism, given seasonal construction windows for activities such as removing contaminated soils; sediment dredging; piling removal; sediment capping and constructing; and enhancing shoreline structures. Other important factors are contract obligations and requirements, and the need for extended financial commitments over multiple biennia.

#### What is the agency's proposed funding strategy for the project?

Ecology requests the Puget Sound Cleanup Initiative continue under this request. The funding will be used specifically for cleaning up contaminated sites that are within one-half mile of Puget Sound. Work will be done through a combination of direct actions by the state, contributions from potentially liable parties, and interagency agreements with affected local governments and resource agencies. Incentives will be used to accelerate cleanup and encourage cooperative cleanups. Ecology expects continued need for STCA funding in future biennia for the Puget Sound Cleanup Initiative as contaminated sites are discovered and further characterized.

#### Proviso

None

#### Location

City: Statewide

County: Statewide

Legislative District: 098

461 - Department of Ecology  
 Capital Project Request

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Version: S1 Supplemental 2012

Report Number: CBS002

Date Run: 9/20/2011 8:18AM

Project Number: 30000265  
 Project Title: Clean Up Toxics Sites - Puget Sound

**Description**

Project Type  
 Grants

Grant Recipient Organization: Department of Ecology  
 RCW that establishes grant: 70.105D  
 Application process used  
 This will be a capital project directly operated and controlled by Ecology.

Growth Management impacts  
 N/A

**Funding**

Acct Code	Account Title	Estimated Total	Expenditures		2011-13 Fiscal Period	
			Prior Biennium	Current Biennium	Reappropriations	New Appropriations
173-1	State Toxics Control-State	9,652,000				9,652,000
174-1	Local Toxics Control-State	(9,652,000)				(9,652,000)
<b>Total</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

		Future Fiscal Periods			
		2013-15	2015-17	2017-19	2019-21
173-1	State Toxics Control-State				
174-1	Local Toxics Control-State				
<b>Total</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**Operating Impacts**

No Operating Impact

**SubProjects**

SubProject Number: 30000303  
 SubProject Title: Lower Duwamish Waterway Source Control and Cleanup

Project Summary  
 See Parent Project

Location  
 City: Seattle County: King Legislative District: 034

Operating Impacts

No Operating Impact

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 Capital Project Request

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Version: S1 Supplemental 2012

Report Number: CBS002

Date Run: 9/20/2011 8:18AM

Project Number: 30000265  
 Project Title: Clean Up Toxics Sites - Puget Sound

**SubProjects**

SubProject Number: 30000304  
 SubProject Title: Custom Plywood Cleanup Plan and Hazard Removal - Phase 2A

Project Summary  
 See Parent Project

Location  
 City: Anacortes County: Skagit Legislative District: 040

Operating Impacts  
 No Operating Impact

SubProject Number: 30000305  
 SubProject Title: Port Angeles Harbor

Project Summary  
 See Parent Project

Location  
 City: Port Angeles County: Clallam Legislative District: 024

Operating Impacts  
 No Operating Impact

SubProject Number: 30000303  
 SubProject Title: Lower Duwamish Waterway Source Control and Cleanup

<u>Funding</u>		<u>Expenditures</u>			<u>2011-13 Fiscal Period</u>	
<u>Acct Code</u>	<u>Account Title</u>	<u>Estimated Total</u>	<u>Prior Biennium</u>	<u>Current Biennium</u>	<u>Reappropriations</u>	<u>New Appropr</u>
173-1	State Toxics Control-State	3,700,000				3,700,000
174-1	Local Toxics Control-State	(3,700,000)				(3,700,000)
<b>Total</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

SubProject Number: 30000304  
 SubProject Title: Custom Plywood Cleanup Plan and Hazard Removal - Phase 2A

<u>Funding</u>		<u>Expenditures</u>			<u>2011-13 Fiscal Period</u>	
<u>Acct Code</u>	<u>Account Title</u>	<u>Estimated Total</u>	<u>Prior Biennium</u>	<u>Current Biennium</u>	<u>Reappropriations</u>	<u>New Appropr</u>

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Project Number: 30000265  
 Project Title: Clean Up Toxics Sites - Puget Sound

**SubProjects**

SubProject Number: 30000304  
 SubProject Title: Custom Plywood Cleanup Plan and Hazard Removal - Phase 2A

173-1	State Toxics Control-State	5,749,000				5,749,000
174-1	Local Toxics Control-State	(5,749,000)				(5,749,000)
<b>Total</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

SubProject Number: 30000305  
 SubProject Title: Port Angeles Harbor

**Funding**

Acct Code	Account Title	Expenditures			2011-13 Fiscal Period	
		Estimated Total	Prior Biennium	Current Biennium	Reappropriations	New Appropriations
173-1	State Toxics Control-State	203,000				203,000
174-1	Local Toxics Control-State	(203,000)				(203,000)
<b>Total</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**Attachment 1**  
**Department of Ecology**  
**Cleanup Toxics Sites - Puget Sound**  
**2011-13 Biennium Project List**

Name	County	City	Leg District	Priority	Request
Lower Duwamish Waterway Source Control and Cleanup	King	Seattle	34	1	\$ 3,700,000
Custom Plywood Cleanup Plan and Hazard Removal - Phase 2A	Skagit	Anacortes	40	2	\$ 5,749,000
Port Angeles Harbor	Clallam	Port Angeles	24	3	\$ 850,000
Budd Inlet	Thurston	Olympia	22	4	\$ 400,000
Oakland Bay	Mason	Shelton	35	5	\$ 301,000
Wyckoff/Eagle Harbor Superfund Remedial Action 10% Match	Kitsap	Bainbridge Island	23	6	\$ 1,000,000
Custom Plywood Cleanup Plan and Hazard Removal - Phase 2B	Skagit	Anacortes	40	7	\$ 4,400,000
<b>Total</b>					<b>\$ 16,400,000</b>

**Attachment 2**  
**Department of Ecology**  
**Cleanup Toxics Sites - Puget Sound**  
**2012 Supplemental Budget - Project List**

Name	County	City	Leg District	Priority	Request	Latitude	Longitude
Bellingham Bay Site	Whatcom	Bellingham	42	1	\$ 1,500,000	48.75733	122.50767
Cornet Bay	Island	Oak Harbor	10	2	\$ 2,500,000	48.39831	122.62619
Jacobsen Property	King	Seattle	46	3	\$ 1,182,400	47.658537	122.274838
Custom Plywood Cleanup Plan and Hazard Removal - Phase 2C	Skagit	Anacortes	40	4	\$ 7,500,000	48.49461	122.600919
Wyckoff - Wastewater Treatment Plant Operations	Kitsap	Bainbridge Island	23	5	\$ 1,800,000	47.614989	122.50093
<b>Total</b>					<b>\$14,482,400</b>		

## 461 - Department of Ecology Capital Project Request

2011-13 Biennium

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Version: S1 Supplemental 2012

Report Number: CBS002

Date Run: 9/13/2011 1:11PM

**Project Number:** 30000300

**Project Title:** Klindworth/Campbell Water Efficiency Project

### Description

**Starting Fiscal Year:** 2012

**Project Class:** Grant - Pass Through

**Agency Priority:** 2

#### Project Summary

This request makes a technical correction to Ecology's 2011-13 enacted Capital Budget. The City of Connell's Klindworth/Campbell waterline distribution project was provisoed in Ecology's 2011-13 Centennial Clean Water Program appropriation. This program provides grants and loans to public bodies to finance water pollution control facilities and nonpoint activities. It is currently funded from the State Toxics Control Account (STCA). Connell's project is a domestic drinking water project – typically an ineligible use for the program and the STCA. A multi-agency group determined the Department of Commerce is the appropriate administrating agency for this project, with funding from the State Building Construction Account. This technical correction request would strike the Klindworth/Campbell proviso from Ecology's budget and add a new, complementary appropriation in the Department of Commerce's 2012 Supplemental Capital Budget.

#### Project Description

##### What is the proposed project?

Section 3024(3) of the 2011-13 enacted Capital Budget (ESHB 1497- cash budget) includes a proviso within Ecology's Centennial Clean Water Program appropriation for \$540,000 from the STCA for the City of Connell's Klindworth/Campbell waterline distribution project. The project is a domestic drinking water project which is an ineligible use of the Centennial Clean Water Program and STCA dollars. Ecology staff worked with legislative, Department of Health, and Public Works Board staff to identify a more appropriate administering agency and fund source for the project.

This technical correction would move the proviso for this project from Ecology's 2011-13 enacted Capital Budget to the Department of Commerce. It would also change the fund source to the State Building Construction Account. The total project cost is estimated to be approximately \$1,900,000. The \$540,000 budget proviso is intended to be a grant to the City of Connell. The balance of \$1,360,000 is included on the Public Works Board's Fiscal Year 2012 project list and is intended to be a loan funded with the Public Works Assistance Account. (See the Public Works Assistance Account Loan List, LEAP Capital Document No. 2011-1D).

The Klindworth/Campbell Water Efficiency Project will replace existing water mains and associated fittings in two residential neighborhoods. The existing water mains have reached the end of their life cycle, are leaking a considerable amount of water into the ground, and are undersized when compared to current water system design standards. In the recent past, multiple water service and main line breaks in this area have shown deteriorated and failing water main lines.

Existing valves are sparsely located or do not function properly, so water main valves will also be installed. The lack of operable valves requires shutting water off to large portions of the town to make repairs. Water mains will be increased in size to provide adequate flow and circulation, and fire hydrants will be replaced as needed. Existing asphalt, concrete, and landscape surfaces will be restored to match preconstruction conditions. Existing two-inch to six-inch water mains will be replaced with approximately 11,000 feet of eight-inch PVC water main, including all necessary connections to the existing water main lines. Approximately 160 water service lines and meters within the public right of way will be replaced. Gate valves will be installed at all intersection locations to properly isolate the system.

Ecology has been in contact with the city administration and public works director. They understand the technical problems with the budget and do not plan to initiate the project or need state funding until late spring or early summer 2012.

##### What opportunity or problem is driving this request?

**The reason for the project:**

## 461 - Department of Ecology Capital Project Request

2011-13 Biennium

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Version: S1 Supplemental 2012

Report Number: CBS002

Date Run: 9/13/2011 1:11PM

Project Number: 30000300

Project Title: Klindworth/Campbell Water Efficiency Project

### Description

Ecology's 2011-13 enacted Capital Budget included a proviso for this water main replacement project under the Centennial Clean Water Program with funding from the STCA. This project is inconsistent with the purpose and intent of the Centennial Clean Water Program and other Ecology water pollution control facilities financing programs (e.g., the Water Pollution Control State Revolving Fund). These programs focus on wastewater pollution control. Further, the STCA is an inappropriate funding source for a drinking water infrastructure project according to the statutory limitations of the Model Toxics Control Act in RCW 70.105D..

#### The effects of non-funding:

If a technical correction is not made, the City of Connell will not receive a \$540,000 grant toward the total cost of its waterline distribution project. Domestic water projects are not an allowable use of the STCA under the requirements of the Model Toxics Control Act.

#### How does the project support the agency and statewide results?

Not applicable.

#### What are the specific benefits of this project?

This project is a domestic drinking water project that will protect public health and safety by improving the water service within the City of Connell. The project will replace existing water mains and associated fittings in two residential neighborhoods. The existing water mains have reached the end of their life cycle, are leaking a considerable amount of water into the ground, and are undersized when compared to current water system design standards. In the recent past, multiple water service and main line breaks in this area have revealed deteriorated and failing water main lines. In addition, water main valves will be installed. Existing valves are sparsely located or do not function properly. The lack of operable valves requires shutting water off to large portions of town to make repairs. Water mains will be increased in size to provide adequate flow and circulation, and fire hydrants will be replaced as needed.

#### How will clients be affected and services change if this project is funded?

This project will bring the existing water supply system up to current standards, protecting public health and safety by improving water service in the City of Connell. Water mains will be increased in size to provide adequate flow, valves will be installed, and fire hydrants will be replaced as needed. This will enhance water supply services for residents and businesses in the city.

#### Are FTEs required to support this project?

No, all money from this proviso will be made available to the City of Connell to replace existing water mains.

#### How will the other state programs or units of government be affected if this project is funded?

If the technical correction is made, the Department of Commerce will administer the funds for the Klindworth/Campbell Water Efficiency Project. The Department of Health will review and approve the technical plans and construction documents for this domestic drinking water project.

#### What is the impact on the state operating budget?

No impact.

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Capital Project Request

2011-13 Biennium

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Version: S1 Supplemental 2012

Report Number: CBS002

Date Run: 9/13/2011 1:11PM

Project Number: 30000300

Project Title: Klindworth/Campbell Water Efficiency Project

**Description**

**Why is this the best option or alternative?**

The proviso was included the 2011-13 enacted Capital Budget assigning a program and using a fund source that are not appropriate for this type of project. Ecology considered entering an interagency agreement with Department of Health to tap their drinking water project expertise and solve this issue administratively. However, the statutory limitations of the STCA made this solution unworkable. This request is an outcome of Ecology's work with legislative, Department of Health, and Public Works Board staff to identify an agency and a fund source better suited for a water supply project. This is the best option because it places the project with an agency that has expertise with domestic drinking water projects and it does not violate the allowable uses of the STCA.

**What is the agency's proposed funding strategy for the project?**

Ecology requests a technical correction moving the proviso to the Department of Commerce's capital budget using the State Building Construction Account. This request requires changes in both 2011-13 enacted Capital Budgets – amending ESHB 1497- cash budget for Ecology and ESHB 2020 – bond budget for the Department of Commerce.

**Proviso**

In ESHB 1497, the following correction is proposed.

NEW SECTION. Sec. 3024. FOR THE DEPARTMENT OF ECOLOGY  
Centennial Clean Water Program (30000208)

The appropriations in this section are subject to the following conditions and limitations:

- (1) \$3,500,000 of the appropriation is provided solely to the city of Snohomish to implement the near-term wastewater treatment plant improvement project required under agreed order No. 7973 between the department of ecology and the city.
- (2) \$3,500,000 of the appropriation is provided solely for a grant for the Freeland sewer project.
- ~~(3) \$540,000 of the appropriation is provided solely for the city of Connell's Klindworth-Campbell waterline distribution project.~~
- (4) \$600,000 of the appropriation is provided solely for a grant for the town of Mabton's wastewater treatment project.
- (5) For projects involving repair, replacement, or improvement of a wastewater treatment plant or other public works facility for which an investment grade audit is obtainable, the department of ecology must require as a contract condition that the project sponsor undertake an investment grade audit. The project sponsor may finance the costs of the audit as part of its centennial clean water program grant.

Appropriation:

State Toxics Control Account--State . . . . .	\$34,100,000
Prior Biennia (Expenditures) . . . . .	\$0
Future Biennia (Projected Costs) . . . . .	\$0
TOTAL . . . . .	\$34,100,000

Potential New Section or Proviso Language for the Department of Commerce:

\$540,000 of the appropriation is provided solely for the City of Connell's Klindworth Campbell waterline distribution project.

Appropriation:

State Building Construction Account . . . . .	\$540,000
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Capital Project Request**

2011-13 Biennium

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**Version:** S1 Supplemental 2012

**Report Number:** CBS002

**Date Run:** 9/13/2011 1:11PM

**Project Number:** 30000300

**Project Title:** Klindworth/Campbell Water Efficiency Project

**Description**

**Proviso**

\$540,000 of the appropriation is provided solely for the City of Connell's Klindworth Campbell waterline distribution project.

**Project Type**

Grants

**Grant Recipient Organization:** Connell, City of

**RCW that establishes grant:** N/A

**Application process used**

N/A

**Growth Management impacts**

N/A

**Operating Impacts**

No Operating Impact

## 461 - Department of Ecology Capital Project Request

2011-13 Biennium

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Version: S1 Supplemental 2012

Report Number: CBS002

Date Run: 9/16/2011 4:00PM

Project Number: 30000315

Project Title: Johns Creek Hydrogeology Study

### Description

Starting Fiscal Year: 2012  
Project Class: Grant - Pass Through  
Agency Priority: 3

#### Project Summary

Ecology requests \$251,000 to produce a three-dimensional, steady state, numerical groundwater model for Johns Creek near Shelton in Mason County. Right now, average daily flows rarely meet minimum instream levels from mid-February through September. Because data are limited, it is impossible to discern how much of the change in daily flows is caused by increased groundwater withdrawals that have occurred since Ecology established instream flow rules in 1984. In response to information regarding declining flows, the Squaxin Island Tribe petitioned Ecology twice (2008 and 2010) to close the Johns Creek sub-basin to all new water appropriations unless impacts are mitigated. The Tribe appealed the state's denial of their rulemaking petition. In 2011, the Thurston County Superior Court ruled that Ecology begin rulemaking related to groundwater management in the Johns Creek sub-basin. Ecology needs a better understanding of the sub-basin hydrogeology to properly develop water management options. Ecology has contracted with the United States Geological Survey (USGS) to develop a hydrogeologic framework for a future groundwater model. The first step of the proposed investigation should be completed by September of 2011. Additional funding for the groundwater model will allow Ecology to collaborate with local and tribal governments to evaluate factors influencing Johns Creek instream flows and assess future water management strategies. (State Drought Preparedness Account, General Fund-Private/Local)

#### Project Description

##### What is the proposed project?

Johns Creek flows into Hammersley Inlet in South Puget Sound and is an important producer of chum and coho salmon and sea-run cutthroat trout. Stream flows have declined over the years. In 1984, Ecology adopted minimum instream flows and instituted a partial closure of Johns Creek and its tributaries to protect fish, wildlife, and other environmental values. Ecology, the Squaxin Island Tribe, City of Shelton, and the Port of Shelton are collaborating to evaluate factors influencing Johns Creek instream flows and assess future water management strategies.

Project goals include producing a three-dimensional, steady state, numerical groundwater model. If the project budget allows, a transient version (which includes a steady state version) will be developed. A transient groundwater model provides additional, important data because it includes seasonality as a factor and a steady state model does not. The model will be used to evaluate various water management options for the sub-basin. Major tasks and cost estimates are summarized below.

Hydrogeologic characterization and conceptual model development – In addition to the hydrogeologic framework development work recently completed by the USGS (characterized geology only), we need additional hydrogeologic characterization that will look at aquifer properties and water levels. This will include creating distribution maps for groundwater recharge, aquifer properties (if a transient model is built), water-level elevations, and groundwater withdrawals in the sub-basin. Once all this information is compiled, a conceptual model (which is a discrete step that describes how water moves in the sub-basin) of groundwater flow in the sub-basin will be developed. Cost estimate - \$32,000.

Groundwater level and streamflow measurements - To provide data to calibrate the model, two water-measurement events will take place. Each will include synoptic water-level measurements for a minimum of 50 wells and baseflow stream measurements of 10 to 15 sites. Synoptic water-level measurements are measurements taken at the same time by different people to get a "snapshot" of what water levels in different places are doing at the same point in time. Ecology staff will help with these measurements. By fall 2011, Ecology will initiate continuous monitoring on a select number of wells to collect long-term data needed to construct a transient version of the model. Cost estimate - \$53,000,

Groundwater model development – Relying on the above information, a three-dimensional, steady-state, numerical groundwater model will be developed. It will be able to evaluate various water management options, including potential

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Version: S1 Supplemental 2012

Report Number: CBS002

Date Run: 9/16/2011 4:00PM

Project Number: 30000315

Project Title: Johns Creek Hydrogeology Study

### Description

restrictions on new well use. If time and the project budget permit, a transient version of the model will be developed to allow more accurate evaluations of alternatives like active stormwater capture or reclaimed water use. Steps to achieve these tasks will include model construction, calibration, sensitivity analysis, and verification. Cost estimate - \$86,000.

Evaluate management options – Beyond construction of a groundwater model, a major goal of this project will be to evaluate potential watershed management options. Sub-basin stakeholders will gather to develop a list of potential water management options (e.g., regulating groundwater withdrawals, constructing stormwater retention structures, and using reclaimed water). Once this list is developed, Ecology and a consultant will apply a screening process to choose six to nine water management scenarios to run through the model.

Each scenario will be specific, and certain options may require more than one scenario. For example, when groundwater withdrawal restrictions are evaluated, one scenario may represent restricting new pumping to in-house water use only. Another may involve restricting new homes to deep-well use only. There may not be many benefits to this latter option, because previous work suggests the deep aquifer provides much needed cool water for fish in the lower portion of the watershed. Even so, the power of a groundwater model is it will allow us to rigorously investigate such an option so informed choices can be made. Cost estimate - \$41,000.

Study documentation and model training – Critical tasks in this project will be writing a comprehensive report, developing computer files for the groundwater model, accumulating one-year's worth of data from the groundwater monitoring network, and training Ecology and other government staff on using the groundwater model. Cost estimate - \$21,000.

Sub-Total Contracted Work - \$233,000

Ecology will hire a consultant to complete the work. We will incur costs to manage the contract, review deliverables, coordinate work assignments, etc. - \$18,000

GRAND TOTAL PROJECT COSTS - \$251,000

Developing this groundwater model will allow state and local governments to evaluate the impacts of various factors affecting Johns Creek stream flow and evaluate strategies for managing surface and groundwater in the future. This will allow Ecology to respond appropriately to the two petitions filed by the Squaxin Island Tribe to close the sub-basin to further groundwater development. If Ecology must act without this information, subsequent legal complications could be costly.

The modeling project is expected to take 24 months to complete, with goals of evaluating the impacts of various factors affecting Johns Creek streamflow and evaluating strategies for managing surface and groundwater in the future. Ecology will track the progress of project tasks, with the first step being development of a scope of work covering project components and schedule for completing various milestones. That scope will include mandatory check-ins by the project investigator to ensure it stays on schedule.

Ecology discussed this project with both the USGS and a consulting firm. Based on the discussion, we are confident the cost and time estimates are reasonable.

Project funding of \$251,000 will come from state and local sources. The state share of \$171,000 is from available fund balance from the State Drought Preparedness Account (Account 05W). The study is an allowable use of this account under RCW 43.83B.430. The local share of \$80,000 will be appropriated to General Fund – Private/Local (Account 001-7).

**What opportunity or problem is driving this request?**

**The reason for the project:**

**461 - Department of Ecology  
Capital Project Request**

2011-13 Biennium

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Version: S1 Supplemental 2012

Report Number: CBS002

Date Run: 9/16/2011 4:00PM

Project Number: 30000315

Project Title: Johns Creek Hydrogeology Study

**Description**

The Squaxin Island Tribe petitioned Ecology twice (April 2008 and January 2010) to close the Johns Creek sub-basin to all new groundwater appropriations unless impacts to surface water are mitigated. The Tribe appealed the state's 2010 denial of their petition. In 2011, the Thurston County Superior Court ruled that Ecology must begin rulemaking related to groundwater management in the Johns Creek sub-basin. To appropriately evaluate water management options for rulemaking, Ecology must have a better scientific understanding of the Johns Creek sub-basin. The project will produce a groundwater model that provides a sound, technical basis for making water management decisions in the Johns Creek sub-basin and informing Ecology's rulemaking alternatives.

**The effects of non-funding:**

The Governor directed Ecology to prioritize funding for this project. Other stakeholders have offered to provide partial funding of up to \$80,000. Without the study, there would be no scientific basis to make water management decisions in the sub-basin and no coordinated support for protecting instream flows.

**How does the project support the agency and statewide results?**

This request directly supports Ecology's Strategic Plan priority for sustainable water management to meet the present and future water needs of people and the natural environment, in partnership with Washington communities. A lack of information in the Johns Creek sub-basin prevents Ecology and local and tribal governments from adequately managing the aquifer. Getting additional scientific analysis to support decision making in the sub-basin will support multiple agency strategies. Of those strategies, the most critical to the sub-basin is establishing instream flows to protect aquatic and habitat resources.

This request supports the Governor's priority to protect the health of our environment that is essential to our quality of life and to the strength of our economy. The request also supports the Governor's economic priorities to "Invest in the Right Infrastructure" and "Use Washington's Resources Wisely."

In addition, this request will make key contributions to statewide results by "Improving the Economic Vitality of Business and Individuals," "Improving the Health and Safety of Citizens," and "Improving the Quality of Washington's Natural Resources."

**What are the specific benefits of this project?**

This request will develop a groundwater model to help state and local governments evaluate the impacts of various factors affecting Johns Creek streamflow and evaluate strategies for managing surface and groundwater in the area.

**How will clients be affected and services change if this project is funded?**

This request will allow Ecology to respond appropriately to the two petitions filed by the Squaxin Island Tribe to close the sub-basin to further groundwater development. If Ecology must act without this information, subsequent legal complications could be costly, and there could be harmful effects on the local economy. If no additional water is available for withdrawal, the primary impact is limited or no additional development could take place.

**Are FTEs required to support this project?**

Authority for 0.15 FTE is required to manage and coordinate the consultant contract. The work includes soliciting consultants, awarding the contract, monitoring and coordinating work assignments, overseeing the contract, reimbursing expenditures and evaluating deliverables. Agency administration is also included in this amount.

**How will the other state programs or units of government be affected if this project is funded?**

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Version: S1 Supplemental 2012

Report Number: CBS002

Date Run: 9/16/2011 4:00PM

Project Number: 30000315  
 Project Title: Johns Creek Hydrogeology Study

**Description**

The Squaxin Island Tribe, City of Shelton, Port of Shelton, and Ecology will be able to make water resource decisions in the sub-basin using best available science. This will allow all stakeholders to make progress on long-running Johns Creek sub-basin watershed management issues.

**What is the impact on the state operating budget?**

None

**Why is this the best option or alternative?**

When Ecology received the first petition, we considered conducting a rule development process. Before any rule making or other water management options were implemented, Ecology and local and tribal governments determined additional scientific information was needed to make informed decisions.

**What is the agency's proposed funding strategy for the project?**

Ecology proposes using available fund balance in the State Drought Preparedness Account and local government cost-share from the City of Shelton (\$50,000) and the Port of Shelton (\$30,000) as the preferred funding strategy for the Johns Creek modeling project. Without the study, there would be no scientific basis to make water management decisions in the sub-basin and no coordinated support for protecting instream flows.

**Proviso**

None

**Project Type**

Grants

Grant Recipient Organization: None

RCW that establishes grant: N/A

**Application process used**

N/A

**Growth Management impacts**

None

**Funding**

Acct Code	Account Title	Estimated Total	Expenditures		2011-13 Fiscal Period	
			Prior Biennium	Current Biennium	Reappropriations	New Appropriations
001-7	General Fund-Private/Local	80,000				80,000
05W-1	State Drought Prep-State	171,000				171,000
	<b>Total</b>	<b>251,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>251,000</b>
<b>Future Fiscal Periods</b>						
		<u>2013-15</u>	<u>2015-17</u>	<u>2017-19</u>	<u>2019-21</u>	
001-7	General Fund-Private/Local					
05W-1	State Drought Prep-State					

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Project Number: 30000315

Project Title: Johns Creek Hydrogeology Study

<b>Funding</b>				
Total	0	0	0	0

**Operating Impacts**

No Operating Impact



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Version: S1 Supplemental 2012

Report Number: CBS002

Date Run: 9/19/2011 4:22PM

**Project Number:** 30000302  
**Project Title:** Remedial Action Grant Program

### Description

**Starting Fiscal Year:** 2012  
**Project Class:** Grant  
**Agency Priority:** 4

#### Project Summary

The Remedial Action Grant Program (RAG) helps fund cleanup of contaminated sites statewide to address toxic cleanup needs. Grants from the Local Toxics Control Account (LTCA) are provided to local governments for several programs designed to manage, prevent, recycle, and clean up toxic and solid waste in the land, air, and water. Ecology received \$63.834 million in the 2011-13 enacted Capital Budget and requests an additional \$2.145 million for pass through grants to address local government cleanup needs. (Local Toxics Control Account)

#### Project Description

##### What is the proposed project?

Ecology uses the Remedial Action Grant Program (RAG) to help local governments clean up contaminated sites. The program uses a "worst first" approach where the most highly contaminated, ready to proceed sites are funded first. These grants will protect public and environmental health, create jobs, and promote economic development by allowing contaminated properties to be redeveloped.

Ecology's primary tool for helping local governments clean up contaminated sites is the RAG Program. This program helps finance and speed the cleanup process. It allows more sites to be cleaned up through grants of 50 percent to 75 percent of project cost. The RAG Program also offers cost share for voluntary cleanups and up to 100 percent funding for small community local governments to do environmental investigations and take due diligence efforts for potential purchase and eventual use of Brownfield properties.

The estimated local government toxic site cleanup costs for the 2011–13 biennium is \$247.2 million, which was reported in the December 2010 Model Toxics Control Accounts Ten–Year Financing Plan. Based on this projected cost estimate, the amount of grant assistance needed by local governments is \$123.6 million, assuming a 50 percent cost match. This RAG funding request of \$2.145 million is significantly lower than the projected need of local governments. The projects listed on Attachment 1 will be ready to proceed during the 2011–13 biennium.

Ecology requests this list be adjusted to use the fund balance available in the LTCA after the November 2011 Hazardous Substance Tax revenue forecast is published.

##### What opportunity or problem is driving this request?

##### The reason for the project:

Remedial Action Grants are used to help local governments clean up contaminated sites, using a "worst first" approach. One of Ecology's three environmental goals is to clean up pollution, which is also the top priority use for the LTCA. Cleaning up contaminated sites protects the groundwater that serves half the state's population, and it promotes a healthy environment for Washington's citizens.

Cleaning up contaminated sites can provide other benefits, including reusing scarce industrial sites in urban areas; expanding local tax bases; promoting livable communities; promoting local economic development; and preserving farmland.

##### The effects of non–funding:

The Model Toxics Control Act (MTCA in RCW 70.105D) establishes that "moneys deposited in the local toxics control account

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Project Number: 30000302

Project Title: Remedial Action Grant Program

### Description

shall be used by the department for grants or loans to local governments" for several purposes. The highest priority is remedial actions. The RAG Program, a continuing and well established program to help local governments, is the mechanism for carrying out this statute. Providing additional funding will allow the state to further meet its statutory obligation to provide continued support to local governments for cleaning up toxics in the environment. If this proposal is not funded, the state would not be able to distribute funds to local governments to meet their obligations to eliminate toxic threats and protect citizens.

#### How does the project support the agency and statewide results?

This request is consistent with the purpose of MTCA. This cleanup law establishes a grant program to help local governments clean up contaminated sites by establishing the LTCA capital funds for remedial action projects.

There is strong support from stakeholders for focused investment with LTCA dollars. Stakeholders expect Ecology to make every reasonable effort to fund remedial action projects that local governments are engaged in. This request supports Ecology's strategic plan objective to "Clean Up Toxic Sites" and strategic priority "Reduce Toxic Threats." It also continues current Priorities of Government (POG) activity A005: "Clean the Worst Contaminated Sites First" and the Governor's POG strategy of "Improving the Quality of Washington's Natural Resources." This includes the following strategies:

- Preserve, maintain, and restore natural systems and landscapes.
- Establish safeguards and standards to protect natural resources.

Cleaning up toxic sites protects human health as well as the environment, and is necessary to achieve at least three other POG goals:

- Improve the health of Washington's citizens.
- Improve the economic vitality of businesses and individuals.
- Improve cultural and recreational opportunities throughout the state.

For RAG projects in the Puget Sound region, this request supports the Puget Sound Partnership priority "Restore Ecosystem Processes that Will Sustain Puget Sound." While protecting ecosystem processes and functions is crucial to achieving a healthy Puget Sound, restoration is necessary to achieve that goal and sustain it into the future. Restoring Puget Sound means taking on restoration at a much larger scale, and considering sequence, habitat forming processes, and reconnecting isolated patches of habitat. Cleaning up areas contaminated with hazardous substances is the foundation of habitat restoration and is necessary for the health of the Puget Sound. This program has built successful partnerships between state and local governments by facilitating remedial actions at contaminated sites in the Puget Sound area and statewide.

#### What are the specific benefits of this project?

The RAG Program significantly contributes to cleanup progress in Washington. There will be a direct impact on human health and the environment by fully funding these cleanups. The impacts will be largely felt in areas in or immediately adjacent to Puget Sound. There will also be economic redevelopment impacts, because cleanup at a number of these sites is the first step in the redevelopment process.

This is a continuing and well established program to help local governments. Funding this request will allow Ecology to provide continued and enhanced support to local governments for cleaning up toxics in the environment.

#### How will clients be affected and services change if this project is funded?

This request will provide additional funding to meet local government remedial action grant needs above the \$63.8 million appropriated during the 2011 legislative session.

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Project Title: Remedial Action Grant Program

### Description

**Are FTEs required to support this project?**

No new FTEs are requested.

**How will the other state programs or units of government be affected if this project is funded?**

The costs of remediating hazardous waste sites are often beyond the financial means of local governments and ratepayers. The RAG Program is used to supplement local government funding and funding from other sources to carry out required remedial action. This grant program benefits local governments statewide.

**What is the impact on the state operating budget?**

No impact to the operating budget.

**Why is this the best option or alternative?**

Funding for this project from the LTCA is consistent with the statutory requirements of MTCA. LTCA funding is the best option, because fund balance exists to support this request.

**What is the agency's proposed funding strategy for the project?**

The LTCA funding proposal outlined in this request is Ecology's recommended funding strategy for the RAG Program. MTCA established a grant program to help local governments clean up contaminated sites by establishing LTCA capital funds for remedial action projects. This request is supported by available revenue in the LTCA. This request finances and speeds the cleanup process and allows more sites to be cleaned up through grants. The grant funds to local governments provide 50 percent to 75 percent of total project cost, with local match covering the difference.

The RAG Program will have new appropriation requests in future biennia, with biennial levels contingent upon needs as reported by local governments in documents such as the Model Toxics Control Accounts Ten-Year Financing Plan. Recent biennial funding levels (including supplemental budgets) equaled: 2005-07, \$70.9 million; 2007-09, \$92.875 million; and 2009-11, \$75.911 million.

**Proviso**

N/A

**Location**

City: Statewide

County: Statewide

Legislative District: 098

**Project Type**

Grants

**Grant Recipient Organization:** See Project List

**RCW that establishes grant:** 70.105D RCW; 90.48 RCW

**Application process used**

To receive a remedial action grant, the applicant must be a local government that is a potentially liable person (PLP); a potentially responsible party (PRP) at a hazardous waste site; or the owner of a site, but not a PLP or PRP. One of the following standards must also be met: Ecology requires the applicant to conduct remedial action under an order or decree issued under RCW 70.105D. The U.S. Environmental Protection Agency (EPA) requires the applicant to conduct remedial action under an order or decree issued under the federal cleanup law. In this case, Ecology must also sign the order or

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**Description**

decree or acknowledge in writing that it is a sufficient basis for remedial action grant funding. The applicant has signed an order or decree issued under RCW 70.105D requiring a potentially liable person (PLP) other than the applicant to conduct remedial action at a landfill site. In this case, the applicant must also have entered into an agreement with the PLP to reimburse the PLP for a portion of the remedial action costs incurred under the order or decree. The reimbursement is for the sole purpose of providing relief to ratepayers and/or taxpayers from remedial action costs. There is no set application period for oversight remedial action grants. Once an order or decree has been issued to a local government, it has 60 days to apply for a grant.

**Growth Management impacts**

None

**Funding**

Acct Code	Account Title	Estimated Total	Expenditures		2011-13 Fiscal Period	
			Prior Biennium	Current Biennium	Reappropriations	New Appropr.
174-1	Local Toxics Control-State	2,145,000				2,145,000
	<b>Total</b>	<b>2,145,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,145,000</b>
<b>Future Fiscal Periods</b>						
		<u>2013-15</u>	<u>2015-17</u>	<u>2017-19</u>	<u>2019-21</u>	
174-1	Local Toxics Control-State					
	<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	

**Operating Impacts**

No Operating Impact

**SubProjects**

SubProject Number: 30000316  
 SubProject Title: Lower Duwamish Waterway T117 Sediments

Project Summary  
 See Parent Project

Location  
 City: Seattle County: King Legislative District: 034

Operating Impacts

No Operating Impact

SubProject Number: 30000316  
 SubProject Title: Lower Duwamish Waterway T117 Sediments

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Project Number: 30000302  
 Project Title: Remedial Action Grant Program

**SubProjects**

SubProject Number: 30000316  
 SubProject Title: Lower Duwamish Waterway T117 Sediments

<u>Funding</u>		<u>Expenditures</u>			<u>2011-13 Fiscal Period</u>	
<u>Acct Code</u>	<u>Account Title</u>	<u>Estimated Total</u>	<u>Prior Biennium</u>	<u>Current Biennium</u>	<u>Reappropriations</u>	<u>New Approps</u>
174-1	Local Toxics Control-State	2,145,000				2,145,000
	<b>Total</b>	<b>2,145,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,145,000</b>

# Attachment 1 Remedial Action Grants 2012 Supplemental Budget

Recipient	Project	Rank	County	City	Leg District	Request
Port of Seattle	Lower Duwamish Waterway T117 Sediments	1	King	Seattle	34	\$11,000,000
City of Seattle	Lower Duwamish Waterway T117 & Slip 4 (Seattle Public Utilities)	2	King	Seattle	34	\$ 2,000,000
City of Seattle	Lower Duwamish Waterway T117 & Slip 4 (Seattle City Light)	3	King	Seattle	34	\$ 2,000,000
Port of Seattle	T-91 - Port of Seattle	4	King	Seattle	11	\$ 3,000,000
Port of Seattle	T-30 - Port of Seattle	5	King	Seattle	11	\$ 394,000
Port of Bellingham	GP Mill (Chlor Alkali, Pulp & Tissue Mill)	6	Whatcom	Bellingham	42	\$12,509,000
Port & City of Bellingham	Whatcom Waterway	7	Whatcom	Bellingham	42	\$15,000,000
City of Seattle	Gas Works Park	8	King	Seattle	43	\$ 6,923,300
Port of Tacoma	Citfor/Pacific Powder/Maytown	9	Thurston	Olympia	20	\$ 90,000
Kitsap County	Hansville Landfill	10	Kitsap	Hansville	23	\$ 251,500
Kitsap County	Olalla Landfill	11	Kitsap	Olalla	26	\$ 137,900
Port of Seattle	East Waterway - Port of Seattle - EPA Lead	12	King	Seattle	11	\$ 5,000,000
King County	East Waterway	13	King	Seattle	11	\$ 500,000
Port of Seattle	Lora Lake	14	King	Seattle	33	\$ 1,000,000
City of Yakima	Yakima Trolley Barn (3rd & Walnut)	15	Yakima	Yakima	14	\$ 500,000
King County	Lander Combined Sewer Overflow (CSO)	16	King	Seattle	34	\$ 1,000,000
King County	King Street - Combined Sewer Overflow (CSO)	17	King	Seattle	37	\$ 670,000
King County	Chelan Combined Sewer Overflow (CSO)	18	King	Seattle	34	\$ -
King County	Brandon - Combined Sewer Overflow (CSO)	19	King	Seattle	34	\$ 300,000
Voluntary Cleanup and Integrated Planning Grants			Various			\$ 1,500,000
<b>Total</b>						<b>\$63,775,700</b>

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Version: S1 Supplemental 2012

Report Number: CBS002

Date Run: 9/19/2011 10:26AM

**Project Number:** 20062950

**Project Title:** Columbia River Basin Water Supply Development Program

### Description

**Starting Fiscal Year:** 2006

**Project Class:** Grant - Pass Through

**Agency Priority:** 5

#### Project Summary

The Department of Ecology requests technical changes to the 2011-13 enacted Capital Budget appropriation authority and the 2006 original bond authorization (RCW 43.99G.162) for bond accounts supporting the Columbia River Basin Water Supply Development Program. The 2011-13 enacted Capital Budget included \$47 million new appropriation authority and nearly \$24 million in reappropriation authority from the Columbia River Basin Water Supply Development Account (Account 10P) to fund the program's water supply and conservation projects and initiatives. This request will shift \$10,404,000 in appropriation authority from Account 10P to a new Columbia River Basin Taxable Bond Water Supply Development Account (Account 18B) to fund certain projects in compliance with federal Internal Revenue Service rules and regulations pertaining to the use of non-taxable bond proceeds. It will also amend the original bond authorization by adding a reference to the newly created account (Account 18B) as the receiver of any taxable bonds.

#### Project Description

##### What is the proposed project?

This request supports projects under development and new projects Ecology is managing through our Office of Columbia River (OCR). These projects include pursuing water supplies to benefit both instream and out-of-stream uses through storage, conservation, and voluntary regional water management agreements. 2SHB 1803 passed in the 2011 legislative session and created two new accounts. The Columbia River Basin Taxable Bond Water Supply Development Account (Account 18B) is a taxable bond account to fund projects meeting certain criteria for ownership or use of facilities. And, the Columbia River Basin Water Supply Revenue Recovery Account (Account 296) is an account for revenue recovered from various Columbia River projects subject to cost recovery provisions.

This request implements 2SHB 1803 by proposing projects and new appropriation authority for the taxable bond account (Account 18B). The 2011-13 enacted Capital Budget (SHB 2020-bond budget) included \$47 million in new appropriation authority for Account 10P. Ecology proposes reducing the new appropriation authority in Account 10P by \$10,404,000 to \$36,596,000 and establishing new appropriation authority from Account 18B in the amount of \$10,404,000. There will be no change to the total new appropriation amount.

Please see the attached "Columbia River Basin Water Supply Development Program Capital Project List" for the current list of projects funded under Account 10P and, with this request, Account 18B. The project list includes past, current biennium, and projected future biennium costs for Columbia River Program projects and initiatives. Total 2011-13 biennium funding for the program is \$70,987,000 using a mix of reappropriations from Account 10P (\$23,987,000); new appropriations from Account 10P (\$36,596,000); and new appropriations from Account 18B (\$10,404,000). This is a dynamic project list based upon local priorities, future legislative appropriations, feasibility assessment outcomes, and permit requirements.

The 2006 Legislature authorized \$200 million in bonds to expand available water supply in the basin; provide replacement supplies for existing uses; and improve stream flow conditions within the Columbia and Snake Rivers. Prior to statutory amendments made in 2SHB 1803, the projects were designated as governmental use and funded from non-taxable bond proceeds. Now, projects are recognized as being both governmental and non-governmental in nature and require funding from non-taxable and taxable bond proceeds. Account 18B was created to explicitly comply with federal Internal Revenue Service rules and regulations. The regulations allow non-governmental use of bond proceeds to finance the costs of facilities expected to be owned or used by, or to make any loan or grant to the federal government, any nonprofit corporation and any other private entity, such as a business corporation, partnership, limited liability company or association.

Per RCW 90.90.010, the Columbia River Basin Water Supply Development Account (Account 10P) can be used for the following activities:

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Project Title: Columbia River Basin Water Supply Development Program

### Description

- Assessing, planning, and developing new storage options.
- Improving or altering operations of existing storage facilities.
- Implementing conservation projects (net water savings achieved through conservation measures will be placed into trust in proportion to the state funding provided to implement a project).
- Other actions designed to provide access to new water supplies within the Columbia River Basin for both instream and out-of-stream uses.

Funds from both accounts (10P and 18B) will accomplish the following: provide an alternative to groundwater for agricultural users in the Odessa Subarea aquifer; deliver new sources of water supply for pending water right applications; develop a new uninterrupted supply of water for those presently subject to interruption during times of drought or low flows; develop new municipal, domestic, industrial, and irrigation water throughout the Columbia River Basin; and place one-third of these new water supplies instream to meet the flow needs of fish.

Through this combination of new authority for Account 18B, revised authority for Account 10P, and reappropriations for Account 10P, Ecology will be able to deliver additional water supplies for agricultural purposes, meet the water needs for growing communities, make several existing water uses more efficient, improve stream flow conditions for fish and wildlife, and help meet priority needs of Columbia River Basin water users.

Projects included in the request for transferring appropriation authority to the new Account 18B include:

1. United States Bureau of Reclamation (USBOR) Water Service Contracts (\$650,000) – Ecology is currently completing negotiations for an annual service contract with the USBOR to deliver a significant amount of water to be used downstream of Grand Coulee.
2. USBOR Potholes Studies and Mitigation (\$4,140,000) – The project will provide a more reliable source of water to the southern portion of the Columbia Basin Project by delivering water to Potholes Reservoir.
3. USBOR Odessa Studies (\$4,000,000) – The funds will be used to complete an Environmental Impact Statement, a planning report, and other associated studies Ecology is conducting with the USBOR. The studies examine a number of options for replacing groundwater with surface water for use in irrigation.
4. USBOR 508-14 Project (\$114,000) – Ecology will issue more water use permits and final certificates. The additional water supplies for agricultural, industrial, and municipal water users will encourage economic growth, help create jobs, and generate revenue for businesses and local communities.
5. Boise Aquifer Storage Recharge (\$1,500,000) – This funding will help build a pilot aquifer storage system in Walla Walla County. Water used for cooling a paper plant will be pumped into the aquifer and stored for use in the summer. The system will also provide a water savings of 1,657 acre-feet.

#### What opportunity or problem is driving this request?

##### The reason for the project:

Before RCW 90.90 was enacted in 2006, it was very difficult to provide permanent new water rights in much of the Columbia River Basin. Water managers, business leaders, agricultural interests, environmental and tribal leaders, and others were struggling to find a new way to deal with Eastern Washington's critical water issues.

The problems they faced were immense:

- Aquifers in the Odessa Subarea were rapidly declining—endangering the state's most valuable crop, potatoes.
- Low stream flows threatened salmon and steelhead.
- Interruptible water right holders faced frequent curtailment during the height of the irrigation season.
- Cities struggled to meet the demand for additional water as they grew.
- New water rights for agriculture, industry, and communities were subjected to years of litigation as various parties fought over the best use of this scarce resource.

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Project Number: 20062950

Project Title: Columbia River Basin Water Supply Development Program

**Description**

New water supplies that could be issued in an attempt to address these problems were, and still are, required in nearly all cases to be interrupted during low-flow periods to protect instream flows for fish. The bonds available in the Columbia River Basin Water Supply Development Account and the Columbia River Basin Taxable Bond Water Supply Development Account provide a path forward to meet economic and community needs for reliable water supplies, while protecting and enhancing river flows for fish.

**The effects of non-funding:**

RCW 90.90, which authorized Ecology's Columbia River Program, resolved many conflicts among competing water users in the Columbia River Basin. This law established the only process agreed to by all of the affected groups for achieving instream flows and providing water for communities. The availability of extensive capital funding was the critical factor to reaching agreement in the Legislature.

2SHB 1803, passed in the 2011 legislative session, allows Ecology to comply with use of bond proceed provisions required by the federal Internal Revenue Service. Specifically, certain projects may only be funded using non-taxable state bonds, and others with taxable state bonds – the latter if owned or used by private, certain non-profit, or federal entities. If the proposed mix of fund sources is not authorized in the 2012 supplemental budget, new water for instream and out-of-stream uses – including municipal, agricultural, tribal communities, and fish/wildlife – would not be available for all projects. Feasibility studies and other contract work currently in process for taxable projects would not be completed. Also, valuable progress made in the past five years in building a working consensus between historically disparate groups in the Columbia River Basin could be delayed or lost.

**How does the project support the agency and statewide results?**

Achieving adequate instream flows and providing water for communities in the Columbia River Basin are elements of Ecology's Strategic Plan. This request supports the Priority of Government focus area related to "Improving the Quality of Washington's Natural Resources" and "Improving the Economic Vitality of Business and Individuals." The intent of this request is to comply with provisions of the new law (2SHB 1803) and use taxable bonds for funding certain Columbia River Basin capital projects. This request supports an overall goal of strengthening long-term strategic relationships with agriculture, industrial, municipal, and tribal communities in Eastern Washington. Columbia River program work also supports the Governor's priorities of mapping our water and supporting salmon.

**What are the specific benefits of this project?**

Funds identified in this request will be used to finance technical assessments, project documentation, and construction of new water projects and water conservation measures. These infrastructure investments will benefit communities, agriculture, local governments, tribes, and businesses through expanding the available water supply; allowing new water rights to be issued; and enhancing instream flows in the mainstream Columbia River and in some of its tributaries.

2009 and 2010 have been defining years for the program. All the groundwork, studies, construction projects, and negotiations are resulting in additional water. For example, 13,527 acre-feet of water was released in 2009 as part of the Lake Roosevelt Project. In 2011, 52,500 acre-feet of water is being released. This is the first step in permitting this water for municipal and industrial uses (many of which are currently interruptible water rights) in the Columbia River Basin and in providing water in-stream for fish. Various other projects, such as the Barker Ranch project, which placed 6,436 acre-feet of water into the Lower Yakima River for fish, have completed construction. To date, over 140,000 acre-feet of water has been developed and is entering into the process of being perfected, placed into trust, and ultimately permitted in the next couple years for uses outlined by RCW 90.90.

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Version: S1 Supplemental 2012

Report Number: CBS002

Date Run: 9/19/2011 10:26AM

Project Number: 20062950

Project Title: Columbia River Basin Water Supply Development Program

### Description

#### How will clients be affected and services change if this project is funded?

Approving Ecology's request for funding certain Columbia River capital projects using taxable state bonds under Account 18B, in addition to continued authorization of non-taxable bond funding under Account 10P, allows Columbia River projects to continue. These projects expand the portfolio of water available to meet the objectives of RCW 90.90. This funding mix will ensure compliance with federal Internal Revenue Service rules and regulations for bond financing. These projects are needed to meet the economic and community development needs of people and the instream flow needs for fish. It is difficult to secure any new water for out-of-stream uses, due to endangered fish issues and lack of water availability in the Columbia and Snake River Basins. Recent attempts to issue additional water rights have resulted in litigation, and the impact of that is not yet known. Continued funding of this program will continue to allow the state to work with interest groups across the region to secure new instream and out-of-stream water uses in a cooperative and balanced way. Projects funded through Accounts 10P and 18B will lead to additional economic activity in communities throughout the region, and allow state government to work in partnership with water stakeholders throughout the region.

#### Are FTEs required to support this project?

No new FTE authority is requested for this technical appropriation shift between accounts. If necessary, existing FTEs may be split between Accounts 10P and 18B during the 2012 Supplemental Budget capital allotment process.

#### How will the other state programs or units of government be affected if this project is funded?

Other state agency programs supporting economic, community, and agriculture development and protecting fish species will benefit from these projects. The Department of Fish and Wildlife is an active partner in identifying the most critical needs for protecting and enhancing stream flows for fish. The Washington State Conservation Commission manages funds from Ecology's budget related to financing on-farm irrigation efficiency improvements. Ecology funds activities directed by the Commission related to securing potential projects through re-timing studies conducted by and through the state conservation districts. Cities and counties in the Columbia River Basin are strong supporters and active partners. The United States Bureau of Reclamation is a funding partner with Ecology in new storage and conservation projects.

As shown in the attached Capital Project list, Ecology is currently working on a diverse set of projects. Just as diverse is the spectrum of partners, beyond those identified above, that are involved in these projects. The portfolio of participants includes, but is not limited to, local conservation districts, irrigation districts, municipal water systems, numerous environmental groups, the Washington Farm Bureau and other agricultural organizations, and local governments. These organizations don't just give us policy guidance; they are also grant recipients and project partners critical to the successful implementation of these projects. Funding this list of projects means this wide range of partners will see new water storage and conservation projects, along with the associated jobs and monies critical to their local economies.

#### What is the impact on the state operating budget?

No impact.

#### Why is this the best option or alternative?

Approving this request allows Ecology to continue meeting the intent of RCW 90.90 (laws of 2006) and 2SHB 1803 (passed in 2011). Both laws resolved many conflicts among competing water users in the Columbia River Basin. This is the only process agreed to by all affected groups. The availability of extensive capital funding was the linchpin to reaching agreement in the Legislature, and led to passage of the 2006 and 2011 legislation. Without capital funding, the agreement among numerous affected groups may not hold together. If Ecology does not obtain the requested spending authority for taxable and non-taxable bond account authority, we will not be in compliance with federal Internal Revenue Service rules and regulations

461 - Department of Ecology  
 Capital Project Request

2011-13 Biennium

\*

Version: S1 Supplemental 2012

Report Number: CBS002

Date Run: 9/19/2011 10:26AM

Project Number: 20062950

Project Title: Columbia River Basin Water Supply Development Program

**Description**

on the use of bond proceeds for ownership or use of certain facilities.

**What is the agency's proposed funding strategy for the project?**

Ecology's proposed funding strategy is outlined in this technical change. We request the Columbia River Program in 2011-13 be funded using a mix of Account 10P new appropriations (\$36,596,000), Account 10P reappropriations (\$23,987,000) and Account 18B new appropriations (\$10,404,000), for total project funding of \$70,987,000. This change in the funding mix for Columbia River Program projects allows Ecology to remain in compliance with federal Internal Revenue Service requirements for bond proceeds.

**Proviso**

The Office of the State Treasurer (OST) recently informed Ecology that the original 2006 bond authorization (RCW 43.99G.160 - 168) needs to be amended to include reference to the newly created Columbia River Basin Taxable Bond Water Supply Development Account (Account 18B). Ecology learned this late in the supplemental budget development process. We will coordinate with OST and the Office of Financial Management over the next few months to determine the best option for resolving this issue. If a budget proviso or legislation is ultimately needed, the following change to RCW 43.99G.162 would correct the account reference.

The proceeds from the sale of the bonds authorized in RCW 43.99G.160 shall be deposited in the Columbia river basin water supply development account created in chapter 6, Laws of 2006. If the state finance committee deems it necessary to issue the bonds authorized in RCW 43.99G.160 as taxable bonds in order to comply with federal internal revenue service rules and regulations pertaining to the use of nontaxable bond proceeds, the proceeds of such taxable bonds shall be transferred to the ~~state taxable building construction account~~ Columbia river basin taxable bond water supply development account in lieu of any deposit otherwise provided by this section. The state treasurer shall submit written notice to the director of financial management if it is determined that any such transfer to the ~~state taxable building construction account~~ Columbia river basin taxable bond water supply development account is necessary. Moneys in the account may be spent only after appropriation. The proceeds shall be used exclusively for the purposes specified in RCW 43.99G.160 and for the payment of expenses incurred in the issuance and sale of the bonds. These proceeds shall be administered by the office of financial management, subject to legislative appropriation.

**Proviso**

See Project Description.

**Project Type**

Grants

**Grant Recipient Organization:**

Water right holders, conservation districts, and local governments whose projects meet the eligibility require

**RCW that establishes grant:**

RCW 90.90

**Application process used**

Each year, Ecology solicits grant applications. These applications are evaluated by a Technical Advisory Committee for project ranking. Based on the ranking, Ecology makes a final project award list with advice from the Columbia River Policy Advisory Committee. The final projects are usually awarded during spring each year. From this list, Ecology negotiates grant agreements with recipients. In addition to this process, we develop "Ecology sponsored" agreements with local entities throughout the Columbia River Basin. Right now, these negotiated agreements make up the bulk of current work.

**Growth Management impacts**

NONE

**Funding**

461 - Department of Ecology  
 Capital Project Request

2011-13 Biennium

\*

Version: S1 Supplemental 2012

Report Number: CBS002

Date Run: 9/19/2011 10:26AM

Project Number: 20062950

Project Title: Columbia River Basin Water Supply Development Program

**Funding**

Acct Code	Account Title	Estimated Total	Expenditures		2011-13 Fiscal Period	
			Prior Biennium	Current Biennium	Reapprops	New Approps
10P-1	Col River Water-State	(4,112,000)	(140)	140		(10,404,000)
18B-1	Col Rvr Bsn Tax Bond-State	19,804,000				10,404,000
	<b>Total</b>	<b>15,692,000</b>	<b>(140)</b>	<b>140</b>	<b>0</b>	<b>0</b>

		Future Fiscal Periods			
		2013-15	2015-17	2017-19	2019-21
10P-1	Col River Water-State	1,573,000	1,573,000	1,573,000	1,573,000
18B-1	Col Rvr Bsn Tax Bond-State	2,350,000	2,350,000	2,350,000	2,350,000
	<b>Total</b>	<b>3,923,000</b>	<b>3,923,000</b>	<b>3,923,000</b>	<b>3,923,000</b>

**Operating Impacts**

No Operating Impact

### Ecology - Columbia River Basin Water Supply Development Program - Capital Project List

Purpose: This spreadsheet summarizes current and planned projects associated with the Columbia River Basin Water Supply Development Program and related cost information. This \$200 million program was authorized by the legislature in 2006 to: expand available water supply in the basin; provide replacement supplies for some unsustainable existing uses; and, improve streamflow conditions in the Columbia and Snake Rivers. Please note the out biennia estimates are subject to change based upon local priorities, future legislative appropriations, securing of federal/tribal/local match funding, feasibility assessment outcomes, and permit requirements. In the 2011 legislative session, SSHB 1803 was enacted which requires use of the Columbia River Water Supply Develop Account (Account 10P) for projects funded using nontaxable state bonds and the new Columbia River Taxable Water Supply Development Account (Account 18B) using taxable bonds. Projects funded under new Account 18B are included at the bottom of the list. The new law also authorizes cost recovery from water service contracts with revenue deposited into the Columbia River Basin Water Supply Revenue Recovery Account (Account 296) and information on projects with anticipated cost recovery provisions is shown on the right hand side of the page.

Major Project Areas		Project Cost Estimates						Cost Recovery Information		
Project/Sub-Project Name	Contract Number	Status of Project	Prior Cash Disbursements	FY 12 Cost Estimates	FY 13 Cost Estimates	2011-13 Cost Estimates	Future Biennia Appropriation Need	Total Project Costs	Estimated Start of Cost Recovery	Cost Recovery Notes
<b>Columbia River Basin Water Supply Development Account (Account 10P)</b>										
<b>Lake Roosevelt</b>										
Colville Mitigation National Parks Service EIS	C09000185	Complete	1,331,000					1,331,000		
		In Process	500,000	125,000		125,000		625,000		
		Complete	-							
		<b>Sub-Total</b>	<b>\$1,831,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$125,000</b>	<b>\$0</b>	<b>\$1,956,000</b>		
<b>Potholes Supplemental Feed Route</b>										
Potholes - WDFW mitigation (Construction / O&M)		Contract in place	-	250,000	100,000	350,000	-	350,000		
Potholes Adaptive Mgmt - WDFW	C1000091	On-going	599,134	350,000	350,000	700,000	-	1,299,134		
Potholes Coordinator		On-going	-	52,250	52,250	104,500	-	104,500		
		<b>Sub-Total</b>	<b>\$599,134</b>	<b>\$652,250</b>	<b>\$502,250</b>	<b>\$1,154,500</b>	<b>\$0</b>	<b>\$1,753,634</b>		
<b>Odessa Projects</b>										
Odessa-Banks Lake St Park	C1000133	Closed	10,213					10,213		
Odessa: WDFW Banks Lake	C0900148	On-going	863,810	421,127	100,000	521,127	-	1,384,937		
Odessa: HTI - Banks Lakes	C0900211	Closed	243,653					243,653		
Odessa: PSU - Banks Lake	C0900222	Underway	114,781	4,955		4,955		119,736		
Odessa: CWU - Banks Lake	C0900103	Closed	44,285					44,285		
Odessa Coordinator		On-going	-	52,250	52,250	104,500	-	104,500		
Adams Co. Economic Analysis		Underway	-	97,000	97,000	97,000	-	97,000		
Conservation Opportunities		Potential water conservation projects	-	200,000	200,000	400,000	-	400,000		
		<b>Sub-Total</b>	<b>\$1,276,742</b>	<b>\$775,332</b>	<b>\$352,250</b>	<b>\$1,127,582</b>	<b>\$0</b>	<b>\$2,404,324</b>		
<b>Chelan PUD - Rocky Reach Pool Raise (PUD Lead)</b>										
Rock Is. Creek Storage Appraisal		Scoping	-	125,000		125,000	-	125,000		
Utes Lady Tresses	C1000151	Complete	50,000					50,000		
Rocky Reach Raise FS (EIS)		To be determined	-	200,000	50,000	250,000	1,625,000	1,875,000		
Rocky Reach Raise FERC Consultation	C1100107	Not currently viable	4,119					4,119		
Rocky Reach Design/Construction			-				70,000,000	70,000,000	2019-2020	~\$3,000/acre-foot revenue
Pump Storage Preappraisal	C1000239	Complete	154,247					154,247		
Pump Storage Appraisal		Mostly future funding need	-	100,000		100,000	500,000	600,000		
Canadian Treaty Modeling		Underway	-	30,000	10,000	40,000	-	40,000		
		<b>Sub-Total</b>	<b>\$208,366</b>	<b>\$455,000</b>	<b>\$60,000</b>	<b>\$515,000</b>	<b>\$72,125,000</b>	<b>\$72,848,366</b>		

Major Project Areas		Project Cost Estimates						Cost Recovery Information		
Project/Sub-Project Name	Contract Number	Status of Project	Prior Cash Disbursements	FY 12 Cost Estimates	FY 13 Cost Estimates	2011-13 Cost Estimates	Future Biennia Appropriation Need	Total Project Costs	Estimated Start of Cost Recovery	Cost Recovery Notes
<b>Red Mountain Agriculture Viticulture Area (AVA) Pump Project</b>										
Shrub Stepe		Pending	-		500,000	500,000	-	500,000		
Realignment Study	G0900029	Complete	95,000			-	-	95,000		
Construction		Estimated construction starting 2011/2012	-	5,000,000	4,740,000	9,740,000	260,000	10,000,000	2014	20 Year payback of \$5 million
		<b>Sub-Total</b>	<b>\$95,000</b>	<b>\$5,000,000</b>	<b>\$5,240,000</b>	<b>\$10,240,000</b>	<b>\$260,000</b>	<b>\$10,595,000</b>		
<b>Other Projects</b>										
Supply and Demand/Capital Investment Plan	C1000139	Started Sept 2009	420,173	554,327		554,327	-	974,500		
Cultural Resource Mgmt Plan	C1000199	Contract underway	90,295	75,000	50,000	125,000	-	215,295		
Shankers Bend	G0800289		12,842			-	-	12,842		
Goose Lake/9 mile study		Start date 2012	-	500,000	200,000	700,000	550,000	1,250,000	2020	
Water Irrigat. Guide Updte. (Amend. 3)	G0900112	Active	8,679	45,703		45,703	-	54,382		
Pasco Project		Negotiating change in scope of work	-	750,000	1,750,000	2,500,000	-	2,500,000		
		<b>Sub-Total</b>	<b>\$531,989</b>	<b>\$1,925,030</b>	<b>\$2,000,000</b>	<b>\$3,925,030</b>	<b>\$550,000</b>	<b>\$5,007,019</b>		
<b>Walla Walla Pump Exchange</b>										
Walla Walla EIS, part 1		Funded through SBCA	-			-	-	-		
Walla Walla EIS part 2	G0900281	Underway	150,000	123,821		123,821	-	273,821		
Walla Walla Design/Construction		Design project	-	-	-	-	40,000,000	40,000,000		
		<b>Sub-Total</b>	<b>\$150,000</b>	<b>\$123,821</b>	<b>\$0</b>	<b>\$123,821</b>	<b>\$40,000,000</b>	<b>\$40,273,821</b>		
<b>2007-2009 Projects</b>										
OPUD Shankers Bend Study	G0800289	Complete	325,000					325,000		
<b>2008 Projects</b>										
Barker Ranch	G0900195	Complete	4,809,301			-	-	4,809,301		
Lincoln CD passive Rehydration FS	G1000097	Underway	237,599	56,201	56,201	112,401	-	350,000		
Lincoln CD Passive Rehydration Pilot		Scoping	-	305,000	305,000	610,000	-	610,000		
Foster CD Surface PreAppraisal	G0900157	Complete	93,750			-	-	93,750		
Stevens PUD (Mill Creek)	G0900142	Complete	125,000			-	-	125,000		
Rock Lake FS	G0900232	Complete	36,277			-	-	36,277		
Kittitas CD (Manastash)	G1000527	Underway	-	376,000		376,000	-	376,000		
Lands Council FS(Beavers)	G0900156	Underway	30,000			-	-	30,000		
White Salmon ASR	G0900235	Underway	140,847	455,577	359,577	815,153	-	956,000		
Campbell Creek FS	G0900155	Complete	117,509			-	-	117,509		
Franklin IMVI FS	G1000142	Underway	63,632			-	-	63,632		
Klickitat Horse Heaven Pre Appraisal	G0900153	Underway	169,898			-	-	169,898		
WSU SVRP ASR FS	G0900168	Underway	195,555			-	-	195,555		
Kennewick ASR	G0900011	Underway	115,029	1,567,486	367,486	1,934,971	200,000	2,250,000		
		<b>Sub-Total</b>	<b>\$6,134,397</b>	<b>\$2,760,263</b>	<b>\$1,088,263</b>	<b>\$3,848,525</b>	<b>\$200,000</b>	<b>\$10,182,922</b>		

Major Project Areas		Project Cost Estimates						Cost Recovery Information		
Project/Sub-Project Name	Contract Number	Status of Project	Prior Cash Disbursements	FY 12 Cost Estimates	FY 13 Cost Estimates	2011-13 Cost Estimates	Future Biennia Appropriation Need	Total Project Costs	Estimated Start of Cost Recovery	Cost Recovery Notes
<b>2009-2010 Projects</b>										
Grants for storage & non-storage projects in process		Grant Process Underway	-	580,500	866,983	1,447,483	-	1,447,483		
Peshastin Creek Pump Exchange		Negotiating Contract	-	165,000		165,000	4,000,000	4,165,000		
Peshastin Irrigation District Piping Anchor CCP	G0900249	Underway Complete	29,869	245,000		245,000	-	245,000		
Coordinated Conservation Project (Columbia Basin Irrigation Districts)	G1000350 G1000351 G1000352	Complete	939,053			-	-	939,053		
Coordinated Cons. Project # 2 (Columbia Basin Irrigation Districts)	G1000164 G1000165 G1000166	Underway	558,122	4,000,000	2,000,000	6,000,000	4,000,000	10,558,122		
Pioneer Water Users/Trout Unlimited		Contract negotiations underway	-	1,350,000	250,000	1,600,000	-	1,600,000		
Foster CD Surface Appraisal, part 2		Contract negotiations underway	-	200,000		200,000	-	200,000		
Klickitat Horse Heaven Appraisal		Contract negotiations underway	1,848	150,000	150,000	300,000	-	301,848	2020	
Sullivan Lake Reoperation		Contract negotiations underway	-	2,500,000	2,500,000	5,000,000	9,000,000	14,000,000	2013	Ramping up as water is permitted. \$1,500 per acre foot. Anticipate 3 years to permit all water.
SRB & Tribal Fisheries Projects		Scoping	-	500,000	500,000	1,000,000	100,000	1,100,000		
Columbia Basin ASR		Scoping	-	1,000,000	1,000,000	2,000,000	200,000	2,200,000	2015-2017	
508-14 Ground Water		Scoping	-	1,200,000	1,100,000	2,300,000	200,000	2,500,000	2016-2017	
Mill Creek Part 2		Scoping	-	150,000	75,000	225,000	250,000	475,000	2020	
		<b>Sub-Total</b>	<b>\$1,528,892</b>	<b>\$12,040,500</b>	<b>\$8,441,983</b>	<b>\$20,482,483</b>	<b>\$17,750,000</b>	<b>\$39,761,375</b>		
<b>2011-2013 Projects</b>										
Icicle Creek Management Plan		Contract negotiations underway		200,000	200,000	400,000		400,000		
Grants for Storage and Non-Storage Projects		Projects Being Developed		1,479,682	2,180,000	3,659,682		3,659,682		
		<b>Sub-Total</b>	<b>\$0</b>	<b>\$1,679,682</b>	<b>\$2,380,000</b>	<b>\$4,059,682</b>	<b>\$0</b>	<b>\$4,059,682</b>		
<b>Yakima Storage Integrated Water Management</b>										
Yakima Storage IWM Plan	C1000214	On-going		130,000		130,000		130,000		
WDFW (Planning Report and Integrated Plan EIS)	C1200087	In Process		300,000	100,000	400,000		400,000		
		<b>Sub-Total</b>	<b>\$0</b>	<b>\$430,000</b>	<b>\$100,000</b>	<b>\$530,000</b>	<b>\$0</b>	<b>\$530,000</b>		

Major Project Areas		Project Cost Estimates						Cost Recovery Information		
Project/Sub-Project Name	Contract Number	Status of Project	Prior Cash Disbursements	FY 12 Cost Estimates	FY 13 Cost Estimates	2011-13 Cost Estimates	Future Biennial Appropriation Need	Total Project Costs	Estimated Start of Cost Recovery	Cost Recovery Notes
<b>Water Acquisition</b>										
WWT - Water Acquisition	G09000094	On-going	4,660	25,000	25,000	50,000	-	54,660		
WWT - Water Acquisition	G1000290	On-going	26,536			-	-	26,536		
WRC-Trout Unlimited	G1000511	On-going	28,466			-	-	28,466		
WRC-Trout Unlimited	G1000291	On-going	869			-	-	869		
WRC - Water Acquisition	G1000291	On-going	3,339			-	-	3,339		
WRC - Water Acquisition	G0900095	On-going	11,662	25,000	25,000	50,000	-	61,662		
Port of Walla Walla Water Acquisition	C1100119	In signature process	-	500,000	500,000	1,000,000	-	1,000,000		
Pine Creek LLC	C1100103	In Process	10,000	260,000	-	260,000	-	270,000		
WWT Water Acquisition	Various	Completed	25,505			-	-	25,505		
WRC Water Acquisition	Various	Completed	34,288			-	-	34,288		
Anchor Water Acquisition	C0800045	Completed	17,947			-	-	17,947		
Umberger Water Acquisition		Underway	-	65,388		65,388	-	65,388		
Targeted Water Acquisition Opportunities		If Available & Cost Effective	-	250,000	250,000	500,000	-	500,000		
		<b>Sub-Total</b>	<b>\$163,272</b>	<b>\$1,125,388</b>	<b>\$800,000</b>	<b>\$1,925,388</b>	<b>\$0</b>	<b>\$2,088,660</b>		
<b>WDFW Contracts</b>										
Staff support	C1000089	On-going	338,951	454,298	454,298	908,596	-	1,247,547		
Stream reach/fish atlas	C1000090	On-going	270,441	193,697	198,697	392,393	-	662,834		
		<b>Sub-Total</b>	<b>\$609,392</b>	<b>\$647,995</b>	<b>\$652,995</b>	<b>\$1,300,989</b>	<b>\$0</b>	<b>\$1,910,381</b>		
<b>WA State Conservation Commission</b>										
Irrigation efficiencies(Retiming Pilot)	C1000101	On-going	458,534	500,000	200,000	700,000	-	1,158,534		
Irrigation Efficiencies: Conservation Projects			-	1,000,000	1,000,000	2,000,000	-	2,000,000		
		<b>Sub-Total</b>	<b>\$458,534</b>	<b>\$1,500,000</b>	<b>\$1,200,000</b>	<b>\$2,700,000</b>	<b>\$0</b>	<b>\$3,158,534</b>		
<b>General Staff Support</b>										
07-09 Ecology Staff		Through 07-09	262,879			-	-	262,879		
09-11/11-13 Ecology Staff		Staff expense	1,028,292	550,000	550,000	1,100,000	-	2,128,292		
WSAC Support	C1200092	Staff expense		75,000	75,000	150,000	-	150,000		
PAG Support		Staff expense		50,000	50,000	100,000	-	100,000		
		<b>Sub-Total</b>	<b>\$1,291,171</b>	<b>\$675,000</b>	<b>\$675,000</b>	<b>\$1,350,000</b>	<b>\$0</b>	<b>\$2,641,171</b>		
<b>Sunnyside Valley Irrigation District (SVID) Conservation Project - State Match (17.5%) for 11-13 SVID Phase I, BID Pump/Piping, SVID Phase II and SVID ARRA Projects</b>										
Sunnyside Valley Irrigation District (SVID)		One time funding for state match costs for key USBR led Yakima/Columbia River conservation project		3,000,000	3,000,000	6,000,000	-	6,000,000		

Major Project Areas		Project Cost Estimates					Cost Recovery Information			
Project/Sub-Project Name	Contract Number	Status of Project	Prior Cash Disbursements	FY 12 Cost Estimates	FY 13 Cost Estimates	2011-13 Cost Estimates	Future Biennia Appropriation Need	Total Project Costs	Estimated Start of Cost Recovery	Cost Recovery Notes
<b>Columbia Basin Ground Water Management Area (GWMA)</b>										
Continue 09-11 GWMA modeling study (Project 92000002)		Funding for 09-11 project		175,000		175,000	-	175,000		
Localized hydrological models for muni supply, aquifer storage and recovery potential		Budget Proviso		500,000	100,000	600,000	-	600,000		
Identify sustainable wells East Low Canal		Budget Proviso		300,000	100,000	400,000	-	400,000		
		<i>Sub-Total</i>	\$0	\$975,000	\$200,000	\$1,175,000	\$0	\$1,175,000		
<b>Total Account 10P Funding</b>			<b>\$15,202,889</b>	<b>\$33,890,260</b>	<b>\$26,692,740</b>	<b>\$60,583,000</b>	<b>\$130,885,000</b>	<b>\$206,670,889</b>		

**New Section of Columbia River Project List (September 2011)**

Excerpt from 1803-S2.SL from the 2011 legislative session --- The Columbia River Taxable Water Supply Development Account is intended to fund projects using taxable bonds. Expenditures may be used to assess, plan, and develop new storage, improve or alter operations of existing storage facilities, implement conservation projects, develop pump exchanges, or any other actions designed to provide access to new water supplies within the Columbia river basin for both instream and out-of-stream uses. Except for the development of new storage projects and pump exchanges, there may be no expenditures from the account for water acquisition or transfers from one water resource inventory area to another without specific legislative authority.

As a guide for projects included under the taxable bond group, Ecology relied on OFM's definition of "Nongovernmental Purposes" as it is used in the context of use of bond proceeds to pay the costs of facilities expected to be owned or used by, or to make any loan or grant to, (a) the federal governmental (including any federal department or agency), (b) any private nonprofit corporation (including any 501(c)(3) organization), and (c) any other private entity, such as a business corporation, partnership, limited liability company, or association.

**Columbia River Basin Taxable Bond Water Supply Development Account (Account 18B)**

Contract for Water	Prior Cash Disbursements	FY 12 Cost Estimates	FY 13 Cost Estimates	2011-13 Cost Estimates	Future Biennia Appropriation Need	Total Project Costs	Estimated Start of Cost Recovery	Cost Recovery Notes		
	<b>Lake Roosevelt</b>									
Annual water service contract beginning 2011		325,000	325,000	650,000	1,375,000	2,025,000	2012	Estimated at \$325,000 per year.		
<b>Potholes Supplemental Feed Route</b>										
C0600191	6,990,010	2,070,000	2,070,000	4,140,000	2,000,000	13,130,010				
<b>Odessa Projects</b>										
C0600191	600,000	2,000,000	2,000,000	4,000,000	2,900,000	7,500,000				
<b>2008 Projects</b>										
G0900172	1,827,155	1,500,000		1,500,000	3,125,000	6,452,155				
<b>2009-2010 Projects</b>										
508-14 Coordinator - USBR		57,000	57,000	114,000	-	114,000				
<b>Total Account 18B Funding</b>			<b>\$9,417,165</b>	<b>\$5,952,000</b>	<b>\$4,452,000</b>	<b>\$10,404,000</b>	<b>\$9,400,000</b>	<b>\$29,221,165</b>		
<b>Grand Total - Columbia River Program</b>			<b>\$24,620,054</b>	<b>\$39,842,260</b>	<b>\$31,144,740</b>	<b>\$70,987,000</b>	<b>\$140,285,000</b>	<b>\$235,892,054</b>		



## 461 - Department of Ecology Capital Project Request

2011-13 Biennium

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Version: S1 Supplemental 2012

Report Number: CBS002

Date Run: 9/13/2011 9:42AM

**Project Number:** 30000299

**Project Title:** Achieving Clean Air in Tacoma

### Description

**Starting Fiscal Year:** 2012

**Project Class:** Grant - Pass Through

**Agency Priority:** 6

#### Project Summary

PLACEHOLDER: The Greater Tacoma area of Pierce County violates the national ambient air quality standard for fine particle pollution and has been designated nonattainment by the U.S. Environmental Protection Agency. Under federal law, the state and local community have until December 2012 to submit a set of viable, enforceable strategies that will return the area to compliance with the health-based standard. The Tacoma-Pierce County Clean Air Task Force, a broad-based stakeholder work group, is evaluating the problem and will recommend strategies to improve air quality in the area by November 2011. State resources may be required to fully implement adopted strategies. This is a placeholder request for state funding to implement those strategies if necessary.

#### Project Description

##### What is the proposed project?

Unknown at this time

##### What opportunity or problem is driving this request?

##### The reason for the project:

Fine particle pollution harms the health of Washington residents. Exposure to fine particles triggers or worsens heart and lung diseases, and may result in death.

There are many sources of fine particle pollution, including combustion in commercial/industrial activities; outdoor burning; residential wood heating; and exhaust from motor vehicles and off-road motorized equipment. Smoke from home heating (mainly wood stoves) is responsible for high particle pollution levels in many Washington communities during the winter months, exposing millions of citizens to unhealthy pollution levels. During periods of cold stagnant air, pollutants are held close to the ground. In a matter of hours, and sometimes for many days at a time, fine particles can build up to very harmful levels.

The U.S. Environmental Protection Agency (EPA) establishes health-based ambient air quality standards for certain pollutants, including fine particle pollution. The Greater Tacoma area in Pierce County violates the current standard and was designated nonattainment in December 2009. Under federal law, the state and local community must develop viable, enforceable strategies to reduce fine particle pollution and return the area to compliance with the health-based standard. The state is required to submit a plan by December 2012 to bring the area back into compliance, and the area must measure clean air by December 2014.

A nonattainment designation can have serious economic impacts on the community. In nonattainment areas, new or expanding businesses releasing air pollution must apply the most stringent and costly controls available. In addition, they must offset any increased pollution by reducing equal amounts of pollution from other sources in the nonattainment area. These requirements mean increased costs, less likelihood of investment in new facilities, and a compromised economic climate for business. Local governments also must devote scarce resources to develop and implement strategies that help clean up the problem.

It will be difficult to correct this violation of the federal fine particle standard. It is clear from monitoring and source apportionment studies that smoke from residential home heating is the main source of fine particle pollution in the Pierce County nonattainment area. It accounts for approximately 60 percent of the winter time pollution. The vast majority of industrial and commercial sources of fine particle emissions are already well-controlled through strict permitting and

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2011-13 Biennium

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### Description

capture-technology requirements. Major efforts to reduce pollution from motor vehicles and industrial engines are ongoing. Solutions that target the principal source of the local pollution problem - residential wood heat - will impact citizens' choices, behaviors, and personal finances, and are expected to be highly political.

Ecology and the local air agency, the Puget Sound Clean Air Agency (PSCAA), are using most of the tools available to them to reduce pollution from this source. But we are not making sufficient progress to return the community's air quality to compliance with the federal standard. PSCAA has convened the Tacoma-Pierce County Clean Air Task Force to evaluate the problem and recommend solutions to bring the area back into clean air status. The work group is under a deadline to produce recommendations by November 2011. It is possible the work group could recommend strategies that require new statutory authority(ies) or that could require additional state financial support. Ecology is an active member of this workgroup and should be able to provide a better sense of the work group's strategy ideas as the process unfolds in early autumn.

*This placeholder request is being submitted in advance of final recommendations to alert policy makers to potential funding needs in the Greater Tacoma community.*

**The effects of non-funding:**

Unknown at this time.

**How does the project support the agency and statewide results?**

Because this is a placeholder, the specific project(s) is unknown at this time.

**What are the specific benefits of this project?**

Implementing strategies will reduce the unnecessary, adverse health impacts of poor air quality on local residents. It also will limit the ongoing economic consequences of the nonattainment designation on Tacoma/Pierce County businesses and communities.

**How will clients be affected and services change if this project is funded?**

Unknown at this time.

**Are FTEs required to support this project?**

Unknown at this time.

**How will the other state programs or units of government be affected if this project is funded?**

Unknown at this time.

**What is the impact on the state operating budget?**

A complementary placeholder is included in our 2012 operating budget request.

**Why is this the best option or alternative?**

Unknown at this time.

**461 - Department of Ecology  
Capital Project Request**

2011-13 Biennium

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**Version:** S1 Supplemental 2012

**Report Number:** CBS002

**Date Run:** 9/13/2011 9:42AM

**Project Number:** 30000299

**Project Title:** Achieving Clean Air in Tacoma

**Description**

**What is the agency's proposed funding strategy for the project?**

Unknown at this time.

**Project Type**

Grants

**Grant Recipient Organization:** Puget Sound Clean Air Agency and/or City of Tacoma and/or Pierce County

**RCW that establishes grant:** None

**Application process used**

None

**Growth Management impacts**

None

**Operating Impacts**

**No Operating Impact**



## 461 - Department of Ecology Capital Project Request

2011-13 Biennium

\*

Version: S1 Supplemental 2012

Report Number: CBS002

Date Run: 9/21/2011 1:57PM

Project Number: 30000294

Project Title: Stormwater Grants Proviso Change

### Description

Starting Fiscal Year: 2012

Project Class: Grant - Pass Through

Agency Priority: 7

#### Project Summary

The Department of Ecology was directed by the Governor to submit five and ten percent budget reduction options based upon our General Fund - State biennial appropriations. At the cumulative ten percent reduction level, Ecology proposes a one-time \$4.5 million Local Toxics Control Account (LTCA) stormwater grant funding reduction and transfer to the General Fund – State in our operating budget. This capital budget request includes a proviso change to allow up to \$2.35 million of the existing \$30 million in LTCA stormwater capital funding be authorized for capacity grants for local governments to help mitigate this operating budget reduction. These capacity grants are normally funded in the operating budget and are priorities for our local government partners. The grants facilitate compliance with stormwater requirements and identification of priority capital budget projects within local communities. This request is for a proviso change only.

#### Project Description

##### What is the proposed project?

This request is for a new proviso in the Statewide Storm Water Projects (30000294) capital budget appropriation, Section 3041 of ESHB 1497 (cash only budget). This capital budget proviso change will mitigate the impacts of the stormwater cut proposed in Ecology's 2012 Supplemental Operating Budget. At the cumulative ten percent cut level, \$4.5 million is reduced and transferred to the General Fund-State. Of this amount, \$2.35 million is for local government capacity grants. This proviso change mitigates this cut by allowing the LTCA funds in the capital budget to be used for these local capacity grants. At the five percent cut level these local government capacity grants are changed only slightly, so no proviso relief is requested related to that reduction option. Below is background on the LTCA operating budget stormwater grants in Ecology's base budget, summary information on the cumulative ten percent cut proposals, and the proviso amendment requested.

##### BACKGROUND:

Operating budget funding for stormwater grants to local communities was first included in Ecology's 2007-09 biennium Operating Budget. A proviso required the funding be used to offset some of the costs to local governments from the new phase II stormwater permit requirements. Ecology distributed the 2007-09 biennium stormwater appropriation as \$75,000 capacity grants to more than 110 local governments. The grants helped them meet the stormwater requirements.

In the 2009-11 biennium, Ecology received nearly \$9 million for stormwater grants funded from the LTCA in the operating budget. Unlike the previous appropriation, no conditions were placed on the funding. Ecology distributed about \$5.35 million as \$50,000 capacity grants to 107 phase II cities and counties. We also gave approximately \$3.14 million in grants for stormwater projects of regional and statewide significance.

In the 2011-13 biennium, nearly \$9 million of the LTCA operating budget has been appropriated to Ecology, with no proviso conditioning the use of funds.

##### OPERATING BUDGET STORMWATER REDUCTION PROPOSAL:

In June and September 2011, the state reduced its General Fund-State revenue forecast for the current biennium to reflect concerns about the global and national economy and to indicate the state's near-term economic outlook had weakened. Given the economic conditions, as well as the uncertain impact to states of pending federal budget reductions, it is highly possible agencies will face further revenue losses in the coming year. Therefore, the Governor directed the Office of Financial Management (OFM) to have agencies prepare for possible cutbacks by submitting a five percent first-priority reduction and a five percent second-priority (for a total of ten percent) in General Fund-State reduction options as part of the 2012 Supplemental Operating Budget submittal.

In addition to straight General Fund-State cuts, OFM provided guidance allowing dedicated fund cuts and transfers to the

## 461 - Department of Ecology Capital Project Request

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Version: S1 Supplemental 2012

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Project Number: 30000294

Project Title: Stormwater Grants Proviso Change

### Description

General Fund-State to meet target amounts. This flexibility for Ecology is important, because less than 25 percent of our overall operating budget is supported from General Fund-State resources, and recent reductions have limited our General Fund-State reduction options.

The "Stormwater 10% Operating Reduction" package strategically targets a cumulative 50 percent reduction to the current LTCA Stormwater grants appropriation of \$8,983,770, which equates to approximately \$4,492,000. This budget amount will be reduced from the LTCA, and the associated fund balance will then be transferred into the General Fund-State to help meet Ecology's ten percent General Fund-State target. At this 50 percent reduction level, we are also requesting a proviso change in capital budget stormwater funding to allow for additional flexibility to meet local government funding priorities. This proviso relief will allow for capacity grants to be funded in the capital budget from LTCA, as they normally would be in the operating funding being reduced in this package.

The \$4,492,000 reduction will be taken from the following grant and administrative categories:

- \$2,350,000 will be reduced from capacity grants.
- \$1,453,666 will be reduced from targeted grants for high priority regional or statewide projects.
- \$650,000 eliminated from competitive small capital stormwater planning grants (\$20,000-\$30,000 per grant) to local governments to assist in developing pre-design reports to support local government capital grant applications.
- \$38,334 and 0.20 FTE will be reduced from grant administration.

Ecology would distribute the remaining \$4,491,770 LTCA stormwater operating budget as follows:

- \$3,000,000 will be available for capacity grants. Ecology will direct \$50,000 per capacity grant for the 60 smallest phase II cities and counties. These grants are on a two-year cycle that reflects the same time-frame associated with the operating budget.
- \$1,338,104 will be available for targeted grants for high priority regional or statewide projects, such as the stormwater center in Puyallup and Stormwater Outreach for Regional Municipalities (STORM). Targeted grants are intended to address and resolve issues related to re-issuing the municipal stormwater permits. These grants will fund studies or work that is critical to completing re-issuing the municipal stormwater permits on time.
- \$153,666 and 0.80 FTE will be available for grant administration.

This one-time reduction is mitigated by the fact that significant local government stormwater grant funding remains in Ecology's 2011-13 enacted Capital Budget. Specifically, \$92.1 million in new and reappropriated capital funding is included in the current capital budget. Of this amount, \$30 million is new capital investments in the 2011-13 biennium (where the proviso change is requested), and \$62.1 million is reappropriated dollars from the 2007-09 and 2009-11 biennium. These capital dollars will allow for a significant investment in stormwater in the current biennium, despite this required cut option. One of the principles used to guide Ecology decisions on cut proposals was to consider cut areas where "capital investments remain in place to continue overall progress," and this reduction option and related proviso relief meet that principle (see operating budget package for list of all reduction option principles). Finally, the proviso relief noted will also ensure base capacity grants are maintained. This has been a priority for our local government partners.

#### What opportunity or problem is driving this request?

##### The reason for the project:

Ecology's request for this proviso change will mitigate an operating budget reduction option requested by the Governor. Ecology proposes that LTCA funds in the capital budget be used to support local stormwater capacity grants.

##### The effects of non-funding:

If a proviso change is not granted, Ecology would not have the authority to offer up to \$2.35 million in local stormwater capacity

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2011-13 Biennium

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Version: S1 Supplemental 2012

Report Number: CBS002

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Project Number: 30000294

Project Title: Stormwater Grants Proviso Change

### Description

grants to local government.

#### How does the project support the agency and statewide results?

The operating reduction option impacts the Governor's priority of "Reducing Toxic Threats" on a one-time basis.

#### What are the specific benefits of this project?

Making a proviso change will lessen the impact of reduced grants to local governments. The LTCA stormwater funding is a key component assisting local governments carry out local stormwater control programs that prevent and reduce discharges of toxic material into the state's surface waters.

#### How will clients be affected and services change if this project is funded?

Please see the Package Description for detailed information about the impact of the operating budget reduction option.

#### How will the other state programs or units of government be affected if this project is funded?

Local governments will have another funding source available for stormwater capacity grants.

#### What is the impact on the state operating budget?

There is no impact on the state's operating budget. This proviso change is related to, but does not affect, an operating budget reduction option identified by Ecology.

#### Why is this the best option or alternative?

The request to make a proviso change is intended to provide local governments with another funding option for stormwater capacity grants.

#### What is the agency's proposed funding strategy for the project?

Not applicable.

#### Proviso

PROVISO AMENDMENT REQUESTED

Engrossed Substitute House Bill 1497 (cash only budget), Section 3041 – Statewide Storm Water Projects (30000294) would be amended as follows:

The appropriation in this section is subject to the following conditions and limitations:

(1) The appropriation is provided solely for construction projects or design/construction projects statewide that result in the greatest improvements necessary to meet national pollution discharge elimination system requirements for communities least able to pay for those projects or for jurisdictions who are early adopters of new regulations and effective new technology. The department must develop specific evaluative criteria to award grants on a competitive basis to projects that meet the policy objectives in this section, demonstrate readiness to proceed and have a minimum cash match of twenty-five percent.

(2) Up to \$2,350,000 of the appropriation is provided for local governments to build staffing capacity to address storm water in their communities.

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 Capital Project Request

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Project Number: 30000294  
 Project Title: Stormwater Grants Proviso Change

**Description**

Appropriation:  
 Local Toxics Control Account--State ..... \$30,000,000  
 Prior Biennia (Expenditures) .....\$0  
 Future Biennia (Projected Costs) .....\$0  
 TOTAL ..... \$30,000,000

**Proviso**

Proviso Amendment Requested - See above.

**Project Type**

Grants

Grant Recipient Organization: N/A

RCW that establishes grant: None.

**Application process used**

Not applicable, this is a proviso change request.

**Growth Management impacts**

N/A

**Funding**

Acct Code	Account Title	Estimated Total	Expenditures		2011-13 Fiscal Period	
			Prior Biennium	Current Biennium	Reappropriations	New Appropr
174-1	Local Toxics Control-State					
	<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Future Fiscal Periods</b>						
		<u>2013-15</u>	<u>2015-17</u>	<u>2017-19</u>	<u>2019-21</u>	
174-1	Local Toxics Control-State					
	<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	

**Operating Impacts**

No Operating Impact

461 - Department of Ecology

Capital FTE Summary

2011-13 Biennium

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Version: S1 Supplemental 2012

Report Number: CBS004

Date Run: 9/19/2011 1:42PM

**FTEs by Job Classification**

<u>Job Class</u>	Authorized Budget		2011-13 Biennium	
	2009-11 Biennium		2011-13 Biennium	
	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>
Hydrogeologist 4			0.0	0.3

**Account**

<u>Account - Expenditure Authority Type</u>	Authorized Budget		2011-13 Biennium	
	2009-11 Biennium		2011-13 Biennium	
	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>
05W-1 State Drought Prep-State			0	18,000

**Narrative**

30000315 Johns Creek Hydrogeology Study  
 Authority for 0.15 FTE (0.0 in FY12, 0.3 in FY13) is required to manage and coordinate the consultant contract. The work includes soliciting consultants, awarding the contract, monitoring and coordinating work assignments, overseeing the contract, reimbursing expenditures and evaluating deliverables.

## 2012 Supplemental Capital FTEs by Project

9/19/2011

Capital Project Request	Project Number	Program	FY 2012 FTEs	FY 2013 FTEs	11-13 Bien FTEs	Range	Job Class	Account / Type	FY 2012	FY 2013
Johns Creek Hydrogeology Study	30000315	WR	0.0	0.3	0.2	66	Hydrogeologist 4	05W-1	-	18,000
		Total	0.0	0.3	0.2					
<b>TOTAL</b>			0.0	0.3	0.2				-	18,000