

The Governor's 2010 supplemental capital for Ecology includes \$47.7 million from dedicated environmental accounts and \$5.8 million from the State Building Construction Account (SBCA). The vast majority is pass-through funding to local communities for environmental and public health protection related construction and cleanup projects that create jobs and expand economic recovery. These new investments are particularly important in light of the \$91.7 million reduction in capital funding for Ecology from the base 2007-09 capital budget to the base 2009-11 budget (Governor's proposed increases result in only a \$38.3 million overall reduction). Some key highlights regarding the Governor's budget:

- 89% or \$47.7 million is supported by dedicated environmental accounts and the proposed use is consistent with the statutory provisions associated with this funding.
- 11% or \$5.8 million is for SBCA funding required to provide a state match of 17.5% for federal American Reinvestment and Recovery Act (ARRA) investments in irrigation efficiency in eastern Washington. The federal government has indicated these ARRA dollars will be reprogrammed to other projects outside of Washington if the state match is not secured.
- Available dedicated environmental fund balances will be used for priority, ready to proceed projects including:
 - \$42.0 million is from the state and federal Water Pollution Control Revolving Accounts for low interest loans for ready to proceed priority water quality projects.
 - \$3.18 million is from the Cleanup Settlement Account to initiate cleanup of widespread arsenic contamination and other cleanups associated with the Asarco bankruptcy settlement in December 2009.
 - \$1.6 million is from the Air Pollution Control Account for initial capital investments in Tacoma to move toward compliance with federal Clean Air Act standards and to protect public health (addressing wood smoke and diesel particle emissions).

Below is a summary of the Capital Budget request.

Climate Change and Air Quality

1. **Reducing Wood Smoke Particle Emissions in Tacoma** ~\$600,000 *Air Pollution Control Account* ~ Ecology will replace or reduce the use of old, high polluting wood stoves. We will do this through the wood stove change-out program and by providing other creative strategies to reduce the use of or need for wood for heat in an area in and around the City of Tacoma. This area has violated federal clean air standards for fine particles, and must be returned to clean air status as required by federal law. Failure to do so will result in economic hardship, federal sanctions, and prolonged public health problems. Pollution from wood stoves is a hazard to public health and is a principal contributor to the fine particle pollution problem in and around Tacoma.
2. **Reducing Diesel Particle Emissions in Tacoma** ~ \$1,000,000 *Air Pollution Control Account* ~ Ecology will use this money for grants to reduce diesel emissions from public and private engines operating in an area that violates federal standards. An area in and around the City of Tacoma has violated federal clean air standards for fine particles. Returning that area to clean air status is required by federal law. Failure to do this will result in economic hardship, federal sanctions, and prolonged public health problems in and around Tacoma. Efforts will focus on engines related to freight handling in and around the Port of Tacoma.

Puget Sound Restoration and Protection

3. **Clean Up Toxic Sites – Puget Sound** ~\$800,000 *Cleanup Settlement Account* ~ This funding will allow the agency to spend money received from a negotiated settlement agreement between Ecology and the Lilyblad Petroleum Company who is liable for significant petroleum contamination at their Port of Tacoma property.

The money will be used to remove contaminants from the soil and groundwater that if left untreated will migrate along sewer lines into the Blair Water Way and Commencement Bay. The Lilyblad cleanup is part of Ecology's emphasis on baywide cleanups in key water bodies within Puget Sound.

Reducing Health Risks from Toxic Chemicals

- 4. Asarco Settlement Funding ~\$3,180,000 Cleanup Settlement Account** ~ Ecology will use expenditure authority from the Cleanup Settlement Account (CSA) to continue cleanup work associated with the operations of the Asarco smelters in Tacoma and Everett, along with mining operations in northwest and eastern Washington. Asarco operated smelters in Tacoma and Everett that released arsenic, lead, and other contamination into the air. This contamination settled down to earth and contaminated over 1,000 square miles in the lower Puget Sound basin and many land parcels in the Everett area. The company also owned and operated mines at various times between 1900 and 1960. Contamination from the tailings piles continues to create dangerous conditions for nearby waterways. In 2005, Asarco filed for bankruptcy and in 2006 Washington filed claims for past and future cleanup costs and natural resources damage. In December 2009 the state received settlement funds for this cleanup work. Ecology needs this spending authority to conduct this large scale cleanup to protect public health and the environment from toxic compounds.

Water for Local Communities and Healthy Watersheds

- 5. Sunnyside Valley Irrigation District Water Conservation ~ \$5,800,000 State Building Construction Account** ~ Ecology's appropriation authority will provide the state match for increased federal funding made available under the American Recovery and Reinvestment Act of 2009 (ARRA). The additional state and federal funds will be used to accelerate the construction schedule for the Benton Irrigation District and Sunnyside Division Board of Control Phase II (SVID Phase II) projects. These projects are managed by the U.S. Bureau of Reclamation (USBR) for conservation improvements required by the Sunnyside Division Water Rights Settlement Agreement in the Yakima Basin Water Rights Adjudication (State of Washington, Department of Ecology vs. James J. Acqualvella, et al). Projects initially funded in the 2009-11 biennium were for the Sunnyside Division Board of Control Phase I canal operation improvements (SVID Phase I) and the Benton Irrigation District pump station and piping project. The additional \$5.8 million will provide the required state match of 17.5 percent of total project costs. The USBR has indicated it will allocate the ARRA funding for the SVID Phase II to projects in other states if the state match is not appropriated.
- 6. Water Pollution Control Revolving Fund Program ~ \$42 million state and federal Water Pollution Control Accounts** ~ Increased appropriation of \$42 million will provide loan funds through the State Revolving Fund program. The Water Pollution Control Revolving Account or State Revolving Fund (SRF) 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 work accomplished by local governments using SRF money is an essential part of the state's strategy to reduce pollution and protect our marine waters, estuaries, lakes, rivers, and groundwater resources. Increased funds are available due to more loans going into repayment and generating increases in revenue, and a significant increase in the federal capitalization grant.

Technical and Administrative

- 7. Breazeale Interpretive Center – Reappropriation ~ \$149,000 General Fund-Federal** ~ This is an increase in Ecology's 2009-11 reappropriation of \$270,000 from the General Fund-Federal to \$419,000. Money will be used to design, build, and install new educational exhibits and aquariums in the Breazeale Interpretive

Center. The original appropriation for the 2007-09 biennium was received in the 2008 Supplemental Capital Budget. Project completion was unexpectedly delayed very late in the 2007-09 biennium, and the increase is needed to finish the new Aquatics Exhibit Gallery. This gallery plays a critical role in Padilla Bay Reserve's educational program goals and forms the backbone of our education strategy.

		Governor's Budget 12/09/09		
12/10/2009	\$ in thousands	SBCA	Other	Total
<i>Climate Change and Air Quality</i>				
1.	Reducing Wood Smoke Particle Emissions in Tacoma		600	600
2.	Reducing Diesel Particle Emissions in Tacoma		1,000	1,000
<i>Puget Sound Restoration and Protection</i>				
3.	Clean Up Toxic Sites - Puget Sound		800	800
<i>Reducing Health Risk from Toxic Chemicals</i>				
4.	Asarco Settlement Funding		3,180	3,180
<i>Water for Local Communities and Healthy Watersheds</i>				
5.	Sunnyside Valley Irrigation Dist. Water Conservation	5,800		5,800
6.	Water Pollution Control Revolving Fund Program		42,000	42,000
<i>Technical and Administrative</i>				
7.	Breazeale Interpretive Center - Reappropriation		149	149
Total Capital Budget Request		5,800	47,729	53,529