

Operating 9/12/2016 \$ in thousands - Biennialized FTEs	2017-19 Biennium Budget Request			
	FTE	GF-State	Other	Total
2017-19 Carryforward Level	1,603.4	49,974	438,634	488,608
Maintenance Level Changes				
1. Public Participation Grants			(1,290)	(1,290)
Policy Level Changes				
Deliver Integrated Water Solutions				
2. State Revolving Fund Administration	3.3		541	541
3. Low Impact Development Training	(1.4)		(1,981)	(1,981)
Prevent and Reduce Toxic Threats				
4. Funding Oil Spills Program*				-
5. Teck Cominco Litigation Support			835	835
6. Litter Control and Waste Reduction	2.6		4,500	4,500
7. Hanford Dangerous Waste Permitting	3.9		872	872
8. Meeting Air Operating Permit Needs	2.1		506	506
9. Hanford Compliance Inspections	1.2		214	214
10. Mercury Switch Removal Program	0.6		186	186
11. Low Level Radioactive Waste Program	(1.2)		(734)	(734)
Other				
12. ECY Integrated Revenue Mgmt System	2.2	457	2,368	2,825
13. Field Office Lease Adjustments		(5)	(22)	(27)
Total Changes	13.3	452	5,995	6,447
Total Proposed Operating Budget Request	1,616.7	50,426	444,629	495,055

*Note: The amount of MTCA that can be fund switched back to the Oil Spill Prevention Account (OSPA) is dependent on agency request legislation passing to amend the barrel tax. Ecology did not assume any OSPA fund switch in the projected MTCA fund balances.

Protecting the Environment | Ensuring Public Health | Supporting Economic Growth & Jobs

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

- Reducing and preparing for climate impacts
- Preventing and reducing toxic threats
- Delivering integrated water solutions
- Protecting and restoring Puget Sound

Ecology's Operating Budget request totals \$6.4 million. This budget was developed recognizing economic recovery is slow, and demand on state resources remains high (e.g., funding for basic education from the State General Fund).

The following summarizes each request. The numbers for each item correspond with the numbers in the spreadsheet at the beginning of this section on operating.

Maintenance Level

- 1. Public Participation Grants. (\$1,290,000).** The Public Participation Grant (PPG) Program is a competitive grant program. It provides funding to help citizen groups and non-profit public interest organizations facilitate public participation in the investigation and remediation of contaminated sites; and to implement the state's solid waste or hazardous waste management priorities as required by RCW 70 .105D.070(7). Ecology is requesting a maintenance level reduction of \$1.3 million to keep PPG funding aligned with the mandated level of one percent of moneys collected under RCW 82.21.030, Pollution Tax (Hazardous Substance Tax). (Environmental Legacy Stewardship Account (ELSA))

Policy Level

Deliver Integrated Water Solutions

- 2. State Revolving Fund Administration. \$541,000, 3.3 FTEs.** Ecology is requesting ongoing appropriation adjustments in two accounts. This will shift staff and other administrative costs associated with the State Revolving Fund loan program (SRF loan program) from the Water Pollution Control Revolving Account (727) to the Water Pollution Control Revolving Administration Account (564-1). This will result in an ongoing net increase of \$541,000 per biennium over the 2017-19 Carry Forward Level (CFL) to reinstate the amount reduced at CFL so that funding is at the same level as the 2015-17 Biennium. It will provide Ecology the appropriation needed to oversee and manage the SRF loan portfolio, which provides low interest loans to local government for high priority water quality protection and improvement projects. This request also aligns with the legislative intent and direction in Substitute House Bill 1141 (2013 session) that established the Administration Account. Related to Puget Sound Action Agenda (PSAA) implementation. (Water Pollution Control Revolving Administration Account, Water Pollution Revolving Account)
- 3. Low Impact Development Training. (\$1,981,000), (1.4) FTEs.** Since Fiscal Year 2013, the Legislature has provisioned funding to Ecology to develop and provide a Low-Impact Development (LID) technical training program at no cost to local governments, private businesses, and stormwater permittees. This training prepares these entities to meet future LID permitting requirements. The legislative intent of the provisioned funding was that it be made available for five years—from July 1, 2012, through June 30, 2017. Based on that intent, this request is a technical adjustment to eliminate that funding going forward and reduce Ecology's State Toxics Control Account (STCA) appropriation on an ongoing basis, beginning in the 2017-19 Biennium. Related to PSAA implementation. (STCA)

Prevent and Reduce Toxic Threats

- 4. Funding Oil Spills Program. \$3,200,000 fund shift.** In April 2015, the Governor and Legislature passed the Oil Transportation Safety Act (Act) to address rapid changes in how crude oil is moving through rail corridors and over Washington waters, creating new safety and environmental risks. The Act provided a one-time \$2.225 million transfer from the Oil Spill Response Account (OSRA) to the Oil Spill Prevention Account (OSPA) to implement the new work required by Act in the 2015-17 Biennium. These accounts receive revenue from the Oil Spill Administration Tax and Oil Spill Response Tax (commonly known as the barrel tax). The barrel tax is five cents per barrel (42 gallons) of oil imported into the state by vessel, and as of 2015, also by rail. Adding oil imported by rail to the tax base did not provide sufficient revenue to fully support the new work directed under the Act. Ecology estimates a \$4 million shortfall in the OSPA for the 2017-19 Biennium because most of the work directed in the Act is ongoing, projected revenue is not enough to cover ongoing costs, and the fund transfer was only one time. The OSPA is one of the major funding sources supporting oil spill prevention and preparedness activities at Ecology. This request relies on legislation passing to provide additional OSPA revenue to fund Ecology's oil spill prevention, preparedness, and response activities at the current level, and reduce dependency on Model Toxics Control Act (MTCA)

funding, which is also projected to have a negative fund balance in 2017-19. The amount that can be fund shifted will be determined by the legislation that is passed in the 2017 legislative session to amend the barrel tax. Without this funding solution, critical oil spill safety work would be scaled down or entirely eliminated. Related to PSAA implementation. (STCA, OSPA)

5. **Teck Cominco Litigation Support. \$835,000.** Ecology is co-plaintiff with the Confederated Tribes of the Colville Reservation in a U.S. federal court case filed against Teck Cominco, a Canadian company located just over the border, north of Stevens County. This case is known as "Pakootas v. Teck Cominco Metals, Ltd." It was originally filed in 2003 by the Confederated Tribes of the Colville Reservation as a citizens' suit, and the state of Washington joined the suit later. A phase one trial successfully established Teck's liability for releasing metals and other chemicals into the aquatic (river) pathway and secured a court ruling and stipulation agreement to recover \$4 million in phase one costs from Teck. Of the \$4 million recovered, approximately \$3.5 million was specifically for attorney and litigation expert costs. The litigation is now in phase two. It seeks to establish Teck's liability for air pathway contamination of upland soil extending over a broad, upland swath of the Upper Columbia River Valley. This request is for the significant expert and Attorney General support required for phase two litigation. (STCA)
6. **Litter Control and Waste Reduction. \$4,500,000, 2.6 FTEs.** In 1971, the Washington State Legislature enacted the litter tax, supported by industry, on disposable items commonly found in roadside litter. Revenue from this tax is deposited in the Waste Reduction Recycling and Litter Control Account (WRRLCA). In the last two biennia, the Legislature diverted \$21.7 million of revenue from this tax to State Parks for operation and maintenance. To support these redirections, Ecology's appropriation was reduced, but is fully restored in the 2017-19 carryforward level budget. In addition, Ecology is requesting \$4.5 million of the fund balance in WRRLCA to use for the intent of the law for waste reduction, recycling, composting, and litter collection and control programs. Seventy percent of these funds will be used for litter pickup and most of the dollars are used in local communities across Washington State. (Waste Reduction Recycling and Litter Control Account)
7. **Hanford Dangerous Waste Permitting. \$872,000, 3.9 FTEs.** In 2012, Ecology issued a draft Hanford Sitewide Dangerous Waste Permit for public comment. Comments, including those from the Environmental Protection Agency (EPA), indicated the permit could not be issued. Since then, Ecology has developed a revised approach to permit development, implementation, and administration. At the direction of EPA, Ecology took over administration of the current permit from the U.S. Department of Energy (USDOE) to be consistent with the way other permits are managed. Ecology is working to re-develop the draft permit while maintaining the current permit. This request provides information technology, regulatory, and engineering support to administer the permits electronically, and to properly develop and issue current and future permits. Ecology is requesting additional appropriation to cover this fee funded work so radioactive waste is appropriately managed to protect the environment and public health. Costs will be paid for by the USDOE. (Radioactive Mixed Waste Account)
8. **Meeting Air Operating Permit Needs. \$506,000, 2.1 FTEs.** Federal and state laws define the scope and content of the Air Operating Permit (AOP) Program. Under both laws, industrial facilities that emit large amounts of air pollution are required to comply with and pay the full costs of the program. Each new biennium, state law requires Ecology to use a workload model to determine the budget necessary to operate the program. In March 2016, Ecology published the workload analysis (WLA) for the 2017-19 Biennium, based on current costs and workload projections. The WLA sets the total program costs required from AOP sources during the 2017-19 Biennium. Ecology is requesting additional spending authority to match the workload analysis. (Air Operating Permit Account)
9. **Hanford Compliance Inspections. \$214,000, 1.2 FTEs.** This request is for an additional compliance inspector in Ecology's Richland Field Office. At the current staffing level, the Nuclear Waste Program Compliance Team is unable to complete all EPA required, statewide mixed waste compliance oversight

inspections, follow-up, and enforcement. Over the last three years, the compliance team has rebuilt and reorganized in response to EPA findings that compliance oversight was inadequate at the Hanford Site. This new position will complete the staffing needed to fully implement the compliance oversight program. Ecology is requesting additional appropriation to cover this fee funded work so radioactive waste is appropriately managed to protect the environment and public health. Costs will be paid for by the mixed waste fee payers. (Radioactive Mixed Waste Account)

- 10. Mercury Switch Removal Program. \$186,000, 0.6 FTE.** Certain pre-2003 vehicles contain mercury switches that can release mercury into the environment if not removed prior to scrapping. This can contaminate our air, land, water, and fish. Ecology's Mercury Switch Removal Program helps businesses comply with hazardous waste and air quality regulations to protect human health and the environment. Since 2006, Washington's 226 vehicle recyclers have collected more than 240,000 mercury switches through this program, keeping more than 540 pounds of this toxic metal out of the environment. With approximately 350,000 switches still remaining in Washington vehicles (based on Department of Licensing registration data), Ecology is requesting to extend the program four more years to collect an additional 92 pounds of mercury—an average of 23 pounds a year. Related to PSAA implementation. (Hazardous Waste Assistance Account)
- 11. Low Level Radioactive Waste Program. (\$734,000), (1.2) FTEs.** This request shifts management of the Northwest Interstate Compact on Low-Level Radioactive Waste Management, management of a land lease, and fund administration of the Site Closure and the Perpetual Surveillance Maintenance accounts from Ecology to the Department of Health (Health). Enactment of House Bill 2304 in 2012 began the process of transferring low level radioactive waste support activities from Ecology to Health. This request and a similar Health request along with agency request legislation will complete the transfer. This will improve oversight consistency and reduce the duplication inefficiency of having Ecology manage budgets and accounts for Health activities. (General Fund-Private Local, Site Closure Account, Perpetual Surveillance & Maintenance Account)

Other

- 12. Ecology Integrated Revenue Management System. \$2,825,000, 2.2 FTEs.** Ecology's ability to fulfill its mission depends on our ability to efficiently and effectively manage agency revenue. Our revenue management scope includes a \$1.4 billion loan portfolio and \$375 million in other revenue collection each year. Right now, we use four custom built revenue tracking systems to provide subsidiary ledger functions and interface with the statewide accounting system, AFRS. These systems are outdated and no longer meet business needs. Ecology is requesting funds to replace these aging systems to meet our business needs, reduce the risk of audit findings, increase the quality and security of revenue data, and gain efficiencies through process standardization. (Various accounts)
- 13. Field Office Lease Adjustments. (\$27,000).** The Office of Financial Management Facilities Oversight has authorized the relocation of two of Ecology's field offices—Vancouver and Bellingham. This request right-sizes the net lease costs changes, which results in a cost savings in the 2017-19 Biennium. Ecology's Vancouver Field Office is scheduled for relocation during Fiscal Year 2017, and lease costs at the future facility will increase by \$206,038 in the 2017-19 Biennium. Ecology's Bellingham Field Office is scheduled for relocation at the end of Fiscal Year 2017, and lease costs at the new facility will decrease by \$233,130 in the 2017-19 Biennium. The difference between the two lease changes is a reduction of \$27,092 for the biennium, and Ecology is requesting appropriation reductions to multiple fund sources to account for the net decrease in lease costs. (Various accounts)

Capital		2017-19 Biennium Budget Request				
09/12/16 \$ in thousands - Biennialized FTEs	FTE	SBCA	MTCA	Other	Total	
MTCA Reappropriation Bond Swap (does not include total reappropriation amount- only the amount requested for bond backfill.)						
1 92000076 Stormwater Financial Assistance		20,885	(20,885)		-	
2 30000374 Remedial Action Grants		11,855	(11,855)		-	
3 30000458 Remedial Action Grants		24,572	(24,572)		-	
4 30000535 Stormwater Financial Assistance	5.18	26,536	(26,536)		-	
5 30000542 Clean Up Toxic Sites- Puget Sound		4,400	(4,400)		-	
6 30000432 Eastern WA Clean Sites Initiative		2,200	(2,200)		-	
Subtotal MTCA Bond Swap	5.18	90,448	(90,448)		-	
Protect and Restore Puget Sound						
7 2015-17 Restored Clean Up Toxics Sites Puget Sound		5,412			5,412	
8 Clean Up Toxics Sites Puget Sound		20,140			20,140	
Deliver Integrated Water Solutions						
9 Water Pollution Control Revolving Program				210,000	210,000	
10 2015-17 Restored Stormwater Financial Assistance	7.77	30,100			30,100	
11 Floodplains by Design	4.60	70,000			70,000	
12 Stormwater Financial Assistance Program		44,200			44,200	
13 Centennial Clean Water Program		60,000			60,000	
14 Columbia River Water Supply Development Program	4.45	4,500		30,500	35,000	
15 Yakima River Basin Water Supply	2.19	31,100			31,100	
16 Sunnyside Valley Irrigation District Water Conservation	0.23	4,684			4,684	
17 Watershed Plan Implementation and Flow Achievement	1.50	10,000			10,000	
18 Water Irrigation Efficiencies Program	1.15	6,128			6,128	
Prevent and Reduce Toxic Threats						
19 2015-17 Restored Eastern WA Clean Sites Initiative		2,936			2,936	
20 Remedial Action Grants	2.88	39,879			39,879	
21 Coordinated Prevention Grants			28,240		28,240	
22 ASARCO Cleanup	14.38			28,760	28,760	
23 Eastern WA Clean Sites Initiative		5,233			5,233	
24 Reducing Toxic Diesel Emissions	1.15	5,000			5,000	
25 Reducing Toxic Woodstove Emissions	0.29	4,000			4,000	
26 Leaking Tank Model Remedies		1,950			1,950	
27 Swift Creek Natural Asbestos Flood Control & Cleanup		5,813			5,813	
28 Waste Tire Pile Cleanup and Prevention	1.15			1,000	1,000	
Facilities Related						
29 Eastern Regional Office Improvements & Stormwater Treatment		1,920			1,920	
30 Lacey HQ Facility Preservation Projects		2,039			2,039	
Total Proposed Capital Budget	46.92	445,482	(62,208)	270,260	653,534	

Protecting the Environment | Ensuring Public Health | Supporting Economic Growth & Jobs

Ecology's Capital Budget request promotes local economic development (e.g., cleaning up contaminated sites for redevelopment); creates jobs; addresses local environmental and public health priorities; provides financial incentives to compliance with state laws; and provides funding for many local government priorities. At Ecology, we are specifically focused on our strategic priorities:

- Reducing and preparing for climate impacts
- Preventing and reducing toxic threats
- Delivering integrated water solutions
- Protecting and restoring Puget Sound

The capital request totals \$654 million for new projects, and requests \$90.4 million in backfill funding for the estimated 2017-19 MTCA expenditures from previously enacted capital budgets.

June 2016 MTCA Revenue Forecast

Since the May 2015 revenue forecast that the enacted 2015-17 biennial budget was based on, actual and projected revenue for the MTCA accounts has dropped by \$97 million in 2015-17, and \$121 million in 2017-19. This has left a projected overall MTCA fund balance for 2017-19 of negative \$78 million as of August 2016.

The Hazardous Substance Tax (HST) is the primary revenue source for MTCA, and taxes are collected on the first possession of certain hazardous substances (taxed at 7/10th of one percent of the value of the product). Petroleum makes up about 90 percent of the revenue collected with the HST. The price of crude oil has dropped dramatically in the past 20 months, and so have HST collections and revenues. The primary drivers causing the projected negative MTCA balances include:

- Reduced value of crude oil. Barrel prices were \$104 in the summer of 2014, and dropped to below \$30 in January 2016. Since the revenue forecast in February 2014, forecasted revenue for the four-year period has declined by \$380 million—a \$193 million drop for the 2015-17 Biennium, and a \$187 million drop for 2017-19 Biennium. This was an unprecedented decline for the HST, and an enormous overall reduction in capacity for funds the size of MTCA.
- An additional \$240 million in appropriations, above the projected fund balances, were made in the past two enacted biennial budgets. This was done by assuming the spending of the appropriated dollars would occur in future biennia (an additional \$119 million was appropriated in 2013-15, and an additional \$121 million was appropriated in 2015-17). These future commitments are now due and significantly reduce available fund balance capacity.
- MTCA appropriations have been expanded in recent biennia to several agencies (increased from five agencies in 2003-05, to 13 agencies today).
- Up to \$26 million in loans were provided to MTCA from other dedicated accounts in the enacted budgets, and these repayments will be due in the next two biennia.
- Since the 2007-09 Biennium, \$54 million of work previously funded by General Fund-State (GF-S) has been shifted to MTCA (approximately \$48 million to Ecology, and \$6 million to other agencies).

During the 2009-11 Biennium, the Legislature managed some impacts to the state budget brought on by the Great Recession by transferring MTCA funding to the GF-S. There were direct transfers, but the Legislature also preserved investments in cleanup and stormwater using State Building Construction Account (SBCA) to backfill the MTCA transfers. This provided funding for existing projects and invested in new projects during the economic downturn. Now, the economy is in a growth period, the very time when this work is affordable and there is a high level of interest in redevelopment and solving stormwater pollution impacts. Ecology requests SBCA backfill funding to help bridge the revenue gap until the MTCA accounts recover.

Addressing the MTCA Revenue Shortfall

Ecology is requesting \$90.4 million in SBCA backfill dollars in the 2017-19 Capital Budget for fully ready-to-proceed projects to offset the shortfall in MTCA revenue in the 2015-17 biennium. This is the expected spending need for cleanup and stormwater projects. Future revenue forecasts will likely change the amount required, and Ecology will update the requests as needed. Providing backfill funding will keep important cleanup and stormwater work on schedule and in line with the original legislative budget assumptions. If a short-term alternative solution is not provided, Ecology will have to delay new projects, and possibly cancel others until revenue recovers in the MTCA accounts.

MTCA Reappropriation Bond Backfill

- 1. 92000076 2013-15 Stormwater Financial Assistance. \$20.89 million fund shift.** The enacted 2013-15 Supplemental Capital Budget provided \$100 million for new stormwater grants. When the 2015-17 biennial budget was passed, \$12.4 million of the appropriation was assumed to be spent in the 2017-19 Biennium, which resulted in delaying stormwater projects. Ecology refers to this as “future expenditures assumed in the enacted budget.” This request provides backfill funding for reappropriations authorized in the enacted 2013-15 Capital Budget for projects that would otherwise be canceled and delayed in 2017-19 due to the MTCA revenue shortfall. Ecology is requesting \$77.6 million in total reappropriation for this project in 2017-19 based on spending through July 2016. Part of the reappropriation request includes new bond backfill funding from the SBCA of \$20.9 million to partly offset the shortfall in MTCA revenue in the 2017-19 Biennium and allow these important projects to complete. Ecology will have to cancel \$8.5 million in signed project agreements and continue to delay \$12.4 million in projects from this appropriation if a MTCA revenue solution is not provided. Providing backfill funding will continue important stormwater work and keep it in line with the original legislative budget assumptions. Related to PSAA implementation. (SBCA, ELSA)
- 2. 30000374 2013-15 Remedial Action Grants. \$11.86 million fund shift.** The enacted 2013-15 Supplemental Capital Budget provided \$62.5 million Local Toxics Control Account (LTCA) appropriation for new Remedial Action Grants. All of this funding has been granted to local grant recipients, and cleanup projects supported by it have been underway for at least three years. When the 2015-17 Biennial Budget was passed, about one-quarter of the appropriation was future expenditures assumed in the enacted budget to be spent in the 2017-19 Biennium. This request provides backfill funding for reappropriations that were authorized in the enacted 2013-15 Capital Budget for projects that would otherwise be canceled in 2017-19 due to the MTCA revenue shortfall. Ecology is requesting \$31.2 million in total reappropriation for this project based on spending through July 2016. Part of the reappropriation request is for new bond backfill funding from SBCA of \$11.86 million and a reduction to LTCA funding by the same amount to help bridge the MTCA revenue gap and avoid having to cancel existing contracts so these important projects can be completed. Providing backfill funding will continue important cleanup work and keep it in line with the original legislative budget assumptions. Related to PSAA implementation. (SBCA, LTCA)
- 3. 30000458 2015-17 Remedial Action Grants. \$24.57 million fund shift.** The enacted 2016 Supplemental Capital Budget provided \$60.1 million LTCA appropriation for new Remedial Action Grants in the 2015-17 Biennium. About half of the appropriation was future expenditures assumed in the enacted budget to be delayed and spent in the 2017-19 Biennium. This request provides backfill funding for reappropriations that were authorized in the enacted 2015-17 Capital Budget for projects that would otherwise continue to be delayed due to the MTCA revenue shortfall. Ecology is requesting \$47.5 million in total reappropriation for this project based on spending through July 2016. Part of the reappropriation request includes new bond backfill funding from SBCA of \$24.57 million to partly offset the shortfall in MTCA revenue in the 2017-19 Biennium and allow these important projects to proceed. Providing backfill funding will keep important work on schedule and in line with the original legislative budget assumptions. Related to PSAA implementation. (SBCA, LTCA)

4. **30000535 2015-17 Stormwater Financial Assistance. \$26.54 million fund shift.** The enacted 2016 Supplemental Capital Budget reduced this project by \$21.8 million to address the MTCA revenue shortfall, leaving \$31.2 million LTCA for new stormwater grants. Ecology has awarded \$4.7 million in grants, and \$26.5 million was future expenditures assumed in the enacted budget to be delayed and spent in the 2017-19 Biennium. This request provides backfill funding for reappropriations that were authorized in the enacted 2015-17 Capital Budget for projects that would otherwise continue to be delayed in 2017-19 due to the MTCA revenue shortfall. Ecology is requesting \$31.2 million in total reappropriation for this project based on spending through July 2016. Part of the reappropriation request includes new bond backfill funding from SBCA of \$26.54 million to partly offset the shortfall in MTCA revenue in the 2017-19 Biennium and allow these important projects to complete. Providing backfill funding will continue important stormwater work and keep it in line with the original legislative budget assumptions. Related to PSAA implementation. (SBCA, LTCA)
5. **30000542 2015-17 Clean Up Toxic Sites- Puget Sound. \$4.4 million fund shift.** The enacted 2016 Supplemental Capital Budget provided \$18.6 million STCA appropriation for new cleanup projects in the 2015-17 Biennium. About half of the appropriation was future expenditures assumed in the enacted budget to be delayed and spent in the 2017-19 Biennium. This request provides backfill funding for reappropriations that were authorized in the enacted 2015-17 Capital Budget for projects that would otherwise continue to be delayed due to the MTCA revenue shortfall. Ecology is requesting \$13.6 million in total reappropriation for this project based on spending through July 2016. Part of the reappropriation request includes new bond backfill funding from SBCA of \$4.4 million to partly offset the shortfall in MTCA revenue in the 2017-19 Biennium and allow these important projects to proceed. Providing backfill funding will keep important work on schedule and in line with the original legislative budget assumptions. Related to PSAA implementation. (SBCA, STCA)
6. **30000432 2015-17 Eastern Washington Clean Sites Initiative. \$2.2 million fund shift.** The enacted 2016 Supplemental Capital Budget provided \$11.0 million STCA appropriation for new Eastern Washington Clean Sites Initiative projects in the 2015-17 Biennium. About one-third of the appropriation was future expenditures assumed in the enacted budget to be delayed and spent in the 2017-19 Biennium. This request provides backfill funding for reappropriations that were authorized in the enacted 2015-17 Capital Budget for projects that would otherwise continue to be delayed due to the MTCA revenue shortfall. Ecology is requesting \$9.8 million in total reappropriation for this project based on spending through July 2016. Part of the reappropriation request includes new bond backfill funding from SBCA of \$2.2 million to partly offset the shortfall in MTCA revenue in the 2017-19 Biennium and allow these important projects to proceed. Providing backfill funding will keep important work on schedule and in line with the original legislative budget assumptions. (SBCA, STCA)

Protect and Restore Puget Sound

7. **2015-17 Restored Clean Up Toxic Sites Puget Sound. \$5.41 million.** A significant source of pollution to the Puget Sound is contaminated sites around the basin and its shorelines. For more than ten years, Ecology has been identifying and cleaning up contaminated sites in the Puget Sound basin. This emphasis on Puget Sound bay wide cleanup and surrounding areas has highlighted a valuable link between toxic site cleanup and habitat restoration. The enacted 2016 Supplemental Capital Budget reduced three reappropriations for Puget Sound cleanup projects to balance the MTCA accounts in response to the drop in revenue since May 2015. Proviso language in the budget bill specifies the Legislature intends to restore the reductions in future biennia. This request restores those reductions, to keep important cleanup work moving forward in the 2017-19 Biennium, consistent with legislative direction. Related to PSAA implementation. (SBCA)
8. **Clean Up Toxic Sites Puget Sound. \$20.14 million.** A significant source of pollution to the Puget Sound is contaminated sites around the basin and its shorelines. For more than ten years, Ecology has been identifying and cleaning up contaminated sites in the Puget Sound basin. This emphasis on Puget Sound bay wide cleanup and surrounding areas has highlighted a valuable link between toxic site cleanup and habitat

restoration. This request will support projects that integrate shoreline habitat restoration opportunities with cleanup projects to protect public and environmental health, create jobs, and promote economic development. Related to PSAA implementation. (SBCA)

Deliver Integrated Water Solutions

- 9. Water Pollution Control Revolving Program. \$210 million.** Congress established the Clean Water State Revolving Fund (CWSRF) under Title VI of the Federal Clean Water Act to capitalize state-run, low-interest loan programs to finance water quality facilities and activities. The Washington State Water Pollution Control Revolving Account or Clean Water State Revolving Fund (SRF), established under Chapter 90.50A RCW, implemented the loan program to provide low-interest loans to local governments, special purpose districts, and federally recognized tribes for high priority water quality projects statewide. Ecology uses these funds to finance planning, designing, acquiring, constructing, and improving water pollution control facilities and for related nonpoint source activities that help meet state and federal water pollution control requirements. Ecology is requesting appropriation to continue essential work through this loan program. Related to PSAA implementation. (Water Pollution Control Revolving Account)
- 10. 2015-17 Restored Stormwater Financial Assistance. \$30.1 million.** Ecology's Stormwater Financial Assistance Program (SFAP) provides grants to public entities to finance stormwater retrofit projects that treat polluted stormwater in priority areas throughout the state. The SFAP distributes funds to the highest priority projects through a competitive rating and ranking process to ensure projects provide good water quality value and address problems from existing urban development. The work accomplished by local governments will help reduce toxics and other pollution from entering our waterways and protect our marine waters, estuaries, lakes, rivers, and groundwater resources throughout the state. The 2016 enacted Supplemental Capital Budget reduced four reappropriations for SFAP projects to balance the MTCA accounts in response to the drop in revenue since May 2015. Proviso language in the budget bill specifies that the Legislature intends to restore the reductions in future biennia. This request restores those four reductions to keep important stormwater work moving forward in the 2017-19 Biennium. Related to PSAA implementation. (SBCA)
- 11. Floodplains by Design. \$70 million.** Flooding is the number one natural hazard in Washington State. It has caused more than \$2 billion in damages to the state since 1980, with the highly populated areas in Western Washington most at risk. In the past, solutions to flooding problems were often out of sync with other ecosystem protection or restoration activities. This request will continue the efforts begun in the 2013-15 Biennium, and fund new projects that provide both flood hazard reduction and ecosystem benefits in communities prone to flooding. Related to PSAA implementation. (SBCA)
- 12. Stormwater Financial Assistance Program. \$44.2 million.** This request for 2017-19 SFAP projects will provide grants to public entities to finance stormwater retrofit projects that treat polluted stormwater in priority areas throughout the state. The SFAP will distribute funds to the highest priority projects through a competitive rating and ranking process to ensure projects provide good water quality value and address problems from existing urban development. The work accomplished by local governments will help reduce toxics and other pollution from entering our waterways and protect our marine waters, estuaries, lakes, rivers, and groundwater resources throughout the state. Related to PSAA implementation. (SBCA)
- 13. Centennial Clean Water Program. \$60 million.** This request for Ecology's Centennial Clean Water Program (CCWP) will provide grants to public entities to finance the construction of water pollution control facilities and to plan and implement nonpoint pollution control activities. Ecology distributes the funds through an integrated statewide competitive rating and ranking process. Grant recipients are public entities that use the funds to address high priority statewide water quality needs. The work done is an integral and essential part of the state's strategy to reduce pollution and protect our marine waters, estuaries, lakes, rivers, and groundwater resources. Related to PSAA implementation. (SBCA)

- 14. Columbia River Water Supply Development Program \$35 million.** Ecology is requesting new appropriation to continue implementing the Columbia River Basin Water Supply Development Program (Chapter 90.90 RCW). This request will fund projects that are in various stages of completion and provide the Office of Columbia River with resources needed to achieve substantial progress in the 2017-19 Biennium. Specifically, these funds will 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 water supply 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 in-stream to meet the flow needs of fish. With this request, Ecology will deliver additional water supplies for agricultural purposes, meet the water needs for growing communities, make several existing water uses more efficient, and improve stream flow conditions for fish and wildlife. (SBCA, State Taxable Building Construction Account, Columbia River Basin Water Supply Development Account, Columbia River Basin Water Supply Revenue Recovery Account)
- 15. Yakima River Basin Water Supply. \$31.1 million.** Current water resources infrastructure, programs, and policies in the Yakima River Basin have not been able to consistently meet the environmental and economic demands that support basin aquatic resources, fish and wildlife habitat, dry-year irrigation, and municipal water supplies. A diverse set of local stakeholders developed the Yakima River Basin Integrated Water Resources Management Plan to provide a comprehensive, long-term water resources and habitat improvement program to address this situation. Ecology is requesting \$31.1 million to continue implementing this program in cooperation with the U.S. Bureau of Reclamation (USBR) and local stakeholders. This program will support the regional economy and protect the environment. (SBCA)
- 16. Sunnyside Valley Irrigation District Water Conservation. \$4.68 million.** The United States Bureau of Reclamation (USBR) manages 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. Acquavella, et al.) These are multiyear projects, and Ecology is requesting additional funding to cover our required state match of 17.5 percent of total project costs for the next four or five biennia. Sunnyside Valley Irrigation District (SVID) Phase 2B project cost is estimated at \$80 million (\$14 million Ecology cost share) over a 15 year construction period. Roza project cost is estimated at \$20 million (\$3.5 million Ecology cost share) over a six year construction period. This request includes \$4.68 million to continue the construction schedule for the state's share of the Yakima River Basin Water Enhancement Project in the 2017-19 Biennium. (SBCA)
- 17. Watershed Plan Implementation and Flow Achievement. \$10 million.** In many areas of the state, uninterrupted water supplies are not available for new uses. This situation is especially acute in rural areas, where individuals rely on permit-exempt wells for their drinking water supply. Tools to provide water supply for new users include development of water banks, creating storage and re-timing runoff, and promoting conservation. Stream flows can be boosted by acquisition of water from senior water right holders, and retiring the water right to provide temporary or permanent instream flow benefits using the trust water program. Significant water supply capital needs have been identified in 29 completed local watershed plans. These plans cover all or parts of 38 statewide Water Resource Inventory Areas and non-planning basins. Needs include rehabilitating existing water systems; water conservation; and acquiring existing water rights for instream flow and other rural water supply needs. Ecology is requesting a new appropriation to finance capital projects and water acquisition to implement locally developed watershed plans. These projects and acquisitions will help the state, local governments, and other stakeholders meet future rural water supply needs and also achieve recommended instream flows. Related to PSAA implementation. (SBCA)

18. Water Irrigation Efficiencies Program. \$6.13 million. The Water Irrigation Efficiencies Program is a statewide effort to improve how water is delivered and applied on agricultural lands. Projects funded through this program provide improved on-farm water application so water use is more efficient, while still allowing the producer to grow crops. Program funding is also used to improve water conveyance to reduce water loss through leakage and evaporation. Water saved in this program is placed into the state Trust Water Right Program for instream purposes. Ecology requests a new appropriation as pass-through funds for the Washington State Conservation Commission and conservation districts to help the agricultural community implement water conservation measures and irrigation efficiencies projects. (SBCA)

Prevent and Reduce Toxic Threats

19. 2015-17 Restored Eastern Washington Clean Sites Initiative. \$2.94 million. There are properties in Eastern Washington contaminated with hazardous wastes that have been abandoned or have owners unwilling or unable to pay for site investigation and cleanup. Without cleanup, these sites pose threats to public health, the environment, groundwater, and fish and wildlife resources. Cleaning up these sites protects public and environmental health, creates jobs, and promotes economic growth as the sites are redeveloped. The enacted 2016 Supplemental Capital Budget reduced two reappropriations for Eastern Washington cleanup projects to balance the MTCA accounts in response to the drop in revenue since May 2015. Proviso language in the budget bill specifies the Legislature intends to restore the reductions in future biennia. This request restores those reductions, to keep important cleanup work moving forward in the 2017-19 Biennium, consistent with legislative direction. (SBCA)

20. Remedial Action Grants. \$39.88 million. Ecology manages the Remedial Action (RA) grant program to help local governments clean up contaminated sites in Washington State. This request will fund pass-through grants for ready-to-proceed projects and actual spending requirements for the 2017-19 Biennium. RA grants support cleanup at contaminated industrial sites that impact the air, land, and water resources of the state, and continued cleanup of Puget Sound. This grant funding will protect public and environmental health, create jobs, promote economic redevelopment by allowing contaminated properties to be redeveloped, and leverage local match funding for this work. Related to PSAA implementation. (SBCA)

21. Coordinated Prevention Grants. \$28.24 million. The Coordinated Prevention Grant (CPG) Program supports required local solid and hazardous waste plans and resource conservation through waste reduction, recycling, and reuse programs. CPG enforcement grants help ensure solid waste facilities comply with applicable laws to protect human health and the environment, and reduce human exposure to toxins. In the 2015-17 Biennium, the enacted budget reduced this program in half to \$15.0 million. For the 2017-19 Biennium, Ecology is requesting funding at the 2013-15 Biennium level of \$28.2 million to continue grant funding for ongoing, essential local solid waste management programs and enforcement activities. (LTCA)

22. ASARCO Cleanup. \$28.76 million. This request continues cleanup work related to ASARCO smelter sites in Everett and Tacoma. ASARCO operated smelters in Everett and Tacoma that released arsenic, lead, and other contamination into the air. The pollution settled down to earth in Everett and in the Tacoma Smelter Plume. In Tacoma, the smelter operated from 1890 to 1986 and contaminated over 1,000 square miles in the lower Puget Sound. The Everett site operated from 1894 to 1912, and caused smaller scale contamination. This request will protect public and environmental health, create jobs, and promote economic development by allowing contaminated properties to be redeveloped. Related to PSAA implementation. (Cleanup Settlement Account)

23. Eastern Washington Clean Sites Initiative. \$5.23 million. There are properties in Eastern Washington contaminated with hazardous wastes that have been abandoned or have owners unwilling or unable to pay for site investigation and cleanup. Without cleanup, these sites pose threats to public health, the environment, groundwater, and fish and wildlife resources. Cleaning up these sites protects public and environmental health, creates jobs, and promotes economic growth as the sites are redeveloped. This request

will continue the initiative to have a statewide cleanup program by making investments outside of the Puget Sound basin and Western Washington. (SBCA)

- 24. Reducing Toxic Diesel Emissions. \$5 million.** Diesel exhaust is Washington’s worst toxic air pollutant. Diesel exhaust causes and worsens heart disease, lung disease, asthma, and cancer. It contributes to more than 70 percent of Washington’s airborne cancer risk according to Ecology’s 2008 Toxic Air Pollutants Study. Nearly five million people in Washington live or work near ports and transportation corridors where they are exposed to high levels of diesel exhaust daily. Diesel engines last for decades. Without programs to clean them up, they will continue to harm public health. This request will significantly reduce health threats through vehicle/equipment replacement, and idle reduction for dirtier diesel engines operating in high exposure communities. Also, past state-funded diesel projects in Washington have typically leveraged significant federal, local-public, and private funds. Ecology requests grant funding for local entities to reduce diesel emissions in high-risk areas across the state. Related to PSAA implementation. (SBCA)
- 25. Reducing Toxic Woodstove Emissions. \$4 million.** Smoke from wood burning stoves causes significant health problems, including asthma, lung disease, heart disease, stroke, and premature death. This request will reduce emissions from old, high-polluting wood stoves in communities facing significant public health threats from wood smoke. Funds will be used to replace woodstoves with cleaner home heating options and deploy cleaner burning emission control solutions, eliminating up to 100 tons of fine particle pollution each year. Priority areas include communities at high risk of violating national ambient air quality standards to prevent violations and avoid significant economic, environmental, and public health consequences. Related to PSAA implementation. (SBCA)
- 26. Leaking Tank Model Remedies. \$1.95 million.** Model remedies are cleanup actions that Ecology has pre-approved for specific categories of contaminated sites. This is to streamline the cleanup process by providing protective cleanup actions that are faster and less expensive. In response to legislation passed in 2013, Ecology is developing model remedies to address leaking fuel tanks and other common types of contaminated sites to help quickly and effectively restore the environment and protect public health. Ecology is focusing on model remedies for sites with petroleum contamination, with an emphasis on over 3,000 Leaking Underground Storage Tank (LUST) sites. These sites pose risks to Washington’s ground and surface water resources, and their continued listing on the hazardous sites list creates a barrier to economic and community redevelopment. This request will focus funding toward the development, implementation, and evaluation of these model remedies. Related to PSAA implementation. (SBCA)
- 27. Swift Creek Natural Asbestos Flood Control and Cleanup. \$5.81 million.** Swift Creek is a small creek in the northeastern lowlands of Whatcom County. An ongoing landslide that started in the late 1930s or early 1940s resulted in a large load of naturally occurring asbestos and heavy metal contaminated sediment continuously filling up the creek bed. This request will fund construction of sediment traps and debris flow deflection levees, and complete the design and permitting for large sedimentation basins. These remediation actions will minimize public and environmental health impacts associated with exposure to asbestos. This request offers an interim solution that will address the historic liability of dredging and managing the sediment by stockpiling it next to the creek. It will also fund facilities needed to capture sediment over the next 10 to 15 years, depending on the rate of sedimentation. It provides time to develop a long-term strategy to either stabilize the slide or provide ongoing sediment management with help from the Army Corps of Engineers. (SBCA)
- 28. Waste Tire Pile Cleanup and Prevention. \$1 million.** Illegally dumped tires in Washington continue to pose public health and environmental threats. Tire piles pose risks for highly toxic fires, pollutant leaching and run-off, and provide habitat for mosquitoes and other disease carriers. Ecology is requesting \$1.0 million to continue funding preventing and removing waste tire piles, enforcement, and education on tire storage and hauling regulations. (Waste Tire Removal Account)

Facilities Related

29. Eastern Regional Office Improvements & Stormwater Treatment. \$1.92 million. Ecology's Eastern Regional Office facility in Spokane is a state-owned office building that has been occupied since the 1980s. The parking lot is degraded so severely that it is a safety hazard. The parking lot repairs needed are extensive enough to trigger the City of Spokane's regulatory requirements for stormwater, so Ecology must add onsite treatment with this project. Ecology proposes to purchase two adjacent land parcels to reconstruct the parking lot, install a stormwater treatment system, and complete landscaping as required by Spokane Municipal Code. This project will also provide space for future improvements to consolidate business operations and eliminate off-site leases.

30. Lacey HQ Facility Preservation Projects. \$2.04 million. Ecology's Lacey HQ facility is more than 20 years old. Regular maintenance is required to keep this facility in good condition and ensure building operations are safe and efficient. The specific projects included in this request for the 2017-19 biennium address critical needs that cannot be deferred to a later time. These include:

- Preserving the facility's parking garage;
- Improving the condition of asphalt surfaces on access roads and parking areas and adjacent stormwater infrastructure; and
- Replacing failing HVAC fan motor components.

Completing these projects will preserve the condition of the HQ facility, help maintain its value over time, and protect the building from needing more costly repairs down the road.