

12/14/2017 \$ in thousands - Biennialized FTEs	Governor Inslee's 2018 Supplemental Proposal			
	FTE	GF-State	Other	Total
2017-19 Base Budget	1,611.9	42,288	453,309	495,597
<b>Maintenance Level Changes</b>				
1. Minimum Wage Costs		32	243	275
2. Other ML Changes		(3,050)	2,314	(736)
<b>Policy Level Changes</b>				
<b>Reduce and Prepare for Climate Impacts</b>				
3. Ocean Acidification	0.9	194		194
<b>Prevent and Reduce Toxic Threats</b>				
4. Oil Spills Program and Funding	3.1		979	979
5. Funding Oil Spill Planning-Nonfuel	0.4		81	81
6. Regulating Antifouling Paint	0.4		80	80
7. Carbon Reductions	0.6	123		123
<b>Other</b>				
8. Modernize and Migrate Data Center	1.2	180	1,363	1,543
9. Bellingham Field Office Relocation		29	223	252
10. Correct Corpsmember Minimum Wage			226	226
11. Other Compensation & Central Service Changes		97	462	559
<b>Total Changes</b>	<b>6.5</b>	<b>(2,395)</b>	<b>5,971</b>	<b>3,576</b>
<b>Total Proposed Operating Budget Request</b>	<b>1,618.3</b>	<b>39,893</b>	<b>459,280</b>	<b>499,173</b>

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

As the lead environmental agency in Washington, the Department of Ecology (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:

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

The Governor's proposal for Ecology's Operating Budget totals \$3.6 million. This funding is needed to:

- Implement voter passed initiatives related to the state minimum wage.
- Fund enacted oil spill prevention and preparedness legislation from the 2015 and 2017 sessions where ongoing appropriations were not provided. The Oil Spill Prevention Account (OSPA) is facing a \$1.8 million shortfall and Ecology is pursuing revenue legislation to fund this important work.
- Modernize and migrate the Ecology data center per requirements from the Office of the Chief Information Officer.
- Address executive orders and legislation related to environmental issues like ocean acidification, carbon pollution, and copper-based paint.

- Relocate our Bellingham field office per signed lease agreements as approved by the Department of Enterprise Services (DES) and Office of Financial Management (OFM), Facilities Oversight Program.

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

## Maintenance Level

1. **Minimum Wage Costs – Facilities. \$275,000.** Ongoing funding is provided to cover cost increases in existing DES master contracts for security and janitorial services at Ecology facilities, stemming from increases in the minimum and prevailing wages of the workers employed under those contracts. (Various Accounts)
2. **Other ML Changes (\$736,000).** Ongoing adjustments are provided for changes in agencywide costs for items like audit and legal services, central services costs, workers compensation, technical correction to pensions in the Radioactive Mixed Waste Account, PEBB rate, wellness gift cards, employer premium for paid family leave, and DES rate compensation. (Various Accounts)

## Policy Level

### Reduce and Prepare for Climate Impacts

3. **Ocean Acidification. \$194,000, 0.9 FTE.** Increasingly, ocean acidification caused by carbon pollution is negatively impacting Washington's commercial and recreational fisheries, as well as coastal economies, and threatening to disrupt ocean ecosystems. Ongoing funding and FTE are provided for a position to support implementation of Executive Order 12-07 (Washington's response to ocean acidification), to represent the state and participate in the International Alliance to Combat Ocean Acidification, and to coordinate other state actions related to ocean acidification. This position will work with federal, foreign, and state governments; tribes; non-governmental organizations; and the shellfish and fisheries industries. (General Fund-State)

### Prevent and Reduce Toxic Threats

4. **Oil Spills Program and Funding. \$979,000, 3.1 FTEs.** Contingent on passage of agency-request legislation to address spill risks associated with the transportation of non-floating oil, and provide adequate revenue for Ecology's Spill Prevention, Preparedness and Response Program (Spills Program), a combination of one-time and ongoing FTEs and funding are provided for rulemaking and implementation of updated requirements for spill contingency plans, geographic response plans, and oil transfer inspections. Related to Puget Sound Action Agenda implementation. (Oil Spill Prevention Account)
5. **Funding Oil Spill Planning – Nonfuel. \$81,000, 0.4 FTE.** One-time funding and FTE are provided for implementation of Chapter 239, Laws of 2017, exempting short-line railroads that haul nonfuel oils from oil spill contingency planning requirements. The bill amended RCW 90.56.210 to require smaller railroads that transport non-crude oils (such as gas, diesel, motor oils, and vegetable oils) to develop and implement more limited oil spill contingency plans, rather than completing full contingency plans and conducting drills. (Oil Spill Prevention Account)
6. **Regulating Antifouling Paint. \$80,000, 0.4 FTE.** Contingent on passage of agency-request legislation to postpone from January 1, 2018, to January 1, 2021, the statutory ban on copper-based antifouling paint used in recreational vessels, a combination of one-time and ongoing funding is provided for research into safer alternatives. (Hazardous Waste Assistance Account – State)

7. **Carbon Reductions. \$123,000, 0.6 FTE.** Contingent on passage of legislation to institute a carbon pollution reduction tax, a combination of one-time and ongoing funding, and FTE are provided for Ecology to carry out its responsibilities under the bill, including providing technical assistance to the Department of Revenue and other agencies. (General Fund-State)

## Other

8. **Modernize and Migrate Data Center. \$1.5 million, 1.2 FTEs.** Ecology is required by RCW 43.105.375 and the Office of the Chief Information Officer, Policy 184, to move servers and related equipment out of its Ecology data center. Ecology must also update over 220 business applications to meet the standards required in the new setting. Ongoing funding is provided for Ecology to modernize its business applications and move them to the State Data Center or a cloud environment by the end of the 2019-21 Biennium. (Various Accounts)
9. **Bellingham Field Office Relocation. \$252,000.** A combination of one-time and ongoing funding is provided for lease cost changes and move-related costs for relocating Ecology's Bellingham field office. Once completed, this move will result in ongoing savings of over \$100,000 per year. (Various Accounts)
10. **Correct Corpsmember Minimum Wage. \$226,000.** Ecology's Washington Conservation Corps (WCC) program provides work experience to young adults and returning veterans in disaster response and environmental/public health protection and restoration. Corpsmembers receive a living allowance tied to the minimum wage. The 2017-19 enacted budget provided funding for living allowance costs that increased due to the passage of Initiative 1433, which raised the state minimum wage. However, the budget increase omitted funding for associated corpsmember benefits and agency overhead. Ongoing funding is provided to correct this omission. (State Toxics Control Account (STCA))
11. **Other Compensation and Central Service Changes. \$559,000.** Ongoing adjustments are provided for changes in agencywide costs for items like legal services, central services costs, PERS & TRS Plan 1 benefit increases, and CTS fees for service adjustments. (Various Accounts)

Capital 12/14/17 \$ in thousands		Governor Inslee's 2018 Supplemental Proposal			
		SBCA	MTCA	Other	Total
<b>MTCA Reappropriation Bond Swap</b> (Commensurate reduction taken in MTCA funding- see footnote)					
1	30000458 Remedial Action Grants	20,000			20,000
2	30000535 Stormwater Financial Assistance Program	20,000			20,000
3	92000076 Stormwater Improvements	20,000			20,000
<b>Protect and Restore Puget Sound</b>					
4	2015-17 Restored Clean Up Toxics Sites Puget Sound (includes \$2.4 M for Wycoff from ECY 17-19 list).	5,240			5,240
5	2017-19 Clean Up Toxics Sites Puget Sound	7,830	1,836		9,666
<b>Deliver Integrated Water Solutions</b>					
6	Water Pollution Control Revolving Program			210,000	210,000
7	WPCRP State Match (STBCA transfer to WPCRA)	10,000			10,000
8	2015-17 Restored Stormwater Financial Assistance	30,100			30,100
9	Floodplains by Design 2017-19	35,389			35,389
10	2017-19 Stormwater Financial Assistance Program	37,000			37,000
11	2017-19 Centennial Clean Water Program	35,000			35,000
12	Catastrophic Flood Relief	50,000		10,000	60,000
13	Columbia River Water Supply Development Program	19,550		14,250	33,800
14	Yakima River Basin Water Supply	31,100			31,100
15	Water Availability (Contingent on legislation; assumes the Water Resources Project Account is funded by SBCA).			20,000	20,000
16	Sunnyside Valley Irrigation Dist. Water Conservation	4,684			4,684
17	Watershed Plan Implementation & Flow Achievement	5,000			5,000
18	Water Irrigation Efficiencies Program	4,000			4,000
<b>Prevent and Reduce Toxic Threats</b>					
19	2015-17 Restored Eastern WA Clean Sites Initiative	2,436			2,436
20	2017-19 Remedial Action Grants	1,000	4,877		5,877
21	Integrated Planning Grant: Port Townsend	200			200
22	Coordinated Prevention Grants	10,000			10,000
23	ASARCO Cleanup			28,760	28,760
24	Mount Baker Properties Cleanup & Affordable Housing Devel.	5,100			5,100
25	2017-19 Eastern WA Clean Sites Initiative		1,740		1,740
26	Reducing Toxic Diesel Emissions	500			500
27	Reducing Toxic Woodstove Emissions	2,000			2,000
28	Leaking Tank Model Remedies	1,043			1,043
29	Swift Creek Natural Asbestos Flood Control & Cleanup	4,000			4,000
30	Waste Tire Pile Cleanup and Prevention			1,000	1,000
31	VW Settlement Funded Projects			112,700	112,700
32	Reduce Air Pollution from Transit/Sch. Buses/State-Owned Veh.			28,400	28,400
33	Healthy Housing Remediation Program	5,000			5,000
<b>Facilities Related</b>					
34	Eastern Regional Office Improvements & Stormwater Treatment	1,920			1,920
35	Lacey HQ Facility Preservation Projects	635			635
<b>Total Proposed Capital Budget Request</b>		<b>368,727</b>	<b>8,453</b>	<b>425,110</b>	<b>802,290</b>

Note: This table includes new appropriations only. The commensurate reduction in MTCA reappropriations includes: New Section 3002 (\$20 M) in the Local Toxics Control Account (LTCA), new Section 3036 (\$20 M) in the Environmental Legacy Stewardship Account, and Section 3003 amends the 2017 reappropriation budget bill by (\$20 M) in LTCA.

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

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

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

The Governor's Capital Budget proposal totals \$802 million for new projects, including \$60 million in bond backfill funding to help address the projected shortfall in the Model Toxics Control Act (MTCA) accounts, and funds toxic site cleanup and stormwater projects that have been delayed due to this shortfall.

### November 2017 MTCA Revenue Forecast

Since the February 2014 revenue forecast, actual and projected revenue for the MTCA accounts has dropped by \$377 million (\$186.6 million in 2015-17 and \$190.6 million in 2017-19). This left a projected overall MTCA fund balance for 2017-19 of negative \$58 million. Ecology has had to continue to delay \$70 million in reappropriated cleanup and stormwater capital projects for the last three years due to the ongoing revenue shortfall.

The major source of revenue for these accounts is the Hazardous Substance Tax (HST), a 0.7 percent tax on the wholesale value of the first possession of hazardous substances in Washington. The HST has not been increased or adjusted for inflation in 28 years. HST is both a volume and value based tax with about 90 percent of the revenue coming from petroleum products. With the significant drop in petroleum prices over the last three years, forecasted revenue collections are substantially down, and projected revenue is insufficient to cover the reappropriations required for the 2017-19 Biennium. The primary drivers causing the projected negative MTCA balances include:

- Reduced value of crude oil. Barrel prices (Brent Spot) were \$104 in the summer of 2014, dropped below \$30 in January 2016, and are around \$63 in December 2017. The correlated decrease in HST revenue left 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 (from five agencies in the 2003-05 biennia, to 11 agencies today).
- Up to \$26 million in loans were provided to MTCA from other dedicated accounts in the enacted budgets, and these repayments are due in the next two biennia.
- Since the 2007-09 Biennium, \$75 million of work previously funded by General Fund-State (GF-S) has been shifted to MTCA (about \$64 million to Ecology and \$11 million to other agencies).

### Addressing the MTCA Revenue Shortfall

The Governor's capital budget proposal follows the general approach in the 2017 legislative capital budgets proposed by both the House and Senate at the end of the third special session by providing \$60 million in bond backfill funding so that MTCA-funded cleanup and stormwater projects could get started after being delayed the last three years due to the revenue shortfall.

## MTCA Reappropriation Bond Backfill

- 1. 30000458 2015-17 Remedial Action Grants. \$20.0 million fund shift.** The enacted 2016 Supplemental Capital Budget provided \$60.1 million in Local Toxics Control Account (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. The Governor's proposal provides \$20 million in backfill funding for reappropriations authorized in the enacted 2015-17 Capital Budget for projects that continue to be delayed due to the MTCA revenue shortfall. Providing backfill funding will continue important cleanup work and keep it in line with the original legislative budget assumptions. Related to Puget Sound Action Agenda implementation. (SBCA, LTCA)
- 2. 30000535 2015-17 Stormwater Financial Assistance. \$20.0 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 in LTCA for new stormwater grants. Of this, \$26.5 million in future expenditures was assumed in the enacted budget to be delayed and spent in the 2017-19 Biennium. The Governor's proposal provides \$20 million in backfill funding for reappropriations authorized in the enacted 2015-17 Capital Budget for projects that continue to be delayed due to the MTCA revenue shortfall. Providing backfill funding will continue important stormwater work and keep it in line with the original legislative budget assumptions. Related to Puget Sound Action Agenda implementation. (SBCA, LTCA)
- 3. 92000076 2013-15 Stormwater Financial Assistance. \$20.0 million fund shift.** The enacted 2013-15 Supplemental Capital Budget provided \$100 million for new stormwater grants. The Governor's proposal provides \$20 million in backfill funding for reappropriations authorized in the enacted 2013-15 Capital Budget for projects that continue to be delayed due to the MTCA revenue shortfall. Providing backfill funding will continue important stormwater work and keep it in line with the original legislative budget assumptions. Related to Puget Sound Action Agenda implementation. (SBCA, Environmental Legacy Stewardship Account)

## Protect and Restore Puget Sound

- 4. 2015-17 Restored Clean Up Toxics Sites Puget Sound. \$5.2 million.** A significant source of pollution to 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 at that time. Proviso language in the budget bill specifies the Legislature intends to restore the reductions in future biennia. The Governor's proposal restores those reductions to keep important cleanup work moving forward in the 2017-19 Biennium, consistent with legislative direction. Related to Puget Sound Action Agenda implementation. (SBCA)
- 5. 2017-19 Clean Up Toxics Sites Puget Sound. \$9.7 million.** A significant source of pollution to 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 Governor's proposal supports projects that integrate shoreline habitat restoration opportunities with cleanup projects to protect public and environmental health, create jobs, and promote economic development. Related to Puget Sound Action Agenda implementation. (SBCA, STCA)

## Deliver Integrated Water Solutions

- 6. and 7. Water Pollution Control Revolving Program. \$210.0 million, \$10.0 million state match.** Congress established the Clean Water State Revolving Fund 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, 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. The Governor's proposal provides appropriation to continue essential work through this loan program and transfers \$10 million from the State Taxable Building Construction Account (STBCA) to the Water Pollution Control Revolving Account to meet federal match obligations. Related to Puget Sound Action Agenda implementation. (Water Pollution Control Revolving Account, STBCA transfer)
- 8. 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 at that time. Proviso language in the budget bill specifies that the Legislature intends to restore the reductions in future biennia. The Governor's proposal restores those four reductions to keep important stormwater work moving forward in the 2017-19 Biennium. Related to Puget Sound Action Agenda implementation. (SBCA)
- 9. Floodplains by Design 2017-19. \$35.4 million.** Flooding is the number one natural hazard in Washington. 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. The Governor's proposal continues the efforts started in the 2013-15 Biennium and funds new projects that provide both flood hazard reduction and ecosystem benefits in communities prone to flooding. Related to Puget Sound Action Agenda implementation. (SBCA)
- 10. 2017-19 Stormwater Financial Assistance Program. \$37.0 million.** The Governor's proposal for 2017-19 SFAP projects will provide grants to local governments to finance stormwater retrofit projects that treat polluted stormwater in priority areas throughout the state, including reducing stormwater pollutants in areas where southern resident killer whales are regularly present. 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 Puget Sound Action Agenda implementation. (SBCA)
- 11. 2017-19 Centennial Clean Water Program. \$35.0 million.** The Governor's proposal for Ecology's Centennial Clean Water Program (CCWP) will provide grants to public entities to address high-priority statewide water quality needs, such as 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. 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 Puget Sound Action Agenda implementation. (SBCA)

- 12. Catastrophic Flood Relief. \$60.0 million.** During the 2016 legislative session, House Bill (HB) 2856 established the Office of Chehalis Basin within Ecology. Its primary purpose is to aggressively pursue implementation of an integrated strategy and administer funding for long-term flood damage reduction and aquatic species restoration in the Chehalis River Basin. The bill also established a new board, to be staffed by Ecology, representing local governments, tribes, and state agencies. The board will oversee the strategy implementation and develop budget recommendations. In November 2016, the Governor's Chehalis Basin Work Group recommended a work plan and associated investment level for implementing the Chehalis Basin Strategy. The Governor's proposal includes funding for the Office of Chehalis Basin and new grants, contracts, and interagency agreements in the 2017-19 Biennium for Chehalis Basin flood management and habitat restoration. (SBCA, General Fund-Federal)
- 13. Columbia River Water Supply Development Program. \$33.8 million.** The Governor's proposal includes new appropriation to continue implementing the Columbia River Basin Water Supply Development Program (Chapter 90.90 RCW). It 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 (including funding for the 47.5 mile pipeline); 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 flow needs of fish. With this funding, 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, Columbia River Basin Water Supply Development Account, Columbia River Basin Water Supply Revenue Recovery Account)
- 14. 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. The Governor's proposal includes funding to continue implementing this program in cooperation with the U.S. Bureau of Reclamation and local stakeholders. This program will support the regional economy and protect the environment. (SBCA)
- 15. Water Availability. \$20.0 million.** Several communities across the state are facing challenges in providing water supply availability determinations for new exempt water wells due to the Supreme Court decision known as "Hirst." The decision has created uncertainty related to legal water availability and associated local government permit decisions. The Governor's proposal includes funding for projects to measure and improve streamflow, including basin assessments, water acquisition, water banking, and infrastructure and storage projects. Funding is contingent on legislation that establishes the Water Resources Project Account. Implementing this program will support the regional economy and protect the environment. Related to Puget Sound Action Agenda implementation. (WRPA from SBCA Transfer)
- 16. Sunnyside Valley Irrigation District Water Conservation. \$4.7 million.** The United States Bureau of Reclamation manages conservation improvements required by the Sunnyside Division Water Rights Settlement Agreement in the Yakima Basin Water Rights Adjudication. These are multi-year projects and the state is required to match 17.5 percent of the total project costs for the next four or five biennia. The Sunnyside Valley Irrigation District Phase 2B project cost is estimated at \$80 million (\$14 million Ecology cost share) over a 15-year construction period. The Roza project cost is estimated at \$20 million (\$3.5 million Ecology cost share) over a six-year construction period. The Governor's proposal includes \$4.7 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. \$5.0 million.** In many areas of the state, unintermittible 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 developing water banks, creating storage and re-timing runoff, and promoting conservation. Stream flows can be boosted by acquiring 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 capital water supply 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. The Governor's proposal provides funding for capital projects and water acquisitions 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 achieve recommended instream flows. Related to Puget Sound Action Agenda implementation. (SBCA)
- 18. Water Irrigation Efficiencies Program. \$4.0 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. The Governor's proposal includes 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. \$2.4 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 at that time. Proviso language in the budget bill specifies the Legislature intends to restore the reductions in future biennia. The Governor's proposal restores those reductions to keep important cleanup work moving forward in the 2017-19 Biennium, consistent with legislative direction. (SBCA)
- 20. 2017-19 Remedial Action Grants. \$5.9 million.** Ecology manages the Remedial Action Grant program to help local governments clean up contaminated sites in Washington. The Governor's proposal will fund pass-through grants for ready-to-proceed projects and actual spending requirements for the 2017-19 Biennium. Remedial Action 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 Puget Sound Action Agenda implementation. (SBCA, LTCA)
- 21. Integrated Planning Grant: Port Townsend. \$200,000.** The Governor's proposal includes grant funding for Port Townsend to develop a plan for the cleanup and productive reuse of the contaminated Boat Haven Shipyard property. (SBCA)
- 22. Coordinated Prevention Grants – Local Solid Waste Financial Assistance. \$10.0 million.** The Local Solid Waste Financial Assistance Program (formerly known as the Coordinated Prevention Grant Program) supports required local solid and hazardous waste plans and resource conservation through waste reduction, recycling, and reuse programs. Local Solid Waste Financial Assistance enforcement grants help local

governments ensure solid waste facilities comply with applicable laws to protect human health and the environment and reduce human exposure to toxins. For the 2017-19 Biennium, Ecology requested \$28.2 million (the 2013-15 Biennium funding level) in grant funding for the two-year period for the Local Solid Waste Financial Assistance program. Since the Legislature did not pass a 2017-19 Capital Budget during the 2017 legislative session, the Governor's proposal includes funding for the second year of the biennium so local governments can successfully implement solid waste programs. (SBCA)

- 23. ASARCO Cleanup. \$28.8 million.** The Governor's proposal 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 funding will protect public and environmental health, create jobs, and promote economic development by allowing contaminated properties to be redeveloped. Related to Puget Sound Action Agenda implementation. (Cleanup Settlement Account)
- 24. Mount Baker Properties Cleanup and Affordable Housing Development. \$5.1 million.** The Mount Baker Housing Association (MBHA) is a not-for-profit organization with a mission to create quality, affordable housing in southeast Seattle. The organization is in the process of redeveloping five contaminated properties for affordable housing. Ecology and the MBHA entered into a Prospective Purchaser Consent Decree (PPCD). The objective of the PPCD is to facilitate site cleanup by the MBHA to allow for redevelopment and reuse as transit-oriented affordable housing. Ecology will pass through this funding to the MBHA as outlined in the PPCD. The Governor's proposal supports development and completion of the plans and specifications to finalize the Cleanup Action Plan, conduct pilot testing of the groundwater treatment, complete the engineering design report, and conduct related public notice and outreach. (SBCA)
- 25. 2017-19 Eastern Washington Clean Sites Initiative. \$1.7 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 Governor's proposal continues the initiative to have a statewide cleanup program by making investments outside of the Puget Sound Basin and Western Washington. (STCA)
- 26. Reducing Toxic Diesel Emissions. \$500,000.** Diesel exhaust is Washington's most toxic air pollutant. It causes and worsens heart disease, lung disease, asthma, and cancer. Diesel engines last for decades. Without programs to clean them up, they will continue to harm public health. This project will significantly reduce health threats through diesel engine replacements and idle reduction technology for dirtier diesel engines operating in high-exposure settings. Past state-funded diesel projects have typically leveraged significant federal, local-public, and private funds. The Governor's proposal includes grant funding for local entities to reduce diesel emissions where no Volkswagen Settlement funding is available, especially in high-risk, rural areas, and small communities. Related to Puget Sound Action Agenda implementation. (SBCA)
- 27. Reducing Toxic Woodstove Emissions. \$2.0 million.** Smoke from wood burning stoves causes significant health problems, including asthma, lung disease, heart disease, stroke, and premature death. The Governor's proposal 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. 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 Puget Sound Action Agenda implementation. (SBCA)

- 28. Leaking Tank Model Remedies. \$1.0 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 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. The Governor's proposal focuses funding toward developing, implementing, and evaluating these model remedies. Related to Puget Sound Action Agenda implementation. (SBCA)
- 29. Swift Creek Natural Asbestos Flood Control and Cleanup. \$4.0 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. The Governor's proposal provides funding for the construction of sediment traps and debris-flow deflection levees, and complete design and permitting for large sedimentation basins. These remediation actions will minimize public and environmental health impacts associated with exposure to asbestos. It offers an interim solution to address the historic liability of dredging and managing the sediment by stockpiling it next to the creek so that a long-term strategy can be developed to either stabilize the slide or provide ongoing sediment management with help from the Army Corps of Engineers. (SBCA)
- 30. Waste Tire Pile Cleanup and Prevention. \$1.0 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. The Governor's proposal includes \$1.0 million to continue funding for preventing and removing waste tire piles, enforcement, and education on tire storage and hauling regulations. (Waste Tire Removal Account)
- 31. VW Settlement Funded Projects. \$112.7 million.** The U.S. Department of Justice penalized Volkswagen AG (VW) for knowingly selling diesel vehicles that violated the federal Clean Air Act, emitting up to 40 times the permitted levels of harmful air pollutants. VW entered into multiple consent decrees with the U.S. to settle consumer and environmental damages. Under the settlement, Washington is eligible to receive \$112.7 million to be spent over ten years. The funds are held in a trust outside of the state treasury. This appropriation will fund projects, consistent with the consent decrees, that will significantly reduce transportation-related toxic air pollution and offset the public health damage caused by the violating VW vehicles. The consent decrees define how the funds can be used to reduce emissions. Related to Puget Sound Action Agenda implementation. (General Fund-Private/Local)
- 32. Reduce Air Pollution from Transit/School Buses/State-owned Vehicles. \$28.4 million.** In late 2015, Ecology penalized Volkswagen AG (VW) for selling vehicles that violated state clean air laws. VW has agreed to pay \$28.4 million to Ecology to settle those violations. This funding is provided for a grant program to replace older, high-polluting vehicles across the state with clean, low-emission technology, with a focus on school and transit buses. This will reduce air pollution, help prevent violations of federal air quality standards, improve public health, reduce operating costs, and improve transportation reliability for fleet owners. Related to Puget Sound Action Agenda implementation. (Air Pollution Control Account)
- 33. Healthy Housing Remediation Program. \$5.0 million.** The Governor's proposal includes grant funding for local government to carry out cleanup activities at brownfields properties for affordable housing development. Ecology and the Department of Commerce will collaborate to develop a competitive process for selecting sites and projects for grant funding. (SBCA)

## Facilities Related

- 34. Eastern Regional Office Improvements and Stormwater Treatment. \$1.9 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. (SBCA)
- 35. Lacey HQ Facility Preservation Projects. \$635,000.** Ecology's Lacey headquarters 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 the Governor's proposal address critical needs that cannot be deferred to a later time. These include:
- Improving the condition of asphalt surfaces on access roads and parking areas and adjacent stormwater infrastructure.
  - Replacing failing HVAC fan motor components.

Completing these projects will preserve the condition of the headquarters facility, help maintain its value over time, and protect the building from needing more costly repairs at a later time. (SBCA)