



Washington Department of Ecology

2018 Supplemental Operating Budget



STATE OF WASHINGTON
DEPARTMENT OF ECOLOGY

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October 9, 2017

TO: David Schumacher, Director
Office of Financial Management

FROM: Maia D. Bellon, Director

SUBJECT: 2018 Supplemental Operating Budget Request

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

Operating Budget Request

Attached are Ecology's 2018 Supplemental Operating Budget requests. These requests are 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 \$2.2 million shortfall and Ecology is pursuing revenue legislation to fund this important work.
- Modernize and migrate the agency data center per requirements from the Office of the Chief Information Officer.
- 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.

Placeholders

Yakima Adjudication. After 40 years of court proceedings and deliberation, Yakima Superior Court entered a proposed final decree for the case on August 10, 2017, including a draft schedule of rights set to be confirmed over the next eight months. Information is now being mailed to water right holders, beginning a review process after which the court will enter a final judgment concluding the case.

Under the threat of drought in 1977, Ecology filed a petition for an adjudication to determine the legality of all claims for use of surface water in the Yakima River Basin. The resulting court case began a thorough

and binding review of all historical facts and evidence associated with each claim for rights to surface water use in the basin, including Kittitas, Yakima, Benton and parts of Klickitat counties. Nearly 2,500 water rights in 31 sub-basins (tributary watersheds) for individuals and about 30 major claimants, including irrigation districts, cities, federal projects (Reclamation and Forest Service) and the Yakama Indian Nation, have been meticulously substantiated.

The draft schedule of rights is available for review on Ecology's website. Anyone may file written objections with the court until November 15, 2017. A schedule for court review and responses to objections will follow as needed until April 14, 2018. This placeholder is for state funding should Ecology's work be substantial to finalize the case.

Regulating Antifouling Paint. The 2011 Legislature passed SSB 5436 that, effective January 1, 2018, bans the sale of new recreational vessels with antifouling paint containing copper. Ecology is working with the Governor's Office and other state agencies on possible agency request legislation and funding for alternatives to address the ban.

Model Toxics Control Act (MTCA) \$69 Million Shortfall

In addition to the \$2.2 million OSPA shortfall, the three MTCA accounts are also facing a major shortfall in revenue, and many toxic site cleanups and stormwater capital budget projects are on hold due to this shortfall. This shortfall is addressed in the agency capital budget submittal that requests State Building Construction Account backfill dollars (consistent with the final capital budget proposals from the House and Senate in July 2017). It is important to note the MTCA operating budget for Ecology included reductions of \$11.2 million in the enacted 2017-19 Biennium Operating Budget, including a significant \$5 million and 20 FTE reduction for MTCA funded staff across the agency. Ecology is working to achieve the cut by holding MTCA funded positions as vacancies occur. Solving this shortfall is a very important operating budget issue for Ecology since the three MTCA funds taken together are the largest source of operating funds supporting the public health and environmental protection work in the agency.

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

Attachment

cc: Myra Baldini, Budget Assistant to the Governor, OFM
Jim Cahill, Senior Budget Assistant to the Governor, OFM
Rob Duff, Senior Policy Advisor, Office of the Governor
Erik Fairchild, Chief Financial Officer, Department of Ecology
Jed Herman, Fiscal Analyst, Senate Ways & Means Committee
Dan Jones, Fiscal Analyst, House Appropriations/Natural Resources Committee
Steve Masse, Fiscal Analyst, House Capital Budget Committee
Lisa McCollum, Legislative Assistant, House Appropriations Committee
Melissa Palmer, Capital Budget Coordinator, House Capital Budget Committee
Keith Phillips, Policy Director, Office of the Governor
Richard Ramsey, Capital Budget Coordinator, Senate Ways and Means Committee
Linda Steinmann, Budget Assistant to the Governor, OFM

Washington Department of Ecology

2018 Supplemental Operating Budget

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Department of Ecology

Operating

2018 Supplemental Budget Request				
10/02/2017 \$ in thousands - Biennialized FTEs	FTE	GF-State	Other	Total
2017-19 Base Budget	1,611.9	42,288	453,233	495,521
Maintenance Level Changes				
1. WCC Min Wage & Sup Reallocation		1,466	(293)	1,173
2. Minimum Wage Increases- Facilities		54	245	299
Policy Level Changes				
Prevent and Reduce Toxic Threats				
3. Funding Oil Spills Program	0.9		429	429
4. Funding Oil Spill Planning-Nonfuel	0.4		81	81
Other				
5. Modernize and Migrate Data Center	1.2	180	1,363	1,543
6. Bellingham Field Office Relocation		71	322	393
Total Changes	2.4	1,771	2,147	3,918
Total Proposed Operating Budget Request	1,614.3	44,059	455,380	499,439

Recommendation Summary

Agency: 461 Department of Ecology

3:03:52PM

10/2/2017

Dollars in Thousands

	Annual Average FTEs	General Fund State	Other Funds	Total Funds
2017-19 Current Biennium Total				
Total Carry Forward Level				
Percent Change from Current Biennium				
Carry Forward plus Workload Changes				
Percent Change from Current Biennium				
M2 MG WCC Min Wage and Sup Reallocation		1,466	(293)	1,173
M2 MH Minimum Wage Increases - Facilities		54	245	299
Total Maintenance Level		1,520	(48)	1,472
Percent Change from Current Biennium				
PL CA Funding Oil Spills Program	0.9		429	429
PL CB Modernize and Migrate Data Center	1.2	180	1,363	1,543
PL CC Bellingham Field Office Relocation		71	322	393
PL CD Funding Oil Spill Planning-Nonfuel	0.4		81	81
Subtotal - Performance Level Changes	2.4	251	2,195	2,446
2017-19 Total Proposed Budget	2.4	1,771	2,147	3,918
Percent Change from Current Biennium				

Recommendation Summary

Agency: 461

3:03:52PM

10/2/2017

Dollars in Thousands

Annual Average FTEs	General Fund State	Other Funds	Total Funds
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M2 MG WCC Min Wage and Sup Reallocation

Ecology's Washington Conservation Corps (WCC) program provides work experience to young adults and returning veterans in disaster response and environmental and public health protection and restoration. The WCC program uses a cost-share model where partner organizations pay 75 percent of the costs for WCC services, and the state pays 25 percent. Ecology is requesting state funding to cover minimum wage increases and supervisor reallocations that were not adequately funded through the enacted 2017-19 Operating Budget. Providing state funding will help maintain the cost-share model so WCC can preserve its diverse portfolio of partner organizations and help small non-profits and rural counties and cities afford WCC services. (General Fund - State)

M2 MH Minimum Wage Increases - Facilities

Washington State passed incremental, annual minimum wage increases starting in January of 2017 to 2020. The increases go from \$9.47 an hour in 2016 to \$13.50 in 2020. Ecology is requesting additional appropriation to cover the costs for minimum wage and prevailing wage increases in existing service and maintenance contracts for Ecology facilities.

PL CA Funding Oil Spills Program

In April 2015, the Governor and Legislature passed the Oil Transportation Safety Act (Act) to address the rapid changes in how crude oil is moving through rail corridors and over Washington waters, creating new spill risks. This new work was funded in part by a one-time \$2.225 million transfer from the Oil Spill Response Account (OSRA) to the Oil Spill Prevention Account (OSPA) for the 2015-17 Biennium. The Legislature also added oil imported by rail to the oil spill administration tax. But, Ecology's prevention and preparedness work for all regulated industry sectors is ongoing, and there is not sufficient revenue to continue to implement all aspects of our regulatory obligations. Based on the September 2017 revenue forecast and the 2018 Operating Supplemental budget request, Ecology estimates a \$2.2 million shortfall in the OSPA for the 2017-19 Biennium, a \$3.3 million shortfall in the 2019-21 Biennium, and even greater shortfalls in future biennia. Ecology's related agency request legislation, "Stabilizing Oil Spill Prevention and Preparedness Revenue," proposes two solutions to solve the revenue shortfall: adding pipelines to the barrel tax and implementing a new oil spill prevention and preparedness fee, so that all sectors are paying the costs for oil spill prevention and preparedness in Washington. This request is for the new work associated with implementing the oil spill prevention and preparedness fee. Related to Puget Sound Action Agenda implementation. (Oil Spill Prevention Account)

PL CB Modernize and Migrate Data Center

Ecology is required by RCW 43.105.375 and OCIO Policy 184 to migrate out of its agency data center. Ecology plans to modernize and migrate the agency business applications into the State Data Center and/or cloud environment by June 2021. Significant time and resources are required to implement this plan, because the Ecology data center equipment is at or nearing its end-of-life and must be replaced. Ecology must also update over 220 business applications to meet the standards required in the new data center environments.

PL CC Bellingham Field Office Relocation

The Office of Financial Management Facilities Oversight Program has authorized the relocation of Ecology's Bellingham Field Office (BFO). Originally, the relocation was to occur before June 30, 2017; but that timeline has shifted to December 2017. The circumstances delaying the project were beyond Ecology's control-it took longer than anticipated to secure a new facility lease, and there were construction delays in building the new facility. Ecology requests one-time appropriation for the relocation, and an ongoing appropriation reduction for lease savings in the new facility.

Recommendation Summary**Agency: 461**

3:03:52PM

10/2/2017

Dollars in Thousands

Annual Average FTEs	General Fund State	Other Funds	Total Funds
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PL CD Funding Oil Spill Planning-Nonfuel

In April 2017, the Legislature passed Engrossed Substitute House Bill (ESHB) 1136, 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 full contingency plans and conducting drills. Implementation funding was not provided in the enacted budget. This request is for funding to implement ESHB 1136.

Agency Budget Request Decision Package Summary**(Lists only the agency Performance Level budget decision packages, in priority order)****Agency: 461 Department of Ecology**10/2/2017
2:00:15PM**Budget Period: 2017-19**

Decision Package	
Code	Decision Package Title
PL-CA	Funding Oil Spills Program
PL-CB	Modernize and Migrate Data Center
PL-CC	Bellingham Field Office Relocation
PL-CD	Funding Oil Spill Planning-Nonfuel

**2018 Supplemental Budget
Decision Package**

Agency: 461 Department of Ecology

Decision Package Code/Title: MG WCC Min Wage and Sup Reallocation

Budget Period: 2017-19

Budget Level: Maintenance Level

Agency Recommendation Summary Text:

Ecology's Washington Conservation Corps (WCC) program provides work experience to young adults and returning veterans in disaster response and environmental and public health protection and restoration. The WCC program uses a cost-share model where partner organizations pay 75 percent of the costs for WCC services, and the state pays 25 percent. Ecology is requesting state funding to cover minimum wage increases and supervisor reallocations that were not adequately funded through the enacted 2017-19 Operating Budget. Providing state funding will help maintain the cost-share model so WCC can preserve its diverse portfolio of partner organizations and help small non-profits and rural counties and cities afford WCC services. (General Fund - State)

Fiscal Summary:

Expenditures by Account			<u>FY 2018</u>	<u>FY 2019</u>	<u>FY 2020</u>	<u>FY 2021</u>
001-1	General Fund - State		565,729	900,425	900,425	900,425
001-2	General Fund - Federal		(16,000)	(16,000)	(16,000)	(16,000)
001-7	General Fund - Private/Local		(130,500)	(130,500)	(130,500)	(130,500)
	Total Expenditures		419,229	753,925	753,925	753,925
Expenditures by Object			<u>FY 2018</u>	<u>FY 2019</u>	<u>FY 2020</u>	<u>FY 2021</u>
A	Salaries and Wages		46,189	46,189	46,189	46,189
B	Employee Benefits		121,177	143,829	143,829	143,829
N	Grants, Benefits, and Client Services		183,138	479,244	479,244	479,244
T	Intra-Agency Reimbursements		68,725	84,663	84,663	84,663
	Total Objects		419,229	753,925	753,925	753,925
Revenue						
<u>Account</u>		<u>Source</u>	<u>FY 2018</u>	<u>FY 2019</u>	<u>FY 2020</u>	<u>FY 2021</u>
001-2 - General Fund		0315	(16,000)	(16,000)	(16,000)	(16,000)
001-7 - General Fund		0541	(130,500)	(130,500)	(130,500)	(130,500)
	Total Revenue		(146,500)	(146,500)	(146,500)	(146,500)

Package Description

The WCC is an AmeriCorps program housed within Ecology that addresses priorities around disaster services, protecting and restoring Puget Sound, reducing toxic threats, and improving and protecting environmental and public health. Within WCC, there are three sub-programs: Puget SoundCorps, Veteran Conservation Corps, and our original Corps program. Each year, WCC's 315 AmeriCorps members restore over 1,200 acres of critical habitat by installing over one million native trees and shrubs and creating or improving over 400 miles of trail (reported to AmeriCorps monthly). They foster public involvement by teaching environmental education topics to over 5,000 students and managing nearly 5,000 volunteers each year. They also perform disaster relief activities during national and state disasters.

The WCC operates on a cost-share model. Starting in Fiscal Year 2018, each crew or intern is funded 75 percent by partners and 25 percent by Ecology (through a combination of State and AmeriCorps grant funding). As operational costs increase, Ecology passes on commensurate cost increases to partner organizations. Over the past four years, nondiscretionary operational costs for WCC have increased significantly, while federal AmeriCorps funding has decreased – resulting in higher cost-share requirements to our partners and more state funding required to meet match obligations. Partner costs increased by 23.5 percent over the last two biennia – an increase that was high, but manageable, and spread out over four years. Starting in Fiscal Year 2018, the WCC program had to increase costs to partners by another 32 percent to a 75/25 cost share model; and this does not include the cost increases in this request. Where partner organizations previous to Fiscal Year 2018 had sliding cost-share expectations based on funding hardship, all partners now provide 75 percent of the funding for WCC activities.

This request is for state funding to cover the increase in WCC costs related to minimum wage increases and supervisor reallocations that were not adequately funded through the enacted 2017-19 Operating Budget. This will allow Ecology to maintain the number of crews we have today, and stay within the 75/25 cost share model.

Supervisor Reallocation:

In September 2015, Ecology submitted a classification and compensation needs assessment for WCC's Forest Technicians (crew supervisors) to the Office of Financial Management's (OFM) Human Resources for reallocation consideration. Crew supervisor turnover in Fiscal Year 2014 was 28 percent, and 33 percent in Fiscal Year 2015. High levels of turnover are costly to the program due to the lost skills, knowledge base, and experience when crew supervisors leave for better paying jobs.

Crew supervisors must be skilled in increasingly complex field projects related to environmental restoration and emergency response. To adequately and appropriately respond to natural disasters both in the state of Washington and nationally, crew supervisors must have advanced skills in fire-fighting, flood-fighting, and chainsaw certification. Due to the high visibility during emergency response events like those recently in Oso, Arlington, and Darrington, WCC crew supervisors require skills in public and press interaction as never before. They may be representing multiple agencies in the field, including Ecology, the Department of Natural Resources, and the AmeriCorps program. They must be able to speak to and act on the mission and priorities of those organizations. As WCC crew supervisors' responsibilities evolved, their job classification no longer fit. To maintain equity across job functions and work expectations, and for retention purposes, OFM approved a reclassification of 51 crew supervisors from Forest Technician to WCC Crew Supervisor 1, and a 10 percent pay increase effective July 1, 2017. But the enacted 2017-19 Operating Budget did not provide sufficient funding to cover the cost increase associated with the supervisor reallocation.

Minimum Wage Increase:

Initiative 1433, passed in November 2016, increased the minimum wage incrementally over the next four years and mandated paid sick leave in Washington. The minimum wage is set to increase from \$11.00/hour to \$11.50/hour on January 1, 2018; \$11.50/hour to \$12.00/hour on January 1, 2019; and \$12.00/hour to \$13.50/hour on January 1, 2020. WCC members earn an hourly wage, and Ecology is required to comply with minimum wage and labor standards (Chapter 49.46 RCW). All Corps members earn minimum wage and receive up to a \$5,920 AmeriCorps education award (scholarship) after successfully completing 12 months in the WCC. The Legislature appropriated \$497,000 one-time from the State Toxics Control Account (STCA) in the 2017 Supplemental Operating Budget to cover the wage increase, and the associated increases in benefits and administration. The Legislature also appropriated \$1,742,000 ongoing STCA in the 2017-19 Biennium for the wage increase that occurred in January 2017, but not for the associated increases, nor for the wage increases that will occur in January 2018 and January 2019.

This request is essential to implementing a priority in Ecology's strategic plan to Protect and Restore Puget Sound and to Prevent and Reduce Toxic Threats. WCC Puget SoundCorps crews work on critical, multi-agency partnership projects while cleaning up state lands across the 12-county Puget Sound region. Crews completing forest health projects in Central and Eastern Washington reduce the threat of wildfires. The plants installed by WCC crews retain soils along streambanks to reduce and prevent flooding.

To reduce toxic threats, WCC Puget SoundCorps crews work on projects to remove creosote-treated debris from Washington's beaches and marine and estuarine waters. Creosote removal is a high priority, because creosote-treated materials leach chemicals into sediments and harm humans and wildlife. Also, the native trees and shrubs planted by WCC members filter toxins from rivers throughout Washington and sequester carbon to reduce climate impacts. These plantings also support healthy watersheds by improving streamside and wetland areas that cool and clean waters and provide vital habitat for fish and wildlife.

Per Chapter 43.22 RCW, Corps members are, "...to be available at all times for emergency response services coordinated through the department or other public agency. Duties may include sandbagging and flood cleanup, oil spill response, wildfire suppression, search and rescue, and other functions in response to emergencies." Recent examples of WCC deployments include wildfires in Washington and flooding in Yakima, Sprague, and Oakesdale.

Agency Contact:
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Base Budget:

All of the work done by WCC falls under the Activity code, A056 "Restore Watersheds by Supporting Community-Based Projects with the Washington Conservation Corps." Right now, 290 Corps members, 51 WCC Crew Supervisor 1 (51 FTEs), 7 WCC Crew Supervisor 2 (7 FTEs), and 25 members serve as Individual Placements, or interns, within local nonprofits and government agencies. There are 12 office staff at Ecology (12 FTEs) that administer the program. The WCC program is projected to cost about \$30.2 million in the 2017-19 Biennium, including the increased costs in this request.

2017-19 Current Estimated Budget:

70 FTEs (WCC members are not state employees)

State Toxics Control Account	\$3,922,000
GF-Private/Local	\$11,000,000
GF-Federal	\$1,800,000
State Interagency Agreements	\$12,300,000

Please note, the activity inventory for activity code A056 does not include FTEs and dollars for interagency agreements.

The funding requested will cover increased costs during the 2017-19 Biennium and allow the WCC to continue providing full time service opportunities at the current level of 315 AmeriCorps members; maintain a 75/25 cost-share model; meet match requirements with federal partners; and meet requirements to continue to receive AmeriCorps grant funding. This appropriation will not increase the base work or the number of employees in the WCC.

Decision Package expenditure, FTE and revenue assumptions, calculations and details:

Supervisor Reallocation:

The total increase in costs for the reallocations is \$503,420 in the 2017-19 Biennium, based on the average increase per FTE from the Compensation Impact Model (CIM). Because the CIM data used in class-wide reallocations excludes interagency agreements, it did not accurately reflect the fund mix for these positions. As a result, only \$11,000 State Toxics Control Account (STCA), \$2,000 General Fund (GF)-State, \$32,000 GF-Federal, and \$261,000 GF-Private/Local was appropriated for the 2017-19 Biennium for the reallocations (see item GLK- Non-Rep Targeted Pay Increases.) The appropriation provided erroneous federal and private-local appropriation Ecology cannot use, because the revenue from those sources will not be realized, and are shown as a reduction in this request. Likewise, the timing of the reallocations prevented partner state agencies from seeking increased appropriation to fund the increase.

Beginning in Fiscal Year 2018 and ongoing, Ecology requests \$245,210 a year (\$490,420 a biennium) GF-State for the difference in salary, benefits, and administration costs for the supervisor reallocations, as calculated in Attachment A. This request also includes annual reductions in GF-Federal of \$16,000 and GF-Private/Local of \$130,500 to correct the erroneous appropriations for revenue that will not be realized. Matching reductions are shown for GF-Federal and GF-Private/Local Revenue.

The difference for the salary increase is \$46,189 per year, and is shown in object A (\$199,189/year actual salary increase less the total appropriation in the enacted 2017-19 budget of \$153,000/year). Benefits costs are also increased by \$40,535 per year and are shown in object B. Benefits for supervisors are limited to 6.2% for OASI, 1.45% for Medicare, and 12.7% for Retirement.

Ecology is authorized by RCW 43.220.231 to charge up to 5 percent of the funds available to pay for the administration of the WCC program. The 5 percent is \$11,986 per year, and is shown in object T.

Minimum Wage Increase:

This request is calculated for minimum wage increases in Fiscal Years 2018 and 2019, and all costs are ongoing. Ecology plans to submit a request in the 2019-21 Biennium to cover the additional member minimum wage increase that will be implemented January 1, 2020.

Attachment B calculates the impact of minimum wage changes in January 2018 and January 2019. Salary calculations assume there are 315 WCC members, at an average of 156.67 hours per month. The enacted 2017-19 Operating Budget included funding for the initial minimum wage increase to \$11.00 an hour, but did not include funding for benefits or administration (see item GLJ- Initiative 1433 Minimum Wage.)

The increase in minimum wage costs in Fiscal Year 2018 is equal to \$1,054,138 less \$871,000 in STCA received in the enacted 2017-19 Operating Budget, for a total of \$183,138 in Fiscal Year 2018. In Fiscal Year 2019, the increased wage costs are \$1,350,244 less \$871,000 STCA, for a total of \$479,244 in Fiscal Year 2019, shown in object N because WCC members are not state employees.

Benefit costs are also increased by \$80,642 in Fiscal Year 2018, and \$103,294 in Fiscal Year 2019, shown in object B. Benefits for crew members is limited to 6.2% for OASI and 1.45% for Medicare.

Ecology is authorized by RCW 43.220.231 to charge up to 5 percent of the funds available to pay for the administration of the WCC program. The 5 percent is \$56,739 in Fiscal Year 2018, and \$72,677 in Fiscal Year 2019, shown in object T.

All costs are ongoing.

Explanation of costs by object:

Salary estimates for supervisors are shown in object A based on the average increase per FTE from CIM.

Benefits are shown in object B.

Crew member salary increases from minimum wage are shown in Grants, Benefits, and Client Services (object N).

Agency Administrative Overhead is calculated at 5 percent and shown in object T.

Decision Package Justification and Impacts

What specific performance outcomes does the agency expect?

The outcome of this request will be continuing the WCC's 75/25 cost-share model with over 90 organizations. As costs have increased, Ecology has passed these increases on to partner organizations. As a result, WCC has already lost some long-time partners (e.g., U.S. Fish and Wildlife-Nisqually ended our 20-year partnership in Fiscal Year 2018). Partner organizations now fund 75 percent of WCC costs. This request will ensure we continue meeting minimum match expectations and fund the state's share of these partnerships.

This request provides essential support to the Governor's Results Washington Goal 3, Sustainable Energy and a Clean Environment by restoring habitat for salmon and wildlife. Each year, the WCC cleans and improves over 1,200 acres of natural habitat. The one million trees and shrubs planted each year by members shade wetlands and streams to cool water temperature and filter toxins. They also trap silt that otherwise settles, resulting in shallower rivers and streams that cause frequent and severe flooding. By restoring wetlands and stream banks, the WCC reduces the risk of flooding – the number one natural hazard in Washington (Washington State Hazard Mitigation Plan, May 2013 and USGS Washington Water Science Center). Crews also construct or improve over 400 miles of recreational trails throughout Washington State each year.

This request also addresses Goal 2 for Prosperous Economy (Thriving Washingtonians) by increasing employment for veterans and maintaining rural employment. Unemployment rates routinely run twice as great for young adults than for all other age groups. Military veterans within this age group suffer from a higher unemployment rate than civilians. The WCC addresses these needs by providing 315 full-time positions for young adults and military veterans in 18 Washington counties – 15 of which have unemployment rates exceeding the national average and nine that are designated as rural. Also, 5 percent of the members are military veterans or active duty reservists and nearly 10 percent of crew supervisors are military veterans.

Performance Measure detail:

Activity: A056		Restore Watersheds by Supporting Community-Based Projects with the Washington Conservation Corps			
	Measures	Incremental Change FY 2018	Incremental Change FY 2019	Incremental Change FY 2020	Incremental Change FY 2021
002004	Number of native trees and shrubs planted by WCC crew members	0	0	0	0
002005	Acres of habitat created or improved for fish and wildlife by WCC crew members	0	0	0	0
002006	Miles of trails improved or created on public lands by WCC crew members	0	0	0	0

Fully describe and quantify expected impacts on state residents and specific populations served.

The health of our ecosystems directly affects our economy and the health and safety of our communities. Our natural resources support more than one-third of Washington's economy (Washington Governor's Office, 2015). Improving and protecting at-risk ecosystems is vital to rural jobs and small businesses involved in forestry, farming, fishing, and recreation. By securing this funding, the WCC will continue a three decades long collaboration with over 90 community organizations to address priority environmental needs at the state and local levels. Through these partnerships, AmeriCorps members improve public lands by: 1) removing invasive species and installing native plants to re-vegetate burned or disturbed areas and restore priority habitat for fish and wildlife; 2) reducing fuels in fire-prone areas; and 3) controlling erosion along riverbanks to prevent floods.

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

Impact(s) To:		Identify / Explanation
Regional/County impacts?	Yes	The WCC responds to disasters and helps protect and restore the environment and public health in counties all across the state.
Other local gov't impacts?	Yes	The WCC provides a cost-share to 68 private/local organizations. Without sufficient state funding, Ecology would have to reduce or eliminate partnerships with up to 40 local entities, because fewer crews would be funded.
Tribal gov't impacts?	Yes	WCC works collaboratively with tribes and their work on habitat restoration.
Other state agency impacts?	Yes	The WCC provides a cost-share to five state agencies. If AmeriCorps funding is eliminated as a result of reduced state effort, crews and individual placements provided to state organizations would be reduced or eliminated in up to three state agencies.
Responds to specific task force, report, mandate or exec order?	Yes	Voter-approved initiative
Does request contain a compensation change?	No	
Does request require a change to a collective bargaining agreement?	No	
Facility/workplace needs or impacts?	No	
Capital Budget Impacts?	No	
Is change required to existing statutes, rules or contracts?	No	
Is the request related to or a result of litigation?	No	
Is the request related to Puget Sound recovery?	Yes	WCC crews help clean up and restore habitat in the Puget Sound, which contributes to recovery.
Identify other important connections		

Please provide a detailed discussion of connections/impacts identified above.

The WCC serves 90 organizations. Without the requested funding, Ecology would have to cut up to 13 crews and assist fewer organizations. Each crew serves approximately 1.6 organizations x 13 crews = 21 crew organizations + 18 individual placement organizations.

What alternatives were explored by the agency and why was this option chosen?

The WCC did not explore alternatives to paying minimum wage. WCC members earn an hourly wage, and Ecology must comply with minimum wage and labor standards (Chapter 49.46 RCW). Because this is a voter-approved initiative, the WCC must pay the increase in costs.

Ecology had the choice whether to reclassify crew supervisors. But, in the long run, leaving the positions as they were would cost more due to the high turnover and retention issues for those jobs.

Providing state funding will help maintain the WCC cost-share model to preserve the diverse portfolio of partner organizations and help small non-profits and rural counties and cities afford WCC services. This provides more work and educational opportunities for the youth and military veterans in our state, and implements additional critical environmental enhancements to the land and waters of Washington. Passing further costs on to partners would result

in even more organizations ending partnerships with the WCC program as the services become more than they can afford.

What are the consequences of not funding this request?

Without the funding requested, the WCC would have to cut at least five crews (five members and one supervisor per crew times five crews lost = 30 fewer jobs).

The federal AmeriCorps program provides Ecology with \$1.8 million per year to support WCC work. The grant amount is awarded on a per-member basis for a three-year grant cycle and specifies a model of five members led by one supervisor. The grant requires Ecology to maintain an overall level of WCC staff throughout the grant cycle, regardless of funding sources. If Ecology does not employ the number of supervisors or Corps members specified in the grant, grant funding would be reduced or eliminated completely. The loss of the five crews related to this request would mean Ecology would not have the required number of supervisors or Corps members specified in the grant, and the grant award would likely be reduced. If the grant award is reduced, WCC could lose funding for up to eight additional crews and 25 placements/interns (a total of 73 fewer jobs).

This reduction in 13 crews and 25 individual placements/interns would eliminate assistance for up to 40 community organizations. Annual outcomes would also be reduced: 250,000 fewer native trees and shrubs would be planted, 300 fewer acres would be treated, and 100 miles of trails would not be constructed. And WCC's capacity to respond to disasters would be reduced by 25 percent – or eliminated in some areas, depending on the geographic availability of remaining crews.

The WCC has been an AmeriCorps program since 1994. If the WCC is no longer an AmeriCorps program, the remaining WCC members would not be eligible for the educational benefits that AmeriCorps provides. This includes losing up to two educational awards of \$5,920, depending on time served; and the ability to postpone student loan repayments while serving in the Corps. These benefits are key to recruiting and retaining Corps members. Washington's universities would also lose out on a potential \$1.5 million in annual higher education awards for WCC members.

In the end, lost funding would result in reduced environmental and disaster services and reduced employment and scholarship opportunities for young adults and veterans in Washington. Decreasing the WCC would lead to further proliferation of invasive species, increased flood hazards from unabated erosion, less recreational access on public lands, and less help to communities in need following a disaster.

How has or can the agency address the issue or need in its current appropriation level?

Ecology is not able to reprogram within its current activities, because it would be at the expense of existing, fundamental environmental and public health priorities. WCC's state funding is heavily leveraged; providing for 55 crews and 25 interns across Washington. Without leveraging funds, the WCC would consist of just 14 crews. WCC has passed on a bulk of the large cost increases in recent years to interagency partners. While passing on these increases, the WCC standardized the cost-share model to provide more predictability and consistency. The WCC went from providing a sliding scale cost-share to private/local organizations to a standard 75/25 cost-share to all partners; regardless of financial ability. This change to the model did result in the reduction of crew requests from some rural partners and a complete elimination of a federal partner (US Fish and Wildlife) that had a higher match requirement (minimum of 33 percent) within their available funding opportunities.

Information technology: Does this Decision Package include funding for any IT-related costs, including hardware, software, services (including cloud-based services), contracts or IT staff?

☒ No

Attachment A: WCC Supervisor Reallocation Fiscal Impact

9/21/2017

	GLK Non-Rep Targeted Pay Increases	Calculation based on 51 positions	Change
Positions	31	51	
GF-State	\$ 2,000	\$ 503,420	\$ 501,420
GF-Federal	\$ 32,000		\$ (32,000)
GF-Private/Local	\$ 261,000		\$ (261,000)
State Toxics	\$ 11,000		\$ (11,000)
Total	\$ 306,000	\$ 503,420	\$ 197,420
Avg.	\$ 9,871	\$ 9,871	

	2017-19 Biennium		
Account	FY 2018	FY 2019	2017-19
001-1 General Fund State	\$ 251,710	\$ 251,710	\$ 503,420
001-1 General Fund State (from GLK)	\$ (1,000)	\$ (1,000)	\$ (2,000)
001-2 General Fund Federal (from GLK)	\$ (16,000)	\$ (16,000)	\$ (32,000)
001-7 General Fund Private/Local (from GLK)	\$ (130,500)	\$ (130,500)	\$ (261,000)
173-1 State Toxics Control (from GLK)	\$ (5,500)	\$ (5,500)	\$ (11,000)
TOTAL	\$ 98,710	\$ 98,710	\$ 197,420

Object	FY 2018	FY 2019	2017-19
A/Salaries	\$ 199,189	\$ 199,189	\$ 398,378
BA/OASI 6.2%	\$ 12,350	\$ 12,350	\$ 24,699
BH/Medicare 1.45%	\$ 2,888	\$ 2,888	\$ 5,776
BB/Retirement 12.7%	\$ 25,297	\$ 25,297	\$ 50,594
2017-19 Appopriation Allocated	\$ (153,000)	\$ (153,000)	\$ (306,000)
T (WCC indirect 5% of direct total)	\$ 11,986	\$ 11,986	\$ 23,972
TOTAL	\$ 98,710	\$ 98,710	\$ 197,420

New State	\$ 245,210	\$ 245,210	\$ 490,420
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Attachment B: WCC Member Minimum Wage Fiscal Impact

9/22/2017

							2017-19			
Wage Increase Calculations (Object NW)							FY18		FY19	
	2015-17 Min Wage	I-433 Min Wage	Incremental Change	# of Crew Members	Average Mthly Hrs	# of months	7/1/17 - 12/30/17	1/1/18 - 6/30/18	7/1/18 - 12/30/18	1/1/19 - 6/30/19
Jan. 1, 2017	9.47	11.00	1.53	315	156.67	6.00	\$ 453,043	\$ 453,043	\$ 453,043	\$ 453,043
Jan. 1, 2018		11.50	0.50	315	156.67	6.00		\$ 148,053	\$ 148,053	\$ 148,053
Jan. 1, 2019		12.00	0.50	315	156.67	6.00				\$ 148,053
Jan. 1, 2020		13.50	1.50	315	156.67	6.00				
Wage Increase Subtotal							\$ 453,043	\$ 601,096	\$ 601,096	\$ 749,149
							FY18 Total	\$1,054,138	FY19 Total	\$1,350,244
Legislative Action Taken							Enacted Budget Appropriation		STCA	\$ (871,000)
							Difference Requested (Obj N)		Shortfall	\$ 183,138
Benefits based on Total Wage Increase							BA/OASI 6.2%	\$ 28,089	\$ 37,268	\$ 37,268
							BH/Medicare 1.4%	\$ 6,569	\$ 8,716	\$ 8,716
							Total Benefits Requested (Obj B)	\$ 34,658	\$ 45,984	\$ 45,984
							FY18 Total	\$ 80,642	FY19 Total	\$ 103,294
5% Admin Fee Calculations (Object T)							5% Admin Fee Requested (Obj T)	\$ 24,385	\$ 32,354	\$ 32,354
							FY18 Total	\$ 56,739	FY19 Total	\$ 72,677
Total 2018 Supplemental							FY18 Total	\$ 320,519	FY19 Total	\$ 655,215

**2018 Supplemental Budget
Decision Package**

Agency: 461 Department of Ecology

Decision Package Code/Title: MH Minimum Wage Increases - Facilities

Budget Period: 2017-19

Budget Level: Maintenance Level

Agency Recommendation Summary Text:

Washington State passed incremental, annual minimum wage increases starting in January of 2017 to 2020. The increases go from \$9.47 an hour in 2016 to \$13.50 in 2020. Ecology is requesting additional appropriation to cover the costs for minimum wage and prevailing wage increases in existing service and maintenance contracts for Ecology facilities.

Fiscal Summary:

Expenditures by Account			<u>FY 2018</u>	<u>FY 2019</u>	<u>FY 2020</u>	<u>FY 2021</u>
001-1	General Fund - State		24,277	29,962	29,962	29,962
044-1	Waste Red., Recycling & Litter - State		3,353	4,138	4,138	4,138
173-1	State Toxics Control - State		51,374	63,396	63,396	63,396
174-1	Local Toxics Control - State		2,012	2,483	2,483	2,483
176-1	Water Quality Permit - State		20,255	24,994	24,994	24,994
182-1	Underground Storage Tank - State		1,744	2,152	2,152	2,152
19G-1	Enviro Legacy Stewardship - State		12,877	15,890	15,890	15,890
207-1	Hazardous Waste Assistance - State		3,488	4,304	4,304	4,304
20R-1	Radioactive Mixed Waste - State		7,512	9,269	9,269	9,269
216-1	Air Pollution Control - State		1,610	1,986	1,986	1,986
217-1	Oil Spill Prevention - State		4,024	4,966	4,966	4,966
219-1	Air Operating Permit - State		1,610	1,986	1,986	1,986
	Total Expenditures		134,136	165,526	165,526	165,526
Expenditures by Object			<u>FY 2018</u>	<u>FY 2019</u>	<u>FY 2020</u>	<u>FY 2021</u>
E	Goods and Services		134,136	165,526	165,526	165,526
	Total Objects		134,136	165,526	165,526	165,526
Revenue						
<u>Account</u>		<u>Source</u>	<u>FY 2018</u>	<u>FY 2019</u>	<u>FY 2020</u>	<u>FY 2021</u>
20R-1 - Radioactive Mixed Waste		0294	7,512	9,269	9,269	9,269
	Total Revenue		7,512	9,269	9,269	9,269

Package Description

Passage of Initiative 1433 in November 2016 increased the state minimum wage, which increased costs in a number of Ecology's existing service and maintenance contracts, including janitorial and security services. Ecology requests additional funding to cover these unavoidable cost increases so we can maintain the service levels currently provided. The following are specific increases associated with amendments to various contracts related to the new law. These estimates do not include the additional mandatory benefits (paid sick and maternity leave), because Ecology is not yet certain what the impact of those increases will be:

- Security costs will increase \$36,796 for the biennium due to the changes in minimum wage law.
- Janitorial costs will increase \$249,678 for the biennium due to the changes in minimum wage law.
- Regional janitorial costs will increase \$13,188 for the biennium due to prevailing wage changes in the counties for which those services are provided.

This request is essential to implementing Ecology's strategic plan, because a safe and clean work environment supports the staff working in the buildings that implement Ecology's mission critical work across the state.

Agency Contact:

Steve Fry

(360) 407-6018

Sfry461@ecy.wa.gov

Base Budget

This proposal does not expand or alter current services provided.

Decision Package expenditure, FTE and revenue assumptions, calculations and details:

No FTEs are identified with this request. This request is to fund contracted vendor costs associated with the minimum wage law and prevailing wage increases. The new law increases the minimum wage per the following schedule:

	Current Law	I-433	Change above Current Level
Jan. 1, 2017	9.47	11.00	1.53
Jan. 1, 2018	9.47	11.50	2.03
Jan. 1, 2019	9.47	12.00	2.53
Jan. 1, 2020	9.47	13.50	4.03

The current law amount is the minimum wage rates prior to implementation of Initiative 1433, since this is the rate Ecology's vendors were paying prior to any minimum wage increases. This request includes the increases starting on July 1, 2017, because the wage increases have already been incorporated into the vendor cost increases as of July 1, 2017, as well as the subsequent periodic increases through January 1, 2019.

The chart below calculates the increases in six month increments to estimate fiscal year totals. The minimum wage estimates are based on the percentage of increase each year compared to the actual minimum wage rate in 2016 of \$9.47 an hour. The total increase for Fiscal Year 2018 is \$134,136, and the increase for Fiscal Year 2019 and ongoing is \$165,526, for a total 2017-19 Biennial increase of \$299,662. These costs do not include additional mandatory benefits (paid sick and maternity leave).

SERVICE CONTRACTS		FY18		FY19		
BY LOCATION	BY TYPE	7/1/17 - 12/30/17	1/1/18 - 6/30/18	7/1/18 - 12/30/18	1/1/19 - 6/30/19	TOTAL
HQ Security	Minimum Wage	6,959	7,942	7,942	10,064	32,906
HQ Janitorial	Minimum Wage	36,679	45,399	45,399	57,528	185,005
ERO Security	Minimum Wage	783	951	951	1,205	3,890
Regional Janitorial	Minimum Wage	13,019	15,810	15,810	20,034	64,673
SUBTOTAL Minimum Wage		57,440	70,102	70,102	88,830	286,474
Regional Janitorial	Prevailing Wage	3,297	3,297	3,297	3,297	13,188
SUBTOTAL Prevailing Wage		3,297	3,297	3,297	3,297	13,188
GRAND TOTAL		60,737	73,399	73,399	92,127	299,662

Additionally, the revenue from the Radioactive Mixed Waste account is adjusted to reflect the change in expenditures.

Explanation of costs by object:

The increase for Goods and Services is \$134,136 in Fiscal Year 2018, and \$165,526 in Fiscal Year 2019 and ongoing.

Please note, Ecology plans to submit a request in the 2019-21 Biennium to cover increased costs associated with the minimum wage increase that will be implemented on January 1, 2020.

Decision Package Justification and Impacts

What specific performance outcomes does the agency expect?

The outcome of this request will be continued availability of safe, clean, and productive work environments for Ecology staff.

This request provides essential support to the Governor's Results Washington Goal 2 – Prosperous Economy, by supporting outcome measure “Increase the average earnings of Washington workers from \$56,273 in 2015 to \$65,000 by 2020.”

Performance Measure detail:

Activity: A002 Administration		Incremental Change FY 2018	Incremental Change FY 2019	Incremental Change FY 2020	Incremental Change FY 2021
Measures					
001655	Refer to Narrative Justification				

Fully describe and quantify expected impacts on state residents and specific populations served.

No direct impacts to state residents are expected.

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

Impact(s) To:		Identify / Explanation
Regional/County impacts?	No	
Other local gov't impacts?	No	
Tribal gov't impacts?	No	
Other state agency impacts?	No	
Responds to specific task force, report, mandate or exec order?	No	

Does request contain a compensation change?	No	
Does request require a change to a collective bargaining agreement?	No	
Facility/workplace needs or impacts?	Yes	Allows continued vendor support of workplace custodian, security and other maintenance functions.
Capital Budget Impacts?	No	
Is change required to existing statutes, rules or contracts?	Yes	Existing contracts have been modified to comply with the new laws for minimum wage and the laws associated with prevailing wages.
Is the request related to or a result of litigation?	No	
Is the request related to Puget Sound recovery?	No	
Identify other important connections		

Please provide a detailed discussion of connections/impacts identified above.

A variety of Ecology's service contractors use minimum wage employees to perform their contractual obligations to the agency. Ecology's most prominent and costly contracts are for janitorial and security services, because they are the most labor intensive. Ecology has to modify or amend contracts to account for the minimum wage and prevailing wage increases.

What alternatives were explored by the agency and why was this option chosen?

Ecology must pay the increased costs passed on to us by vendors offering services performed by minimum wage and prevailing wage employees. No alternative is available within the minimum wage and prevailing wage laws.

What are the consequences of not funding this request?

The primary function of Ecology's facilities is to provide safe, clean, efficient, and effective workplaces for employees to carry out the agency's mission. Without additional funding, these costs would have to be covered out of the base cost allocation budget by reducing or eliminating facility services and maintenance activities.

How has or can the agency address the issue or need in its current appropriation level?

As part of Ecology's budget development process, we must first look to existing resources to fund new budget needs. Where possible, additional workload needs are prioritized within current appropriation levels through implementing efficiencies, delaying lower priority work, or tapping into one-time savings from vacancies or other unrealized costs. The 50+ dedicated accounts Ecology manages have very specific purposes and limited uses, with little flexibility to take on new work. For this request, Ecology is unable to reprogram within its current activities, because it would be at the expense of existing, fundamental environmental and public health priorities.

Ecology continues to use funds efficiently through competitive bidding and best management practices developed over time and gathered from private industry and other government agencies.

Information technology: Does this Decision Package include funding for any IT-related costs, including hardware, software, services (including cloud-based services), contracts or IT staff?

☒ No

2018 Supplemental Budget Decision Package

Agency: 461 Department of Ecology

Decision Package Code/Title: CA Funding Oil Spills Program

Budget Period: 2017-19

Budget Level: Performance Level

Agency Recommendation Summary Text:

In April 2015, the Governor and Legislature passed the Oil Transportation Safety Act (Act) to address the rapid changes in how crude oil is moving through rail corridors and over Washington waters, creating new spill risks. This new work was funded in part by a one-time \$2.225 million transfer from the Oil Spill Response Account (OSRA) to the Oil Spill Prevention Account (OSPA) for the 2015-17 Biennium. The Legislature also added oil imported by rail to the oil spill administration tax. But, Ecology's prevention and preparedness work for all regulated industry sectors is ongoing, and there is not sufficient revenue to continue to implement all aspects of our regulatory obligations. Based on the September 2017 revenue forecast and the 2018 Operating Supplemental budget request, Ecology estimates a \$2.2 million shortfall in the OSPA for the 2017-19 Biennium, a \$3.3 million shortfall in the 2019-21 Biennium, and even greater shortfalls in future biennia. Ecology's related agency request legislation, "Stabilizing Oil Spill Prevention and Preparedness Revenue," proposes two solutions to solve the revenue shortfall: adding pipelines to the barrel tax and implementing a new oil spill prevention and preparedness fee, so that all sectors are paying the costs for oil spill prevention and preparedness in Washington. This request is for the new work associated with implementing the oil spill prevention and preparedness fee. Related to Puget Sound Action Agenda implementation. (Oil Spill Prevention Account)

Fiscal Summary:

Expenditures by Account			<u>FY 2018</u>	<u>FY 2019</u>	<u>FY 2020</u>	<u>FY 2021</u>
217-1	Oil Spill Prevention - State			428,564	106,398	110,398
	Total Expenditures		0	428,564	106,398	110,398
Expenditures by Object			<u>FY 2018</u>	<u>FY 2019</u>	<u>FY 2020</u>	<u>FY 2021</u>
A	Salaries and Wages			118,328	8,354	8,354
B	Employee Benefits			42,600	3,008	3,008
C	Personal Service Contract			187,000	91,000	95,000
E	Goods and Services			28,228	378	378
G	Travel			3,788	236	236
J	Capital Outlays			1,390	86	86
T	Intra-Agency Reimbursements			47,230	3,336	3,336
	Total Objects		0	428,564	106,398	110,398
Staffing						
Job Class		Salary	<u>FY 2018</u>	<u>FY 2019</u>	<u>FY 2020</u>	<u>FY 2021</u>
MARINE TRANSPORTATION SAFETY		83,548		0.25	0.10	0.10
ENVIRONMENTAL PLANNER 4		72,037		1.00		
ECONOMIC ANALYST 3		72,037		0.25		
COMMUNICATIONS CONSULTANT 5		73,910		0.10		
FISCAL ANALYST 2				0.16	0.01	0.01
IT SPECIALIST 2				0.08	0.01	0.01
	Total FTEs		0.0	1.8	0.1	0.1
Revenue						
Account		Source	<u>FY 2018</u>	<u>FY 2019</u>	<u>FY 2020</u>	<u>FY 2021</u>
217-1 - Oil Spill Prevention		0299		1,015,000	1,059,000	1,113,000
	Total Revenue		0	1,015,000	1,059,000	1,113,000

Package Description

Funding History

During the early 1990s, the Legislature recognized the importance of oil spill preparedness, prevention, and response, and established the Spill Prevention, Preparedness, and Response Program (Spills Program) at Ecology. To fund the program, the OSPA and OSRA were established. Revenue for these accounts is generated by a five-cent-per-barrel tax on oil transported into the state by vessels, and rail was added in 2015. Of this five-cent tax, four cents is called the oil spill administration tax, which is deposited in the OSPA for prevention and preparedness work. One cent is called the oil spill response tax, deposited in the OSRA for response activities. The barrel tax has never been increased or adjusted for inflation since it was enacted in 1997.

Since the late 1990s, and with the continuing downturn in OSPA revenue, the Spills Program operating budget (excluding other accounts) has gradually moved from being funded about 70 percent from the OSPA and 30 percent from the Model Toxics Control Act (MTCA) accounts, to relying on MTCA for almost 70 percent and OSPA for 30 percent at the 2017-19 Biennium Enacted Operating Budget.

Background

Each year, about 450 million barrels of oil are moved as cargo in Washington by three modes of transport – tank vessels, rail, and pipelines. Oil moved by vessel and rail contribute to Ecology’s funding through the oil spill administration tax. But according to Ecology’s 2016 oil movement analysis, pipelines transport about 40 percent (over 180 million barrels a year) of all oil moved, and are not taxed for the risk created.

Cargo and passenger vessels also create a serious risk of an oil spill with the oil they carry as fuel. These vessels are subject to prevention and preparedness activities, such as vessel screening for risks and contingency plan requirements. This industry sector transports upwards of a billion gallons of oil as fuel each year, but currently does not pay for any prevention and preparedness services.

New technologies in oil fields in Canada, North Dakota, Montana, and other states, mean the U.S. now produces the majority of its own refined oil products. Oil movement continues to evolve, creating risks we must continue to manage. Ecology’s ability to protect Washington’s environment, economy, public health, and historical and cultural resources from vessel, rail, pipeline, and facility oil spills is now in jeopardy due to a lack of sustainable funding. All oil spills are toxic. Once there is a spill, damage is already done. Based on a 2006 cost benefit analysis conducted for the Oil Spill Contingency Plan rule development, a major spill puts 165,000 jobs at risk, could cost the state \$10.8 billion and it could disrupt maritime shipping, port activities, recreation, and tourism, and cause significant harm to fish, shellfish, and wildlife resources as well as impact human health and the environment.

In 2015, the Governor and Legislature passed the Oil Transportation Safety Act (Act) to protect Washington from the evolving rail risks; the Legislature helped fund that work by adding crude oil imported by rail to the oil spill administration tax. But this change did not completely address the long-term funding problem. It only made up for the loss in revenue due to a decrease in vessel imports. Ecology needs permanent and sustainable funding to support the ongoing work in oil spill prevention and preparedness requirements in the Act.

Ecology is proposing legislation in the 2018 Legislative Session that will:

- Tax oil transported by pipeline (the other two modes of transit, vessels and rail, are currently taxed).
- Charge an oil spill prevention and preparedness fee on most cargo and passenger vessels weighing 300 gross tons or more (vessels currently regulated by the Spills Program) for each transit through navigable waters of the state making at least one moorage or anchorage within such waters, where a transit may include multiple moorages or anchorages.

Adding oil imported by pipeline to the oil spill administration tax, and instituting a fee on cargo and passenger vessels to fund their portion of prevention and preparedness work will provide a fair and equitable funding approach across all regulated industry sectors.

Pipeline Spills

Pipelines account for about 40 percent of oil moved in and out of the state (imports, transports in-state, and/or exports). While pipeline spills are less frequent than vessels, damages resulting from a pipeline spill can be significant

to both public health and the environment. From 2006 to 2016, there were over 1,100 significant pipeline incidents in the United States.

The current oil spill administration tax does not apply to oil being transported through pipelines, despite pipelines posing a sizeable spill risk for the state. Regardless, the state pays the cost to regulate pipelines through contingency planning, drills, inspections, and immediate response planning (geographic response plans), through Ecology's Spills Program. These activities address the spill risk that comes from pipelines.

The largest recent oil spill in state history was the fatal rupture and resulting fire in the Bellingham (1999) pipeline spill that discharged 277,000 gallons of gasoline and spilled 236,000 gallons into Whatcom Creek. The response cost was over \$100 million and damaged private property and the environment.

A more recent pipeline spill in Washington happened on August 2, 2017, in Parkland where the McChord Pipeline was ruptured, spilling jet fuel. U.S. Oil & Refining Co., owner of the McChord Pipeline, calculated a maximum potential release of approximately 25,000 gallons. The total response cost is not yet known.

This spill did not impact surface water, but was disruptive to local residents due to odors, road closures, and the threat of impacting drinking water supplies and wells in the area. Had the spill ignited, it could have detrimentally impacted the community. Had it been closer to a creek or river, it could have released oil into Commencement Bay and caused significant damage to fish, shellfish, wildlife, groundwater, cultural and historical resources, and maritime trade.

Cargo and passenger vessel spills

Ecology screens and inspects cargo and passenger vessels for risk and ensures they have oil spill contingency plans while operating in Washington waters. We also conduct risk assessments, develop and maintain geographical response plans along vessel traffic routes, monitor vessel traffic, and maintain a high state of readiness to respond to vessel incidents that could result in a major oil spill. In 2016, cargo and passenger vessels entered Washington waters 2,900 times, and Ecology monitored and managed 25 incidents involving a cargo or passenger vessel that same year.

On May 21, 2016, the bulk carrier SPARNA carrying 218,380 gallons of fuel oil and 39,380 gallons of marine diesel ran aground on the lower Columbia River near Cathlamet, Washington. The vessel suffered significant damage with several fractures in the hull. No oil tanks were damaged, but this incident demonstrated the need to continue our oil spill prevention and preparedness efforts for this industry sector. Had the vessel spilled fuel oil, catastrophic damage would have occurred to the lower Columbia estuary and the region's economy would have been significantly disrupted.

2015 Oil Transportation Safety Act

During the 2015 Legislative Session, there was a bipartisan push to address new safety and environmental risks from the rapid changes in crude oil transportation. The Act included a new grant program to establish spill response and firefighting equipment caches in local communities (funded from the State Toxics Control Account - STCA) and the following combination of ongoing and one-time prevention and preparedness work:

- *Ecology must review and approve required oil spill contingency plans for oil transported by railroads.
- Facilities must provide Ecology notice in advance of transferring crude oil from trains and pipelines.
- *Using the data from advance notice transfers, Ecology must publish quarterly crude oil movement data.
- *Ecology must develop and update geographic response plans along rail lines.
- *Ecology must develop new and renewed initiatives to assess rail and vessel traffic safety risks.
- The Military Department received four years of funding for development and annual review of local emergency planning committee emergency response plans.

*indicates an ongoing cost to Ecology

The 2015-17 revenue projection for OSPA was not enough to fund all of the new prevention and preparedness work, so the Legislature made a one-time fund transfer of \$2.225 million from the OSRA to the OSPA.

Ongoing Needs and 2018 Legislative Request

Ongoing and sustainable funding is needed to ensure the Act's prevention and preparedness policy directives are maintained, while continuing baseline prevention and preparedness work. During the 2017 Legislative Session,

Ecology proposed legislation to increase the barrel tax to address this shortfall and create a more sustainable revenue stream into the future. Unfortunately, the proposed bill did not pass the Legislature.

Based on Department of Revenue's September 2017 forecast, Ecology projects a \$2.2 million shortfall in OSPA in 2017-19 (down from the near \$4 million shortfall in 2017 legislative session) and a \$3.3 million shortfall in the 2019-21 Biennium and into future biennia. Ecology is relying on savings from delays in hiring last biennium, and current actions to delay projects, hold vacancies, and reduce spending in discretionary areas such as goods and services, training, and travel, to have enough funding to operate through the end of Fiscal Year 2018. An immediate, sustainable revenue fix during the 2018 Legislative Session is needed to continue Ecology's prevention and preparedness activities for the rest of the 2017-19 Biennium and into the future.

To address this critical funding need, Ecology proposes to:

- Apply the Oil Spill Administration Tax to pipeline imports (estimated revenue: \$1.2 million per year, first year actual collection is assumed lag behind one month due to tax collection schedule). There are no new costs for Ecology associated with this change because the Department of Revenue currently collects the tax.
- Charge an approximate \$350 oil spill prevention and preparedness fee, with few exceptions, to cargo and passenger vessels weighing 300 gross tons or more (vessels currently regulated by the Spills Program) for each transit through navigable waters of the state making at least one moorage or anchorage within such waters, where a transit may include multiple moorages or anchorages. In general, the fee will apply to cargo ships, cruise ships, large fishing vessels, and large tugs (estimated revenue: \$1 million per year). The legislation also provides an opportunity for the industries subject to the fee to propose a different fee structure, which would require Ecology to conduct rulemaking if this option is approved.

The \$1 million in revenue from the new fee reflects 15 percent of the costs for the Spills Program's prevention and preparedness services for the same percentage of work currently allocated to the cargo and passenger vessel industry. The estimated revenue is based on 2,900 vessel transits into Washington ports in Puget Sound, Columbia River, and Grays Harbor, as reported in the Ecology 2016 Vessel Entries and Transits for Washington Waters report. Based on past trends, vessel traffic tends to fluctuate on an annual basis, so Ecology also requests to adjust the fee annually by an amount up to the fiscal growth factor (FGF) set by the Expenditure Limit Committee, to keep up with prevention and preparedness costs and statewide changes. This budget request is for the costs associated with implementing the new fee.

Together, the revenue legislation will bring in approximately \$2.1 million per year, beginning in Fiscal Year 2019. Ecology projects the additional revenue generated from these two actions will be sufficient to resolve the current and future biennia OSPA shortfall for the work now authorized by the Legislature.

The 2004 Legislature directed Ecology to achieve a zero-spills goal and the Spills Program has managed to achieve significant milestones to that end. With the lowest per capita spills rate in the nation, and a drill program that has become a teaching ground for other countries and states, long term investments in this program and stabilizing the revenue that funds the work will help protect the health of Washington's citizens, the economy, environment, and cultural resources.

JUSTIFICATION FOR NEW OR INCREASED FEE REQUEST

1. Fee Name: Oil Spill Prevention and Preparedness Fee

2 Current Tax or Fee Amount: None

3 Proposed Amount:
FY 2018: N/A

FY 2019: \$350/non tank vessels weighing 300 gross tons or more for each transit through navigable waters of the state making at least one moorage or anchorage within such waters, where a transit may include multiple moorages or anchorages.~\$1 million

4. Incremental Change for Each Year: Future fiscal years will be inflated by the Fiscal Growth Factor (FGF)

FY 2018: N/A

FY 2019: \$1,015,000

5. Expected Implementation Date: 7/1/2018

6. Estimated Additional Revenue Generated by Increase:

FY 2018: \$0

FY 2019: First year of implementation. Increased by FGF in future fiscal years.

7. Justification: Based on the September revenue forecast, the Spills Program is facing a \$2.2 million shortfall in the OSPA for the 2017-19 Biennium and a \$3.3 million shortfall in 2019-21. This fee is to supplement the revenue from the barrel tax to keep the account solvent for the 2017-19 Biennium and beyond.

8. Changes in Who Pays: In general, the fee will apply to cargo ships, cruise ships, large fishing vessels, and large tugs.

9. Changes in Methodology: Ecology proposes an approximate \$350 oil spill prevention and preparedness fee for cargo and passenger vessels weighing 300 gross tons or more (vessels currently regulated by the Spills Program) for each transit through navigable waters of the state making at least one moorage or anchorage within such waters, where a transit may include multiple moorages or anchorages (estimated revenue: \$1 million per year).

The \$1 million reflects 15 percent of the costs for the Spills Program's prevention and preparedness services for the same percentage of work currently allocated to the cargo and passenger vessel industry. The estimated revenue is based on 2,900 vessel transits into Washington ports in Puget Sound, Columbia River, and Grays Harbor, as reported in the Ecology 2016 Vessel Entries and Transits for Washington Waters report. Based on past trends, vessel traffic tends to fluctuate on an annual basis, so Ecology also requests to adjust the fee annually by an amount up to the fiscal growth factor (FGF) set by the Expenditure Limit Committee to keep up with prevention and preparedness costs and statewide changes.

10. Alternatives: Ecology considered further fund transfers from OSRA to OSPA, but the oil spill response tax that funds OSRA only generates about \$1.6 million a biennium, which isn't enough to offset the \$2.2 million OSPA funding shortfall in the current biennium and a \$3.3 million shortfall in 2019-21. Also, a low OSRA balance could leave the state unable to adequately respond to a costly, large-scale oil spill. Fund transfers or shifts from state General Fund or MTCA are also not feasible, due to continued shortfalls in these accounts.

11. Statutory Change Required? New fee language will be added to Chapter 88.46 RCW and directed for deposit into the Oil Spill Prevention Account in 90.56.510 RCW.

Agency Contact:

Tra Thai

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Base Budget:

The overall Spills base budget in the 2017-19 Biennium Enacted Operating Budget is 84 FTEs and \$33.6 million total. Of this amount, OSPA is \$7.7 million, MTCA is \$16.8 million, and \$9 million comes from other funding sources. If the associated agency request legislation is passed, it will provide sufficient OSPA revenue to support ongoing, base oil spill prevention and preparedness work.

Decision Package expenditure, FTE and revenue assumptions, calculations and details:

Ecology requires staffing to implement the new oil spill prevention and preparedness fee. The agency assumes industries subject to the new fee will propose an alternative fee structure (as authorized in the proposed bill) by July 1, 2018. The alternative fee structure will need to be codified in Washington Administrative Code, and the rule development process will be completed in Fiscal Year 2019. Ecology is requesting a combination of one-time and

ongoing costs, for a total of \$428,564 in Fiscal Year 2019, to set up the oil spill prevention and preparedness fee program and conduct rulemaking for the industry-proposed fee structure.

Costs in Fiscal Year 2019 include salary, benefits, and associated staffing costs for 0.25 FTE of a Marine Transportation Safety Specialist 3 to set up the contracts to collect the new fee, coordinate and audit the fees with the contractors, and assist with the rule making process. Contractual costs for the entities collecting the new fee are \$87,000. In addition, Ecology requires 1.0 FTE Environmental Planner 4 to initiate and manage the rulemaking process, 0.1 FTE Communications Consultant 5 to support the rulemaking process and provide public outreach to stakeholders, and 0.25 FTE Economic Analyst 3 to provide a small business impact statement. Based on consultation with the Attorney General's Office, Ecology estimates that AAG support is 0.1 AAG FTE during the rulemaking process. Based on previous rulemaking processes, Ecology estimates that the fee structure will require a \$100,000 personal services contract for a cost benefit study in Fiscal Year 2019. If the industries do not propose an alternative fee structure, a rule making process will likely not be required.

Beginning July 1, 2019, ongoing costs include 0.1 FTE Marine Transportation Safety Specialist 3 to coordinate and audit the fees with the contractors on a weekly basis, annual contractual costs of \$91,000 (adjusted annually for inflation), and \$20,000 in audit costs once every four years to implement the new oil spill prevention and preparedness fee.

Ecology has been working with the Marine Exchange of Puget Sound and the Merchants Exchange of Portland specialized in tracking and monitoring 24-hour vessel movements in the navigable waters of the state, and in collecting fees for the maritime industry. Contracting with these types of entities to collect the new fee is the most efficient implementation approach. Based on conversations with these organizations, the estimated cost for collecting the new fees will be about \$87,000 a year, adjusted annually for inflation, beginning in Fiscal Year 2019.

Based on other Ecology fee programs, Ecology will contract with the State Auditor's Office to conduct a fiscal audit at least once every four years. The cost for this audit is approximately \$20,000. Ecology assumes the first audit will be performed in Fiscal Year 2022.

Ecology assumes the Department of Revenue (DOR) will implement the addition of pipeline imports into the barrel tax base and prepare the quarterly revenue forecast as it does now. There are no new costs to Ecology for this change, and DOR's fiscal note will show the estimated increase in revenue from adding pipeline imports to the tax.

The revenue estimate for the oil spill prevention and preparedness fee is calculated at \$350 for each transit through navigable waters of the state making at least one moorage to a fixed pier, port, dock, facility, shipyard, or similar structure or anchorage within such waters, where a transit may include multiple moorages or anchorages. Based on data from the 2016 Ecology Vessel Entries and Transits for Washington Waters report, there were approximately 2,900 vessel transits, which would generate about \$1 million in revenue per year. Revenue for future years will include up to the FGF increase.

Explanation of costs by object:

Salary estimates are current actual rates at step I, the agency average for new hires.

Benefits are the agency average of 36 percent of salaries.

Personal Service Contracts are \$87,000 for fee collection and \$100,000 for the cost benefit study.

Goods and Services are the agency average of \$3,784 per direct program FTE. Fiscal Year 2019 includes one-time 0.1 FTE AAG support \$22,174.

Travel is the agency average of \$2,368 per direct program FTE.

Equipment is the agency average of \$868 per direct program FTE.

Agency Administrative Overhead is calculated at the federally approved agency indirect rate of 29.35 percent of direct program salaries and benefits, and is shown as object T. Agency Administrative Overhead FTEs are included at 0.15 FTE per direct program FTE, and are identified as Fiscal Analyst 2 and IT Specialist 2.

Decision Package Justification and Impacts

What specific performance outcomes does the agency expect?

Applying the highest level of oil spill prevention, preparedness, and response capability to prevent and prepare for oil spill risks from vessel, railroad, or pipelines protects and restores Puget Sound and reduces toxic threats. It implements the priorities in Ecology's strategic plan to Protect and Restore Puget Sound and to Reduce Toxic Threats.

This request provides essential support to the Governor's Results Washington Goals:

Goal 2, Prosperous Economy, by protecting our public health, safety, economic resources and minimizing the environmental impacts associated with the transport and spill of oil and hazardous materials in Washington State.

Goal 3, Sustainable Energy and a Clean Environment, by further reducing toxic threats to the environment with sustainable resources to provide continued strong oil spill prevention, preparedness, and response protection for Washingtonians.

Goal 4, Healthy and Safe Communities, by helping to prevent and prepare for oil spills that would negatively impact the health and safety of communities in Washington.

This request also supports Puget Sound Action Agenda implementation through sub-strategy 20.1 Prevent and Reduce the Risk of Oil Spills, and specifically addresses regional priority 20.1-1 Promote and Coordinate the Proactive Use of Maritime Risk Assessments. The 2015 Oil Transportation Safety Act was passed to address rapid changes in how crude oil is moving through rail corridors and over Washington waters, creating new safety and environmental risks.

Performance Measure detail:

Activity: A030	Prepare for Aggressive Response to Oil and Hazardous Material Incidents			
Activity: A033	Prevent Oil Spills from Vessels and Oil Handling Facilities			
		Incremental Change FY 2018	Incremental Change FY 2019	Incremental Change FY 2020
Measures				Incremental Change FY 2021
001655	Refer to Narrative Justification			

Measures under Activity A030 that could impacted if new revenue is not provided are 002518- Number of Geographic Response Plans completed for inland and marine spill response and 002520- Percentage of vessel emergency occurrences reported to Ecology. Please see details of the impacts under the consequences section.

Fully describe and quantify expected impacts on state residents and specific populations served.

Funding prevention and preparedness work helps safeguard Washington's environment, economy, public health, and historical and cultural resources from oil spills. This work benefits residents, including tribes, along the coast, Puget Sound, Columbia River, and inland along rail and pipeline routes most directly. But if a spill were to occur, it would have significant impact on the state economy as well, particularly because Washington is a primary West Coast port to international shipping and is a major refining state. Washington economy is reliant on its natural resources, such as shellfish and tourism. These could be at risk from spills, as well as our rich and irreplaceable cultural resources.

Oil spill prevention and preparedness helps limit the likelihood of a spill and better prepares our state for an immediate and aggressive response if there is a spill. The following are either not impacted (if a spill is prevented) or impacted to a lesser degree:

- Transportation.
- Private property.
- Ports and commerce.

- Power.
- Wildlife, such as salmon, shellfish, waterfowl, migratory birds, lampreys, seals, trout.
- Tribal lands and resources, including subsistence resources.
- Human life, safety, and health.
- Ground and drinking water.
- Air quality.
- Recreation.
- Tourism.
- Industry, such as shellfish and commercial and recreational fisheries.

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

Impact(s) To:		Identify / Explanation
Regional/County impacts?	Yes	Maintaining oil spill prevention and preparedness activities protects public health, the environment, cultural resources, and the economy.
Other local gov't impacts?	Yes	Maintaining oil spill prevention and preparedness activities protects public health, the environment, cultural resources, and the economy.
Tribal gov't impacts?	Yes	Maintaining oil spill prevention and preparedness activities protects public health, the environment, cultural resources, and the economy.
Other state agency impacts?	No	
Responds to specific task force, report, mandate or exec order?	Yes	The 2014 Marine and Rail Oil Transportation Study informed the 2015 Oil Transportation Safety Act. This request ensures mandated prevention and preparedness work from the Act is funded.
Does request contain a compensation change?	No	
Does request require a change to a collective bargaining agreement?	No	
Facility/workplace needs or impacts?	No	
Capital Budget Impacts?	No	
Is change required to existing statutes, rules or contracts?	Yes	Changes are required for RCWs 82.23B.010 and 82.23B.020 to add pipelines to the barrel tax. Rule changes are not required, because the revenue will fund existing work. A new section will be added to Chapter 88.46 RCW for the new fee requirements. We assume rulemaking will be needed, and RCW 90.56.510 will be modified to add the fee revenue to be deposited into the OSPA.
Is the request related to or a result of litigation?	No	
Is the request related to Puget Sound recovery?	Yes	Related to sub-strategy 20.1 Prevent and Reduce the Risk of Oil Spills, and regional priority 20.1-1 Promote and Coordinate the Proactive Use of Maritime Risk Assessments.
Identify other important connections		

Please provide a detailed discussion of connections/impacts identified above.

The addition of pipelines to the barrel tax base and the new oil spill prevention and preparedness fee require changes to the RCWs noted in the table.

In April 2015, the Governor and the Legislature passed the Oil Transportation Safety Act (ESHB 1449) that included funding for some of the recommendations from the 2014 Marine and Rail Oil Transportation Study. Without a revenue fix, mandated prevention and preparedness activities from the Act would be delayed, eliminated, or reduced as described in the section on consequences of no funding.

What alternatives were explored by the agency and why was this option chosen?

Ecology considered further fund transfers from OSRA to OSPA, but the oil spill response tax that funds OSRA only generates about \$1.6 million a biennium, which isn't enough to offset the \$2.2 million OSPA funding shortfall in the current biennium and \$3.3 million shortfall next biennium. Also, a low OSRA balance could leave the state unable to adequately respond to a costly, large-scale oil spill. However the OSRA could be used one more time in the short term, if the Legislature is unable to agree on a viable long term solution. Fund transfers or shifts from state General Fund or MTCA are also not feasible due to continued shortfalls in these accounts, and state General Fund resources are very challenging to secure. Instead, Ecology chose to apply the oil spill administration tax to pipeline imports (estimated revenue: \$1.2 million per year) and charge an approximately \$350 oil spill prevention and preparedness fee on most cargo and passenger vessels weighing 300 gross tons or more (estimated revenue: \$1 million per year). The \$1 million reflects 15 percent of the Spills Program's prevention and preparedness budget and services that are currently allocated to the cargo and passenger vessel industry. Adding pipelines will help stabilize the account, because all transport modes will be taxed. Regardless of whether there are modal shifts, revenue will be stable. The fee was selected because the cargo and passenger industry is regulated by Ecology, but has not provided revenue to fund prevention and preparedness work.

What are the consequences of not funding this request?

Failure to fund this request and not pass the related bill in the 2018 Legislative Session would result in Ecology immediately scaling back on oil spill prevention and preparedness at the same time oil spill risk continues to increase. Based on 2017 standard costs, Ecology would be forced to institute layoffs of up to 13 FTEs, a 16 percent cut, beginning in Fiscal Year 2019. This cut in FTEs would result in an increased risk in the number and volume of oil spills, and potentially significant impacts to public health, the economy, the environment, and cultural resources.

Several elements of the Act would be delayed, eliminated, or reduced. This includes:

- No additional updates to the recently completed Columbia River Vessel Traffic Evaluation and Safety Assessment, which helps Ecology evaluate methods to protect the river. This is a huge economic engine and environmental treasure.
- Delay or elimination of:
 - Grays Harbor Vessel Traffic Assessment to evaluate the baseline risk and changes in vessel traffic risk due to crude by rail transportation and handling.
 - The Rail Traffic Risk Assessment to evaluate the rail traffic risk to local communities across Washington.
- Delay or reduced development of geographic response plans that provide tools to address the emerging threats of oil spills along inland rail corridors. Loss of this work puts our state at greater risk for environmental and economic damages in the event of a major spill.
- Reduced contingency planning for rail and fewer drills that verify the plans. Industry may be left to verify its own plans, meaning the state's spill experts from Ecology will not have the opportunity to train rail companies or help them improve their plans. Ecology's own experts would lose out on drill practice time, lessening our spill response strength.

The Emergency Management Division of the Military Department receives OSPA funding for local hazmat planning, and the Washington State Department of Fish and Wildlife receives OSPA money for rescuing oiled wildlife. Pending OFM direction, their budgets may also be reduced according to their share of revenue from the account.

How has or can the agency address the issue or need in its current appropriation level?

The OSPA revenue has not kept pace with the growing legislative demands for Ecology's prevention and preparedness work. Over the years, the account has had fund transfers and fund shifts from other accounts to keep the Spills Program whole. The biggest challenge so far was a \$7.5 million shortfall during the 2009-11 Biennium. The shortfall was addressed through a combination of ongoing expenditure and staffing reductions, as well as an ongoing \$5 million fund shift from the OSPA to STCA in the 2011-13 Biennium. As a result, the program did less prevention and preparedness work that included fewer vessel inspections, spill response readiness drills, and review and approval of fewer spill prevention and contingency plans. Ecology participates regularly in Lean-type processes to improve efficiency and effectiveness. Through this work, Ecology reduced the approval time for spill contingency plans from 60 days to 30 days. Staff are working at maximum capacity, and there is no ability to absorb the projected shortfall in funding for this and next biennium's OSPA-funded work.

Information technology: Does this Decision Package include funding for any IT-related costs, including hardware, software, services (including cloud-based services), contracts or IT staff?

☒ No

2018 Supplemental Budget Decision Package

Agency: 461 Department of Ecology

Decision Package Code/Title: CB Modernize and Migrate Data Center

Budget Period: 2017-19

Budget Level: Performance Level

Agency Recommendation Summary Text:

Ecology is required by RCW 43.105.375 and OCIO Policy 184 to migrate out of its agency data center. Ecology plans to modernize and migrate the agency business applications into the State Data Center and/or cloud environment by June 2021. Significant time and resources are required to implement this plan, because the Ecology data center equipment is at or nearing its end-of-life and must be replaced. Ecology must also update over 220 business applications to meet the standards required in the new data center environments.

Fiscal Summary:

Expenditures by Account			<u>FY 2018</u>	<u>FY 2019</u>	<u>FY 2020</u>	<u>FY 2021</u>
001-1	General Fund - State			179,912	179,912	179,912
044-1	Waste Red., Recycling & Litter - State			43,756	43,756	43,756
173-1	State Toxics Control - State			719,795	719,795	719,795
174-1	Local Toxics Control - State			16,684	16,684	16,684
176-1	Water Quality Permit - State			220,039	220,039	220,039
182-1	Underground Storage Tank - State			23,138	23,138	23,138
19G-1	Enviro Legacy Stewardship - State			132,375	132,375	132,375
207-1	Hazardous Waste Assistance - State			38,563	38,563	38,563
20R-1	Radioactive Mixed Waste - State			86,098	86,098	86,098
216-1	Air Pollution Control - State			17,944	17,944	17,944
217-1	Oil Spill Prevention - State			41,083	41,083	41,083
219-1	Air Operating Permit - State			23,138	23,138	23,138
	Total Expenditures		0	1,542,525	1,542,525	1,542,525
Expenditures by Object			<u>FY 2018</u>	<u>FY 2019</u>	<u>FY 2020</u>	<u>FY 2021</u>
A	Salaries and Wages			152,624	152,624	152,624
B	Employee Benefits			54,944	54,944	54,944
C	Personal Service Contract			560,000	560,000	560,000
E	Goods and Services			607,568	607,568	607,568
G	Travel			4,734	4,734	4,734
J	Capital Outlays			101,734	101,734	101,734
T	Intra-Agency Reimbursements			60,921	60,921	60,921
	Total Objects		0	1,542,525	1,542,525	1,542,525
Staffing						
Job Class	Salary		<u>FY 2018</u>	<u>FY 2019</u>	<u>FY 2020</u>	<u>FY 2021</u>
IT SPECIALIST 5	76,312			2.00	2.00	2.00
FISCAL ANALYST 2				0.20	0.20	0.20
IT SPECIALIST 2				0.10	0.10	0.10
	Total FTEs		0.0	2.3	2.3	2.3
Revenue						
Account	Source		<u>FY 2018</u>	<u>FY 2019</u>	<u>FY 2020</u>	<u>FY 2021</u>
20R-1 - Radioactive Mixed Waste	0294			86,098	86,098	86,098
	Total Revenue		0	86,098	86,098	86,098

Package Description

Overview: Ecology's business technology applications and data center equipment are required to be migrated out of Ecology's Data Center (EDC) and into the State Data Center (SDC) and/or cloud environment by June 30, 2019. Ecology cannot meet this deadline (set in Office of the Chief Information Officer (OCIO) Policy 184). In September 2017, the OCIO approved Ecology's phased-in plan for data center migration to be complete by June 2021. Trying to move existing infrastructure by June 30, 2019 would sacrifice technical and business system integrity for the following reasons:

- The EDC equipment is nearing its end-of-life and must be replaced. Ecology's original plan to migrate out of the EDC was timed to align with this data center equipment replacement cycle, for cost efficiency, and minimization of risk due to equipment failure associated with physical moves.
- Ecology must make significant updates to its business applications and server software before moving into the new data center environments, and must do so with minimal interruption to mission-critical environmental work. More than 220 business applications must be assessed, updated, and tested to ensure they meet Ecology's new standards that are aligned with OCIO policy and industry best practices. These standards apply to hardware, software, operating and database systems, programming languages, coding, and security.

Ecology requires funding to implement these necessary security, standardization, and modernization updates to business technology applications, and to set up and maintain three data center environments (EDC, SDC and cloud) during the EDC migration project.

In the final phase of this project, once the majority of the equipment is removed from the EDC, Ecology will also need to make building modifications at the Lacy Headquarters facility (HQ), because heat from the equipment is being used to heat part of the building. Funding for this work will be submitted in a separate request for the 2019-21 Biennium.

Current Situation: OCIO Policy 184, adopted August 2016, requires state agencies migrate all owned or leased physical servers, and related equipment to the SDC by June 30, 2019. The policy also prohibits agencies from making new investments in their own data centers. Any new computing, data storage, backup, and recovery investments must be made in the SDC or cloud environments.

Ecology's new application, data center and/or cloud environment standards, which are now aligned with OCIO policy and industry best practices, are significantly different from Ecology's previous standards. Ecology's business applications and data center environment must be brought up to the new standards.

The migration requirement comes at the same time the hardware and software running in Ecology's data center is at or nearing its end-of-life, and ready for replacement. In June 2017, working with an independent consulting firm, Ecology completed a current state assessment of the EDC and determined the following:

- Ecology has 22 physical servers; 73 percent exceed their recommended shelf-life or are already at end-of-life.
- Ecology's 270 virtual servers (servers that share hardware and software resources) run on three different server operating systems, and more than 80 percent are outdated.
- Ecology's 600 terabyte capacity for environmental data storage, backup, and recovery capability relies on solutions that are at end-of-life, and some storage solutions do not meet Ecology's security requirements.
- In many cases, Ecology must retain and store data indefinitely, resulting in a continual increase in storage needs that could be more cost-effectively managed in a cloud storage environment.

Migrating data center equipment near its end-of-life, and in a non-standard state, significantly increases the risk of equipment failure. If this equipment were to fail during migration, Ecology's continuity of business operations could be severely impacted.

The consultant's assessment of Ecology's business application portfolio determined:

- There are over 220 business applications, developed using seven programming languages, running on eight different database versions, and many are using outdated security methods. The number and complexity of Ecology's applications is high because of the diverse environmental programs and their unique data and business process requirements.
- The 220 business applications must be evaluated to determine if they comply with Ecology's updated standards that are in alignment with OCIO policy, consulting recommendations and industry best practices. The standards include functioning on current Microsoft operating and database systems, as well as updated security requirements. These applications must meet the standards before being migrated to the data center environments.
- Ecology estimates every application will require at least five changes to meet the standards, and 80 percent of the applications will also require at least one additional change. Every database will be updated to meet encryption standards.

Most of Ecology's business applications were custom developed by agency information technology staff. As the number and complexity of applications continued to increase, staff had to spend more of their time maintaining, fixing, or adding newly required business functionality, rather than updating applications to meet technical and security standards.

Due to the scope and complexity of Ecology's business application modernization requirements and data center equipment replacement needs, the EDC migration cannot be completed by June 30, 2019.

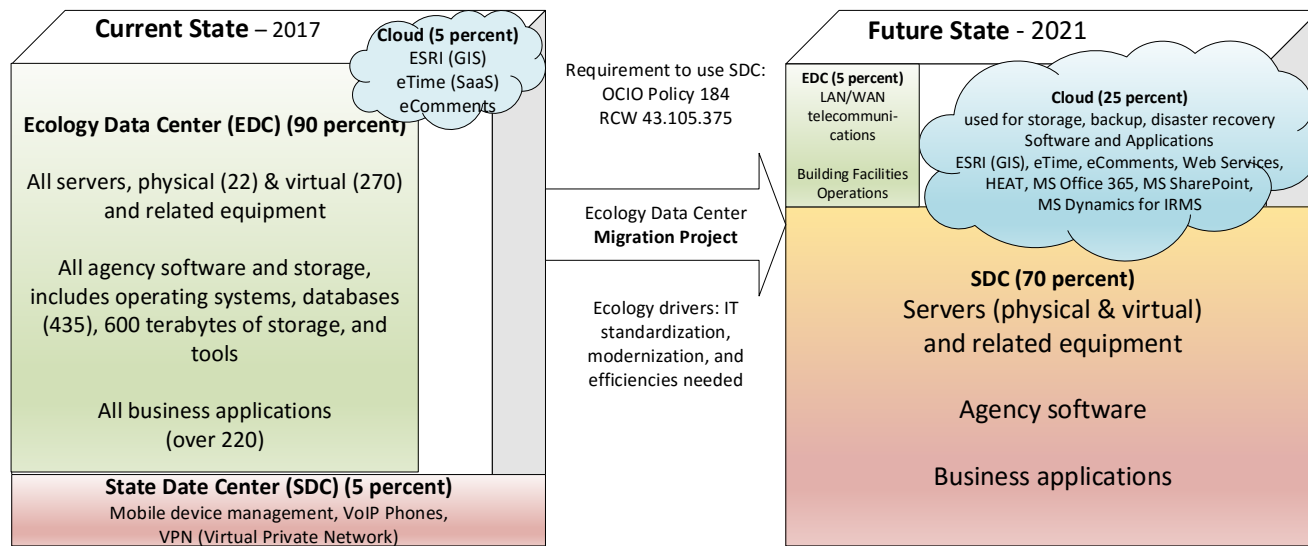
Solution: In September 2017, OCIO approved Ecology's data center migration plan that will be phased in over the next four years if sufficient resources are provided. The EDC migration requirement creates a unique opportunity to modernize and standardize Ecology's business applications, as well as the computing, data storage and backup capabilities. New computing and data storage environments will be standardized on current operating and database systems, and business applications will be updated to current standards and security requirements. Every business application will be tested to ensure it meets the Ecology standards before migration to the new data center environments.

As illustrated in the following diagram, Ecology will continue moving forward on the agency's business technology strategy by implementing a computing and data storage environment that includes the SDC and the cloud environments (hybrid environment). Right now, about 90 percent of the business applications are in the EDC, five percent in the SDC, and five percent in the cloud. At the completion of this project, about 70 percent of the business applications will be in the SDC, and 25 percent in the cloud.

This solution and future state aligns and is consistent with the November 2014, OCIO report titled: "Modernization of Legacy IT Systems - A Report to the Legislature." The report recommendations include standardizing across the enterprise; migrating to shared, enterprise, or cloud services; and keeping current on software versions.

Standardizing hardware, software, application deployment, and security processes in the new hybrid computing and data storage environments will:

- Simplify and speed up business application maintenance, enhancements, programming, and testing, by reducing the number of programming languages.
- Ensure a higher level of security and data protection by streamlining server security and feature upgrades as a result of having fewer server operating and database systems.
- Improve data protection and records management by consolidating and simplifying data storage, backup, and recovery capability.



ESRI – Environmental Systems Research Institute; GIS – Geographic Information System; HEAT – Tracking system for hardware and requests; IRMS – Integrated Revenue Management System; LAN – Local Area Network; MS – Microsoft; SaaS – Software as a Service; VoIP – Voice over Internet Protocol; WAN – Wide Area Network

Approach: All Ecology business applications, databases, and supporting system management applications will be updated to meet agency standards and associated security requirements prior to being migrated to the new data center environments. Applications and supporting systems that do not meet these standards will not be migrated.

The project staffing model relies on both Ecology staff and contracted resources, because this project requires significant additional work for Ecology staff, who are already working at capacity on other mission-critical agency priorities. Ecology staff will include:

- Project manager to oversee the entire project.
- Application developer staff to update applications to meet standards.
- Temporary information technology staff to support and/or backfill the application developers.
- Technical staff to set up, monitor, and maintain the three data center environments.

Contracted resources will include:

- Planning and project management of the technical data center environment (SDC and cloud) setup and migration.
- Business analysis for application assessment and testing.
- External project quality assurance, as required by the OCIO for this size project.

This staffing model will ensure Ecology staff, who have intimate knowledge of the applications, have adequate time to complete the necessary application updates, as well as maintaining and making the necessary enhancements to the agency's mission critical applications.

The EDC migration project will be completed using a phased implementation approach.

Phase One – Planning and Migration Pilot - Fiscal Year 2018:

The full scope and timeline of the business application standardization and migration will be determined in Fiscal Year 2018.

- Establish the final hardware, software, and data storage requirements for Ecology's new SDC environment.
- Complete the installation of Ecology's initial network, server, and data storage equipment in the SDC. This equipment was procured as planned in Fiscal Year 2017.

- Complete the application portfolio inventory and determine each application's software and security update requirements, as well as identify applications for consolidating or decommissioning.
- Define resource and timeline requirements for the application standardization by piloting the upgrading, testing, and migrating of a representative group of applications (by size and complexity). This pilot will be used to refine the application migration in the other phases described below.
- Complete the design and solutions for data storage, backup, and recovery strategy.

Phase Two – Migration - Fiscal Year 2019:

- Upgrade, test, and migrate phase two applications to SDC.
- Implement the designed data storage, backup and recovery technical solutions.
- Design security and user access for SharePoint migration to the cloud environment.

Phase Three – Migration - Fiscal Year 2020:

- Upgrade, test, and migrate phase three applications to SDC.
- Initiate SharePoint migration to the cloud environment.

Phase Four – Migration - Fiscal Year 2021:

- Upgrade, test, and migrate phase four applications to SDC.
- Complete SharePoint migration to the cloud environment.
- Decommission computing and data storage in the EDC.
- Modify the HVAC at the HQ facility to ensure adequate heat is provided in the basement after the data center equipment is removed and no longer generates heat that was recycled for use in the basement.

This project's success depends on WaTech's timely and quality implementation of services that are planned and documented in WaTech's July 2016 Strategic Roadmap. WaTech is aware of Ecology's business needs related to:

- Integrated SDC and cloud-based user identity and access management services that seamlessly identifies users and allows these users to securely access documents, data and applications in hybrid data center environments.
- Office 365 implementation.
- Timely SDC site readiness and responsive support.
- Provisioning a 10 gigabyte Ecology HQ to SDC circuit, for faster and efficient data communications between the users at HQ and the applications in the SDC or cloud.
- Provisioning enhanced, secure SDC-to-cloud bandwidth to meet Ecology's business needs

Based on the phased migration plan described above, WaTech's services, and successful funding of this request, Ecology can migrate out of the EDC and comply with OCIO Policy 184 by June 30, 2021.

Strategic Alignment: This request is essential to implementing Ecology's mission and strategic plan ([Ecology 2017-19 Strategic Plan](#)). Ecology's mission depends on the successful protection, preservation, and enhancement of the agency's business technology, data, and applications. Ecology relies on modern business technology solutions to execute our foundational principles of: a) collaboration and coordination; b) data-driven decision making; c) delivering data and information for the people of Washington; and d) effectiveness monitoring.

Application modernization is essential for continued support of all the priorities and goals in Ecology's strategic plan, because business systems are a foundation for all of them. This is further supported by survey results of Ecology program managers in 2017, that approximately 80 percent of Ecology program managers were very dependent on effective IT services to deliver their program results.

Migrating to a more modern, standardized, secure hybrid data center environment will result in a significant reduction in Ecology's information technology deficits and enable more effective future business systems upgrades and enhancements. Data system integrity, especially in key financial systems, and IT security are on Ecology's formal risk register and are a high priority for the agency. Business application maintenance and enhancements will be simplified. Modernizing security, data storage, and backup and recovery will improve data protection and records management.

Agency Contact:

Baird Miller, Chief Information Officer, 360-407-7048

Baird.Miller@ecy.wa.gov

Base Budget:

The business technology modernization and data center migration project will take place over a three-year period, starting in July 2018, after the initial assessment work is completed. Ecology staff required to support the project will include at least the following:

- IT project manager – 100 percent for three years to manage all aspects of the EDC migration project.
- Information technology staff from several agency programs and specialties, including:
 - Twelve application developers (each of the ten environment programs and two from the central IT program) across the agency working at approximately 0.25 FTE during the three years of the project, depending on the number and complexity of program-specific applications.
 - Network engineer; about 0.25 FTE for the entire project.
 - Server and data storage engineer; about 0.25 FTE for the entire project.
 - Infrastructure architect; about 0.25 FTE for the entire project.
 - Security and identity management engineer; about 0.25 FTE for the entire project.

These Ecology staff will be re-directed from planned maintenance and enhancements of the existing business technology. Instead they will work on the application and technology assessment, upgrades, testing, installations, and maintaining and monitoring multiple data center environments.

Currently, Ecology central IT staff spend over twice as much time maintaining and repairing applications as they do developing and enhancing new business applications. Five years ago, the work distribution was closer to equal time spent on maintenance and development.

During this project (Fiscal Years 2018 – 2021) central IT staff priorities and work will be adjusted to accomplish the following tasks:

- Research applications and assess compliance with standards.
- Standardize and modernize applications based on assessment and perform required updates.
- Develop or improve business processes to ensure Ecology's IT assets stay current.

In addition to central IT staff, time will be required by the environmental program business application owners and IT staff (developers and testers) from each of the ten environmental programs.

Ecology does not anticipate any savings for staffing or operational expenses from this request. Staff that are redirected to work on this critical Ecology project will return their focus to enhancing application features and continuously improving business technology services. In some cases, their work will change as a result of the project. Instead of designing or managing resources in one data center environment, they will be designing and managing resources across multiple data center environments.

Decision Package expenditure, FTE and revenue assumptions, calculations and details:

Ecology requires a one-time investment of \$4,627,575 total from multiple funds during Fiscal Years 2019-2021 to complete the modernization and migration and be in compliance with OCIO Policy 184 by June 30, 2021. Ongoing costs are \$75,000 a year beginning in Fiscal Year 2019 to fund the new WaTech hosting services.

This request will fund modernization of business technology applications, setup and operation of Ecology's SDC and cloud environment (hardware, software, and hosting fees); and contracted technical staff.

One-time costs are \$1,542,525 for each fiscal year in 2019, 2020, and 2021, and include:

- Server management software and support \$150,000.
- Server and storage hardware additions \$100,000.
- Hardware maintenance and support contracts for new equipment in the SDC \$125,000.
- Data storage, backup and recovery support: hardware, software, support contracts, and cloud services \$250,000.
- 2.0 FTEs Information Technology Specialist 5 - project positions to support and backfill the application developers and administrative costs \$282,525.
- Contracted resources:
 - External quality assurance for OCIO oversight - \$60,000.
 - Technical data center environment project manager - \$250,000.
 - Contracted Business Analysis and Testing Consultant - \$250,000.

Ongoing costs of \$75,000 starting in Fiscal Year 2019 are for WaTech hosting services in the SDC and connectivity to the cloud environment. These are initial estimates for hosting services; Ecology anticipates rates may be greater for overall WaTech services in the future.

Please note: The basement of Ecology's HQ that houses the EDC will need to be remodeled to add heat. The heat from the EDC servers and hardware is currently redirected and used for heating the Lacey building. Ecology plans to request funding in the 2019-21 Biennium to replace this heating source and remodel some of the space for use, once the EDC migration project is complete.

Revenue from the Radioactive Mixed Waste Account is adjusted to reflect the change in expenditures.

Explanation of costs by object:

A- Salary estimates are current actual rates at step I, the agency average for new hires.

B - Benefits are the agency average of 36 percent of salaries.

C - Personal Services Contracts \$560,000 each fiscal year.

E - Goods and Services are the agency average of \$3,784 per direct program FTE and other goods and services for \$600,000 each fiscal year.

G- Travel is the agency average of \$2,368 per direct program FTE.

J - Capital Outlays of \$100,000 each fiscal year for server and storage hardware purchases.

J - Equipment is the agency average of \$868 per direct program FTE.

Agency Administrative Overhead FTEs are included at 0.15 FTE per direct program FTE, and are identified as Fiscal Analyst 2 and IT Specialist 2.

Decision Package Justification and Impacts
What specific performance outcomes does the agency expect?

The outcome of this request will be Ecology’s compliance with OCIO Policy 184 and RCW 43.105.375, ensuring Ecology contributes to Washington State’s plan to optimize use of the SDC.

This request provides essential support to two of the Governor’s Results Washington Goals.

Goal 3 – Sustainable energy & a clean environment by:

- Efficiently and effectively managing the tracking systems necessary to monitor the environment.

Goal 5 – Efficient, effective and accountable government by:

- Increasing service reliability (timeliness of agency core services) by standardizing and modernizing Ecology’s IT assets before system breakdowns occur and cause disruption to mission-critical work.
- Improving the quality and accuracy of data for decision makers by providing data management methods that allow quicker, easier access.
- Efficiently and effectively managing Ecology’s IT assets by providing IT solutions using modern technologies that are easier to maintain and upgrade when necessary. This will allow more rapid automation for future changes required by legislative direction and policy and rule changes.

This request is essential to supporting all the priorities and goals in Ecology’s strategic plan, because business technology systems are a core foundation for all of Ecology’s environmental and public health work.

Performance Measure detail:

Activity: A002		Administration			
		Incremental Change	Incremental Change	Incremental Change	Incremental Change
Measures		FY 2018	FY 2019	FY 2020	FY 2021
001655	Refer to Narrative Justification				

This change will optimize SDC use and help agencies avoid the cost and complexity of maintaining their own data centers. The SDC provides the necessary space, power, cooling, connectivity, and physical and network security for the server, storage, and networking equipment for agencies that use it. The SDC operates more efficiently and provides better physical and virtual security and resiliency than any other state agency space.

Fully describe and quantify expected impacts on state residents and specific populations served.

There will be no direct impact on state residents. State residents are indirectly impacted, because the data tracked in many of Ecology’s systems is used to administer and manage critical environmental work that leads to a healthier environment. Ecology’s ability to effectively and efficiently manage its systems is crucial to our ability to perform environmental work.

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

Impact(s) To:		Identify / Explanation
Regional/County impacts?	Yes	Many county governments receive grants, loans, and permits from Ecology. The systems that manage these services will be impacted by this work.
Other local gov't impacts?	Yes	Many local governments receive grants, loans, and permits from Ecology. The systems that manage these services will be impacted by this work.
Tribal gov't impacts?	Yes	Tribal governments receive grants, loans, and permits from Ecology. The systems that manage these services will be impacted by this work.
Other state agency impacts?	Yes	Other state agencies receive grants, loans, data, and permits from Ecology. The systems that manage these services will be impacted by this work. There are two state agencies that receive co-location services from the EDC: PLIA and SCC - see note below. There is also one federal agency- EPA- that has equipment in the EDC. These agencies will migrate out of the EDC by the end of the project.
Responds to specific task force, report, mandate, or exec order?	Yes	OCIO Policy 184 requires all state agencies migrate to the SDC by June 30, 2019. This request will also bring Ecology into compliance with RCW 43.105.375.
Does request contain a compensation change?	No	
Does request require a change to a collective bargaining agreement?	No	
Facility/workplace needs or impacts?	Yes	Ecology plans to request funding in the 2019-21 Biennium to replace the heating provided by the EDC and remodel some of the space for use.
Capital Budget Impacts?	Yes	Ecology plans to submit a 2019-21 Capital Budget request for necessary facility changes.
Is change required to existing statutes, rules or contracts?	No	
Is the request related to or a result of litigation?	No	
Is the request related to Puget Sound recovery?	Yes	See narrative below.
Identify other important connections		

The following government agencies with offices at Ecology headquarters are out of scope for this request. They have been informed about the EDC migration to the SDC and what Ecology's data center migration schedule is.

- United States Environmental Protection Agency (EPA) Region 10 - Due to a federal mandate, the EPA is already in the process of moving their equipment out of the EDC and should be completed by June 30, 2018.
- Washington State Pollution Liability Insurance Agency – PLIA has one system located in the EDC. They plan to move this system to another location before the EDC is vacated.
- Washington State Conservation Commission – The SCC does not host any servers in the EDC. They have some systems on Ecology servers and they will be migrated along with Ecology systems when the servers are migrated.

Please provide a detailed discussion of connections/impacts identified above.

Local governments, tribes, and other state agencies that receive grants, loans, and permits from Ecology depend on reliable and secure Ecology systems for processing their requests, permits, and payments.

EPA receives multiple data flows of a predefined nature and structure as mandated in the EPA/Ecology Delegated Authority agreement. The systems and services that capture, manage, and publish this data will be impacted by this work. And the Ecology Exchange Network Node on the network will need to be migrated to the SDC and then reconnected to the Exchange Network.

This request supports Puget Sound recovery by updating Ecology's applications used for data collection, reporting and documenting work efforts related to Puget Sound Action Agenda implementation, i.e., preventing pollution from storm water runoff; protecting and restoring habitat; and recovering shellfish beds.

What alternatives were explored by the agency and why was this option chosen?

Ecology contracted with private consulting firms to help assess the state of Ecology's current business technology portfolio. These consulting firms assisted in the development of a formal infrastructure roadmap, data center migration strategy and migration plan, and provided analysis and recommendations for a new business technology service delivery model in the SDC, cloud, or hybrid environments. This included identifying what major decisions need to be made before modernization and before migrating to the SDC.

The key alternative considered was the lift-and-shift option, i.e., moving all current hardware and software in their current state to new data center environments. This option was considered extremely high risk. Migrating data center equipment near its end-of-life, and in a non-standard state, significantly increases the risk of equipment failure. If this equipment were to fail during migration, Ecology's continuity of business operations could be severely impacted. Two consulting firms validated the high risk associated with a lift-and-shift approach.

The proposed option was chosen because Ecology has already been working on upgrading its IT portfolio. We have moved systems and services to the SDC, as appropriate, when new or upgraded services are implemented (e.g., Mobile Device Management is in the SDC environment). We are already taking advantage of cloud services with the completion of eTime and eComments (a cloud based service for managing public comments). Ecology needs to standardize and modernize applications as they are maintained or replaced. Without new resources, Ecology will not be able to keep up with the (current) pace of implementing new systems and new technology needed by the environmental programs, while researching our entire diverse and aging application portfolio to upgrade and prepare for the move to the SDC.

Ecology will continue to evaluate the alternative of using cloud services for storage and computing needs so that its physical data center footprint is minimized in the future.

What are the consequences of not funding this request?

If this request is not funded, the business technology modernization and data center migration would be significantly delayed beyond June 30, 2021, resulting in further delays to Ecology's compliance with state law and OCIO Policy 184. In addition, agency risk would continue to increase through the delay of modernizing business applications to meet Ecology's IT standards and industry best practices.

Agency IT staff are currently working at capacity and do not have the time to keep up with the current business application enhancements needed by the environmental programs. Without assistance from expert consulting services and project staffing, the timeline would have to be delayed further, which adds more complexity and risk to the project because technology and security standards will continue to evolve.

Ecology would not have this opportunity to modernize applications to meet current IT standards and industry best practices system-wide, therefore business application maintenance and enhancements, security upgrades, and data protection and records management would continue to be complex, inefficient, and time-consuming processes.

The delay in moving to the SDC would reduce WaTech's planned revenue, which in turn impacts the viability and cost effectiveness of Washington's centralized data center.

How has or can the agency address the issue or need in its current appropriation level?

A project of this scope cannot be addressed within existing resources. As part of Ecology's budget development process, programs must first look to existing resources to fund new budget needs. Where possible, additional workload needs are prioritized within current appropriation levels through implementing efficiencies, delaying lower priority work, or tapping into one-time savings from vacancies or other unrealized costs. The 50+ dedicated accounts Ecology manages have very specific purposes and limited uses, with little flexibility to take on new work.

Information technology:

- ☐ No
- ☒ Yes Continue to IT Addendum below and follow the directions on the bottom of the addendum to meet requirements for OCIO review.)

2017-19 IT Addendum

Part 1: Itemized IT Costs

Please itemize any IT-related costs, including hardware, software, services (including cloud-based services), contracts (including professional services, quality assurance, and independent verification and validation), or IT staff. Be as specific as you can. (See chapter 12.1 of the operating budget instructions for guidance on what counts as “IT-related costs”)

Information Technology Items in this DP (insert rows as required)	FY 2019	FY 2020	FY 2021
Server management software and support	\$150,000	\$150,000	\$150,000
Server and storage hardware additions	\$100,000	\$100,000	\$100,000
Hardware maintenance and support contracts for new equipment in the SDC	\$125,000	\$125,000	\$125,000
Data storage, backup and recovery hardware, software, support contracts and cloud services	\$250,000	\$250,000	\$250,000
WaTech hosting and services in the SDC and connectivity to the cloud environment	\$75,000	\$75,000	\$75,000
One-time salary, benefits and associated staff costs for 2 FTEs from ITSO, ITS5 level	\$282,525	\$282,525	\$282,525
Contracted external quality assurance for OCIO Oversight	\$ 60,000	\$ 60,000	\$ 60,000
Contracted Technical data center environment project manager	\$250,000	\$250,000	\$250,000
Contracted Business Analysis and Testing Consultant	\$250,000	\$250,000	\$250,000
Total Cost	\$1,542,525	\$1,542,525	\$1,542,525

Part 2: Identifying IT Projects

If the investment proposed in the decision package is the development or acquisition of an IT project/system, or is an enhancement to or modification of an existing IT project/system, it will also be reviewed and ranked by the OCIO as required by RCW 43.88.092. The answers to the three questions below will help OFM and the OCIO determine whether this decision package is, or enhances/modifies, an IT project:

1. Does this decision package fund the development or acquisition of a new or enhanced software or hardware system or service? ☒ Yes ☐ No
2. Does this decision package fund the acquisition or enhancements of any agency data centers? (See [OCIO Policy 184](#) for definition.) ☒ Yes ☐ No
3. Does this decision package fund the continuation of a project that is, or will be, under OCIO oversight? (See [OCIO Policy 121](#).) ☒ Yes ☐ No

If you answered “yes” to any of these questions, you must complete a concept review with the OCIO before submitting your budget request. Refer to chapter 12.2 of the operating budget instructions for more information.

**2018 Supplemental Budget
Decision Package**

Agency: 461 Department of Ecology

Decision Package Code/Title: CC Bellingham Field Office Relocation

Budget Period: 2017-19

Budget Level: Performance Level

Agency Recommendation Summary Text:

The Office of Financial Management Facilities Oversight Program has authorized the relocation of Ecology's Bellingham Field Office (BFO). Originally, the relocation was to occur before June 30, 2017; but that timeline has shifted to December 2017. The circumstances delaying the project were beyond Ecology's control—it took longer than anticipated to secure a new facility lease, and there were construction delays in building the new facility. Ecology requests one-time appropriation for the relocation, and an ongoing appropriation reduction for lease savings in the new facility.

Fiscal Summary:

Expenditures by Account			<u>FY 2018</u>	<u>FY 2019</u>	<u>FY 2020</u>	<u>FY 2021</u>
001-1	General Fund - State		89,733	(18,670)	(18,670)	(18,670)
044-1	Waste Red., Recycling & Litter - State		12,394	(2,579)	(2,579)	(2,579)
173-1	State Toxics Control - State		189,876	(39,505)	(39,505)	(39,505)
174-1	Local Toxics Control - State		7,437	(1,547)	(1,547)	(1,547)
176-1	Water Quality Permit - State		74,859	(15,575)	(15,575)	(15,575)
182-1	Underground Storage Tank - State		6,445	(1,341)	(1,341)	(1,341)
19G-1	Enviro Legacy Stewardship - State		47,593	(9,902)	(9,902)	(9,902)
207-1	Hazardous Waste Assistance - State		12,889	(2,682)	(2,682)	(2,682)
20R-1	Radioactive Mixed Waste - State		27,763	(5,776)	(5,776)	(5,776)
216-1	Air Pollution Control - State		5,949	(1,238)	(1,238)	(1,238)
217-1	Oil Spill Prevention - State		14,872	(3,094)	(3,094)	(3,094)
219-1	Air Operating Permit - State		5,949	(1,238)	(1,238)	(1,238)
	Total Expenditures		495,759	(103,147)	(103,147)	(103,147)
Expenditures by Object			<u>FY 2018</u>	<u>FY 2019</u>	<u>FY 2020</u>	<u>FY 2021</u>
C	Personal Service Contract		100,000			
E	Goods and Services		352,479	(103,147)	(103,147)	(103,147)
J	Capital Outlays		43,280			
	Total Objects		495,759	(103,147)	(103,147)	(103,147)
Revenue						
<u>Account</u>		<u>Source</u>	<u>FY 2018</u>	<u>FY 2019</u>	<u>FY 2020</u>	<u>FY 2021</u>
20R-1 - Radioactive Mixed Waste		0294	27,763	(5,776)	(5,776)	(5,776)
	Total Revenue		27,763	(5,776)	(5,776)	(5,776)

Package Description

Ecology's regional and field offices mostly serve an implementation role for business areas such as spill response, permitting, technical assistance, site inspection, sampling, investigation, and enforcement. Ecology locates regional and field offices to minimize travel time and expenses related to providing the necessary field presence to accomplish the agency's mission. Ecology is requesting funds to cover the relocation of the BFO.

Ecology's BFO was originally scheduled to relocate to a new facility in Fiscal Year 2017, but this has been delayed until December 2017 at the earliest for reasons outside of the agency's control. The delay required Ecology to extend the current lease contract at BFO, at an increased cost, to continue operations while waiting on the new facility to be constructed. The lease rate at BFO was \$302,820 a year, which expired June 30, 2017. The seven-month lease rate extension totals \$220,806, but could be more if there are further delays in constructing the new facility. The annual lease rate at the new location will be \$16,639.42 a month, \$199,673 a year, and current agreements assume rent payments begin in December 2017. Ecology estimates an ongoing annual lease rate savings of \$103,147 beginning in Fiscal Year 2019.

The new facility will reduce Ecology's space in Bellingham by approximately 4,105 square feet to a total of 10,255 square feet. Moving to a smaller facility is the most efficient and cost-effective option. In particular, the new location will include specialized space for storing field gear and research equipment, spill response vehicles and boats, and laboratory samples, as well as provide chain of custody management. Right now, spill response equipment is located miles from the office, because there is no space for it in the current facility; and this lengthens emergency response time. The new facility will provide a safe, efficient, and well-maintained space for Ecology's business operations in Northwest Washington.

Costs for this relocation are higher than originally estimated, based on the final negotiated lease and additional costs incurred as a result of the project delay. This request will cover Department of Enterprise Services (DES) fees; tenant improvements; installing IT infrastructure; installing building security and access systems; and moving furniture, equipment, and Ecology records.

This request is essential to implementing Ecology's strategic plan, because it supports the staff working in the buildings that implement Ecology's mission critical work across the state. This request is consistent with the facilities goals stated in the strategic plan and will help Ecology effectively serve communities in the region.

Agency Contact:
Fran Huntington
360-407-7028
fhun461@ecy.wa.gov

Base Budget:

As required in Ecology's 2013—2015 Legislative Budget Proviso report and the OFM Six-Year Facilities Plan, the BFO is required to relocate to reduce space and address high rental rates in the current Fairhaven/Bellingham market. Ecology's biennial base budget of \$605,640 is being decreased to \$399,346 (\$199,673 annually) beginning in Fiscal Year 2019, and the space utilization is being decreased from 14,360 square feet to 10,255 square feet.

Decision Package expenditure, FTE and revenue assumptions, calculations and details:

The OFM Modified PreDesign for the BFO relocation is nearly two years old and has been updated with actual lease cost numbers for the new facility and new estimates for the other costs. The BFO relocation will have an ongoing annual reduction of \$103,147 beginning in Fiscal Year 2019. To accomplish this, one-time expenditures during Fiscal Year 2018 will be needed to complete the facility setup and move. The ongoing lease reduction and one-time expenditures are detailed in the table below, and include the Facility Lease information; DES Real Estate Service Fees; Facility improvements; Furniture Costs; IT Infrastructure; Building Security and Access Systems; and Moving Vendor and Supplies. The total requested for the 2017-19 Biennium is \$392,612 with the

one-time relocation costs and ongoing base lease reduction. Note: IT-related costs are for local area network capacity, not data servers and platforms that are required to be located in the state data center. After a consult with WaTech and the Office of the Chief Information Officer (OCIO), Ecology was informed that our IT Project Assessment Tool indicates this project will not be under OCIO Oversight.

Also, the revenue from the Radioactive Mixed Waste account is adjusted to reflect the change in expenditures.

Expenditure Type	Description	Status	FY18	FY19	Total
Facility Lease	Base lease cost reduction from current facility to new facility.	Ongoing	(\$302,820)	(\$302,820)	(\$605,640)
	Additional seven months increased lease costs at current facility due to the delayed relocation (may increase if there are further delays).	One-time	\$220,806	\$0	\$220,806
	Base lease cost for new facility.	Ongoing	\$116,476	\$199,673	\$316,149
DES Real Estate Service Fees	DES charge for facility planning and lease preparation.	One-time	\$44,161	\$0	\$44,161
	DES Real Estate fee payment made May 2017.	One-time	(\$19,499)	\$0	(\$19,499)
Facility Improvements	Additional Electrical Circuits estimate.	One-time	\$4,000	\$0	\$4,000
	Plumbing estimate.	One-time	\$3,500	\$0	\$3,500
	Cabinet modifications estimate.	One-time	\$1,000	\$0	\$1,000
	\$117,000 based on OFM Life Cycle Cost Model -- \$10/RSF.	One-time	\$117,000	\$0	\$117,000
Furniture Costs	Assumes \$5,000 for workstation tear-down and set-up, and \$5,000 for relocating the high-density filing system.	One-time	\$10,000	\$0	\$10,000
IT Infrastructure	Network Hardware (Capital Outlays)	One-time	\$43,280	\$0	\$43,280
	Premise Wiring	One-time	\$36,788	\$0	\$36,788
	UPS System Move	One-time	\$4,328	\$0	\$4,328
	Video Conferencing	One-time	\$3,246	\$0	\$3,246
	Consumables	One-time	\$1,082	\$0	\$1,082
	Server Patch Cables	One-time	\$757	\$0	\$757
	Additional IT/Data Jacks	One-time	\$1,623	\$0	\$1,623
	Fiber Optic	One-time	\$10,654	\$0	\$10,654
	Contingency	One-time	\$8,270	\$0	\$8,270
	Consultant services for IT project management (Personal Service Contract)	One-time	\$100,000	\$0	\$100,000
Building Security and Access Systems	Additional doors/controlled spaces based on the site and specific building design.	One-time	\$78,072	\$0	\$78,072
Moving Vendor and Supplies	Based on Ecology's 2015 Central Regional Office move project of \$395/FTE.	One-time	\$13,035	\$0	\$13,035
Total			\$495,759	(\$103,147)	\$392,612

Explanation of costs by object:

Personal Service Contracts for IT project management are \$100,000 (Object C)

Goods and Services are \$249,332 (Object E).

Capital Outlays are \$43,280 (Object J) for Network Hardware.

Decision Package Justification and Impacts

What specific performance outcomes does the agency expect?

The outcome of this request will be to provide essential support to the Governor's Results Washington Goal 5, Effective, Efficient, and Accountable Government by providing an efficiently-run operating base that supports Ecology's programs as they work to reduce negative impacts on the environment.

This request also supports Goal 2, Prosperous Economy, by providing sustainable and efficient infrastructure at Ecology facilities. Facilities are an important part of the work Ecology does, and this request will help Ecology maintain facilities in good condition that can effectively support Ecology's business operations.

Performance Measure detail:

Activity: A002 Administration		Incremental Change	Incremental Change	Incremental Change	Incremental Change
		FY 2018	FY 2019	FY 2020	FY 2021
001655	Measures Refer to Narrative Justification				

Fully describe and quantify expected impacts on state residents and specific populations served.

The outcome of this request will be to increase the level of service Ecology provides to the public by assuring its facilities are efficient, safe, and well-maintained for employees and the public. This facility provides a Northwest Washington operating base for Ecology's programs and is an important link in meeting Ecology's mission to protect, preserve, and enhance Washington's environment for current and future generations.

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

Impact(s) To:		Identify / Explanation
Regional/County impacts?	Yes	Continue service to Northwest WA Counties
Other local gov't impacts?	Yes	Continue service to Northwest WA local governments
Tribal gov't impacts?	Yes	Continue service to Northwest WA Tribal governments
Other state agency impacts?	Yes	Continue local relationships with other state agencies
Responds to specific task force, report, mandate or exec order?	Yes	The BFO relocation is included in the 2013-19 Six-Year Facilities Plan, and is included in Ecology's 2013-2015 Legislative Budget Proviso Facilities Plan.
Does request contain a compensation change?	No	
Does request require a change to a collective bargaining agreement?	Yes	Employee work location will change.
Facility/workplace needs or impacts?	Yes	Impacts related to a new work location.

Capital Budget Impacts?	No	
Is change required to existing statutes, rules or contracts?	No	
Is the request related to or a result of litigation?	No	
Is the request related to Puget Sound recovery?	No	
Identify other important connections		

Please provide a detailed discussion of connections/impacts identified above.

The BFO relocation is included in the 2013-19 Six-Year Facilities Plan, and is included in Ecology's 2013-2015 Legislative Budget Proviso Facilities Plan. The intent is to maintain the important connections Ecology already has in this area of the state and to minimize impacts to employees; state, local, and tribal governments; and the public we serve.

What alternatives were explored by the agency and why was this option chosen?

Ecology worked closely with OFM's Facilities Oversight and DES Real Estate Services Division to examine all available options including a space reduction and lease renegotiation in the current facility, as well as an open market search in the greater Bellingham area for viable facility solutions. The selected property was determined to meet both existing and foreseeable future agency business needs in the area.

What are the consequences of not funding this request?

If Ecology doesn't receive an appropriation for the BFO relocation, we would have to cover the expenses from existing funding, which could result in other facility projects and/or maintenance work being delayed. This could also have implications to Ecology's programs and environmental work, because facility costs are allocated to Ecology's programs based on their use of square footage.

How has or can the agency address the issue or need in its current appropriation level?

As part of Ecology's budget development process, programs must first look to existing resources to fund new budget needs. Where possible, additional workload needs are prioritized within current appropriation levels through implementing efficiencies, delaying lower priority work, or tapping into one-time savings from vacancies or other unrealized costs. The 50+ dedicated accounts Ecology manages have very specific purposes and limited uses, with little flexibility to take on new work. For this request, Ecology is unable to reprogram within its current activities because doing so would be at the expense of existing, fundamental, environmental and public health priorities.

Information technology: Does this Decision Package include funding for any IT-related costs, including hardware, software, services (including cloud-based services), contracts or IT staff?

- ☐ No
☒ Yes

2017-19 IT Addendum

Part 1: Itemized IT Costs

Please itemize any IT-related costs, including hardware, software, services (including cloud-based services), contracts (including professional services, quality assurance, and independent verification and validation), or IT staff. Be as specific as you can. (See chapter 12.1 of the operating budget instructions for guidance on what counts as “IT-related costs”)

Information Technology Items in this DP (insert rows as required)	FY 2018	FY 2019	FY 2020	FY 2021
Network Hardware	43,280	0	0	0
Premise Wiring	36,788	0	0	0
UPS System Move	4,328	0	0	0
Video Conferencing	3,246	0	0	0
Consumables	1,082	0	0	0
Server Patch Cables	757	0	0	0
Additional IT/Data Jacks	1,623	0	0	0
Fiber Optic	10,654	0	0	0
Contingency	8,270	0	0	0
IT Project Management Consultant Services	100,000	0	0	0
Total Cost	\$210,028	0	0	0

Part 2: Identifying IT Projects

If the investment proposed in the decision package is the development or acquisition of an IT project/system, or is an enhancement to or modification of an existing IT project/system, it will also be reviewed and ranked by the OCIO as required by RCW 43.88.092. The answers to the three questions below will help OFM and the OCIO determine whether this decision package is, or enhances/modifies, an IT project:

1. Does this decision package fund the development or acquisition of a ☐ Yes ☒ No new or enhanced software or hardware system or service?
2. Does this decision package fund the acquisition or enhancements ☐ Yes ☒ No of any agency data centers? (See [OCIO Policy 184](#) for definition.)
3. Does this decision package fund the continuation of a project that ☐ Yes ☒ No is, or will be, under OCIO oversight? (See [OCIO Policy 121](#).)

If you answered “yes” to any of these questions, you must complete a concept review with the OCIO before submitting your budget request. Refer to chapter 12.2 of the operating budget instructions for more information.

**2018 Supplemental Budget
Decision Package**

Agency: 461 Department of Ecology

Decision Package Code/Title: CD Funding Oil Spill Planning-Nonfuel

Budget Period: 2017-19

Budget Level: Performance Level

Agency Recommendation Summary Text:

In April 2017, the Legislature passed Engrossed Substitute House Bill (ESHB) 1136, 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 full contingency plans and conducting drills. Implementation funding was not provided in the enacted budget. This request is for funding to implement ESHB 1136.

Fiscal Summary:

Expenditures by Account			<u>FY 2018</u>	<u>FY 2019</u>	<u>FY 2020</u>	<u>FY 2021</u>
217-1	Oil Spill Prevention - State			80,578		
	Total Expenditures		0	80,578	0	0
Expenditures by Object			<u>FY 2018</u>	<u>FY 2019</u>	<u>FY 2020</u>	<u>FY 2021</u>
A	Salaries and Wages			43,410		
B	Employee Benefits			15,628		
E	Goods and Services			2,270		
G	Travel			1,421		
J	Capital Outlays			521		
T	Intra-Agency Reimbursements			17,328		
	Total Objects		0	80,578	0	0
Staffing						
Job Class		Salary	<u>FY 2018</u>	<u>FY 2019</u>	<u>FY 2020</u>	<u>FY 2021</u>
COMMUNICATIONS CONSULTANT 5		73,910		0.10		
ENVIRONMENTAL PLANNER 4		72,037		0.50		
FISCAL ANALYST 2				0.06		
IT SPECIALIST 2				0.03		
	Total FTEs		0.0	0.7	0.0	0.0

Package Description

Ecology is requesting funding to implement ESHB 1136 from the 2017 Legislative Session, because implementation funding was not provided in the enacted budget. The bill amended RCW 90.56.210 in the following areas:

- Class III railroads carrying 49 or more car loads per year of non-crude oil must have a full-scale contingency plan (the same as required of all crude-oil carrying railroads); but they would not need to have the following elements in their plan:
 - 1) Contracted access to response equipment.
 - 2) More than one tabletop drill in three years.
- Class III railroads carrying 49 car loads or less per year of non-crude oil must have a more basic contingency plan on file with Ecology. The plan must consist of:
 - 1) Contact information for chain of command and spill responders.
 - 2) Information about the railroad's accident and pollution insurance, available to Ecology upon request.
 - 3) A field plan for initial response.

Ecology's rules on oil spill contingency plans must be amended to implement ESHB 1136 as detailed in the fiscal note. Providing funding to Ecology to implement the bill will help ensure that smaller railroads that transport only non-crude oils understand the reduced contingency plan requirements. This will be a cost savings to these companies. Ecology will amend contingency plan rules to reflect the changes in the bill so the law and rules are consistent. We will also reach out to stakeholders to ensure class III railroads transporting non-crude oils understand the new, more limited requirements.

The 2004 Legislature directed Ecology to achieve a zero-spills goal, and we have managed to achieve significant milestones to that end; Washington has the lowest per capita spills rate in the nation, and a drill program that has become a teaching ground for other countries and states. Ensuring our contingency plan rules are up to date will help our customers understand what is required of them as we work together to achieve the zero-spills goal.

Obtaining funding to implement these new requirements is particularly important since the 2015 Oil Transportation Safety Act was funded with one-time resources in the 2015-17 Biennium, and the Oil Spills Prevention Account that supports core oil spills prevention and preparedness work has a projected shortfall of about \$2 million in 2017-19. If the shortfall is not addressed in the 2018 Legislative Session, Ecology will have to cut core services, which would increase the risk in the number and volume of oil spills in Washington, with harmful outcomes to public health, the economy, the environment, and cultural resources.

Agency Contact:

Tra Thai

360-407-7454

Tra.Thai@ecy.wa.gov

Base Budget:

The overall Spills base budget at the 2017-19 Biennium Enacted Budget includes 84 FTEs and \$33.6 million total. Of this amount, the Oil Spills Prevention Account is \$7.7 million, Model Toxics Control Act funding is \$16.8 million, and \$9 million comes from other funding sources.

Decision Package expenditure, FTE and revenue assumptions, calculations and details:

Ecology is requesting one-time funding of \$80,578 and 0.7 FTE in Fiscal Year 2019 for updating the contingency planning rule as required by the changes in RCW 90.56.210, and to provide assistance to the rail industry in understanding the changes and developing their oil spill plans. Based on the process used for the 2015 contingency planning rule for rail, initiating and managing the rulemaking process for the requirements in ESHB 1136 would require an Environmental Planner 4 (0.5 FTE) from July 1, 2018, to June 30, 2019. To provide support in the rule analysis and provide outreach communication to the public and stakeholders, it would also require a Communications

Consultant 5 (0.1 FTE) from July 1, 2018, to June 30, 2019. An Economic Analyst is assumed to not be necessary for this rulemaking process.

Please note: Costs in this request are slightly higher than the fiscal note due to increases in salary and standard costs following the 2017-19 Enacted Budget.

Explanation of costs by object:

Salary estimates are current actual rates at step I, the agency average for new hires.

Benefits are the agency average of 36 percent of salaries.

Goods and Services are the agency average of \$3,784 per direct program FTE.

Travel is the agency average of \$2,368 per direct program FTE.

Equipment is the agency average of \$868 per direct program FTE.

Agency Administrative Overhead is calculated at the federally approved agency indirect rate of 29.35 percent of direct program salaries and benefits, and is shown as object T. Agency Administrative Overhead FTEs are included at 0.15 FTE per direct program FTE, and are identified as Fiscal Analyst 2 and IT Specialist 2.

Decision Package Justification and Impacts

What specific performance outcomes does the agency expect?

This request will provide funding for Ecology to implement ESHB 1136, Oil Spill Planning-Nonfuel.

This request provides essential support to the Governor's Results Washington goals:

Goal 2, Prosperous Economy, by protecting our public health, safety, economic resources and minimizing the environmental impacts associated with the transport and spill of oil and hazardous materials in Washington.

Goal 3, Sustainable Energy and a Clean Environment, by further reducing toxic threats to the environment with sustainable resources to provide continued strong oil spill prevention, preparedness, and response protection for Washingtonians.

Goal 4, Healthy and Safe Communities, by helping to prevent and prepare for oil spills that would negatively impact the health and safety of communities in Washington.

Performance Measure detail:

Activity: A030		Prepare for Aggressive Response to Oil & Hazardous Material Incidents			
		Incremental Change FY 2018	Incremental Change FY 2019	Incremental Change FY 2020	Incremental Change FY 2021
001655	Measures Refer to Narrative Justification				

Fully describe and quantify expected impacts on state residents and specific populations served.

ESHB 1136 amended RCW 90.56.210 for smaller railroads that transport only non-crude oils (such as gas, diesel, motor oils, and vegetable oils). These railroads must develop and implement more limited oil spill contingency plans, rather than full contingency plans and conducting drills. This reduces their regulatory requirements.

Having smaller railroads complete even these more basic contingency plans will help them prepare for a large spill from non-crude oil products, and the requirements are less burdensome to produce and implement.

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

Impact(s) To:		Identify / Explanation
Regional/County impacts?	Yes	Having updated contingency plan rules and outreach to railroads protects regions and local communities should spills occur, allowing first responders access to information about the steps that will be taken by railroads, as well as knowledge about what products are moved through their communities. It also reduces confusion and costs for the impacted railroads. It will be clear which elements of a response the companies are prepared for, and where assistance from others may be needed.
Other local gov't impacts?	No	
Tribal gov't impacts?	No	
Other state agency impacts?	No	
Responds to specific task force, report, mandate or exec order?	Yes	This request will implement ESHB 1136, which amended RCW 90.56.210.
Does request contain a compensation change?	No	
Does request require a change to a collective bargaining agreement?	No	
Facility/workplace needs or impacts?	No	
Capital Budget Impacts?	No	
Is change required to existing statutes, rules or contracts?	Yes	Changes are required for Chapter 173-186 WAC.
Is the request related to or a result of litigation?	No	
Is the request related to Puget Sound recovery?	No	
Identify other important connections		

Please provide a detailed discussion of connections/impacts identified above.

If the law and rule regarding contingency plans for these smaller railroads continue to conflict, and if there is no public outreach, there would likely be confusion regarding what affected railroads must have in place. Affected railroads could ultimately develop full plans, which is more costly and conflicts with the intent of the change in law. Other groups that prepare for responses, including state agencies, local responders, and tribes, may not understand railroads are preparing more basic contingency plans. If this is not clear to them, these other agencies, local governments, and tribes may not be as prepared to respond as they need to be.

What alternatives were explored by the agency and why was this option chosen?

Ecology could choose not to request funding for this work, but it would leave our rules inconsistent with statute and would likely cause confusion for impacted railroads. Ecology cannot reprogram within its current activities to pay for this rulemaking and outreach, because it would be at the expense of existing, fundamental environmental and public health priorities. We also considered requesting one-time General-Fund State funding since the Oil Spills Prevention Account (OSPA) that traditionally funds this work is facing a significant shortfall this biennium. Ecology proposed OSPA funding to be consistent with the fiscal note prepared for ESHB 1136.

What are the consequences of not funding this request?

This request directly responds to the Legislature's interest in assisting the smaller railroads in doing less comprehensive contingency plans when they carry non-crude oil products, compared to the bigger railroads that carry large quantities of crude oil. Without funding to implement ESHB 1136, Ecology could rely on the new statutory language RCW 90.56.210, but it would contradict with the rail oil spill contingency plans rule in Chapter 173-186 WAC. This would cause confusion for the affected railroads. Railroads need clear direction, particularly because there have been many recent changes related to requiring contingency plans (as passed in the 2015 Act) and now adjusting those requirements in 2017.

How has or can the agency address the issue or need in its current appropriation level?

Ecology is not able to reprogram within its current activities, because it would be at the expense of existing, fundamental environmental and public health priorities. Staff are working at maximum capacity, and there is no ability to absorb work required in ESHB 1136 without additional funding as requested in the fiscal note.

Furthermore, the recommended fund source for this work, the OSPA, is facing a significant shortfall in the 2017-19 Biennium, and unless a legislative solution is provided, the program will have to go through a layoff process and stop doing core spills prevention and preparedness work. Please refer to Ecology's request titled "Funding Oil Spills Program" for more information on the shortfall and our proposed solution.

Information technology: Does this Decision Package include funding for any IT-related costs, including hardware, software, services (including cloud-based services), contracts or IT staff?

☒ No

State of Washington

Summarized Revenue by Account and Source

Budget Period: 2017-19
 Dollars in thousands
 461 - Department of Ecology
 Agency Level
 S1 - Supplemental 2018
 Supporting Text Excluded

10/2/2017
 2:57PM

	Maintenance Level		Performance Level		Biennium Totals	
	FY2018	FY2019	FY2018	FY2019	FY2018	FY2019
001 - General Fund						
MG - WCC Min Wage and Sup Reallocation	(16)	(16)				
Total - 0315 - Dept of Interior - F	(16)	(16)			(16)	(16)
MG - WCC Min Wage and Sup Reallocation	(131)	(131)				
Total - 0541 - Contributions Grants - P/L	(131)	(131)			(131)	(131)
001 - General Fund - Federal	(16)	(16)			(16)	(16)
001 - General Fund - Private/Local	(131)	(131)			(131)	(131)
Total - 001 - General Fund	(147)	(147)			(147)	(147)
20R - Radioactive MW Acct						
CB - Modernize and Migrate Data Center			86			
CC - Bellingham Field Office Relocation			(6)			
MH - Minimum Wage Increases - Facilities	8	9	28			
Total - 0294 - Hazardous Waste Fees - S	8	9	28	80	36	89
20R - Radioactive MW Acct - State	8	9	28	80	36	89
Total - 20R - Radioactive MW Acct	8	9	28	80	36	89
217 - Oil Spill Prevention						
CA - Funding Oil Spills Program			1,015			
Total - 0299 - Other Licenses Permi - S			1,015		1,015	1,015
217 - Oil Spill Prevention - State			1,015		1,015	1,015
Total - 217 - Oil Spill Prevention			1,015		1,015	1,015
461 - Department of Ecology - State	8	9	28	1,095	36	1,104
461 - Department of Ecology - Federal	(16)	(16)			(16)	(16)
461 - Department of Ecology - Private/Local	(131)	(131)			(131)	(131)
Total - 461 - Department of Ecology	(139)	(138)	28	1,095	(111)	957
Total						
					1,140	1,140
					(32)	(32)
					(262)	(262)
					846	846

State of Washington

Request for Fees

2017-19 Biennium: 2018 Supplemental

AGENCY	Code	Title
	461	Department of Ecology

		Incremental Revenue Dollars in Thousands				New, Increased, Continued?	Z-Draft # (or Pending)	Is a bill required?	Name of Fee	Fee Code	Agency Name	Tied to Expenditure Change?	Fee Payer Position	Explanation of Change
		GF-S	FY 2018	FY 2019	Other Funds									
461	Ecology					New	Pending	Yes	Oil Spill Prevention and Preparedness Fee	New		Yes See PL-CA	The Western States Petroleum Association is likely to support this request, based on their desire to expand the funding mechanism to other industry sectors that are regulated by the Spills Program. The U.S. Coast Guard and the Environmental Protection Agency will likely be neutral, but not opposed to this request, since they share responsibility with Ecology to manage spill response in both marine and inland areas. The environmental community will likely also support this request, since it would ensure those producing the oil spill risk are paying for the costs of regulating it and that Ecology can continue performing important oil spill prevention and preparedness work. The Washington Public Ports Association is likely to oppose this request as it's a new fee that could hamper their competitiveness economically with other ports in the country. Vessels entering Washington waters are already paying numerous fees at the ports; this would be one more fee for them. The cargo and passenger vessel industry as new fee payer will likely oppose this request.	The new fee would be \$350 for cargo and passenger vessels weighing 300 gross tons or more for each transit through navigable waters of the state making at least one moorage or anchorage within such waters, where a transit may include multiple moorages or anchorages. In general, the fee will apply to cargo ships, cruise ships, large fishing vessels, and large tugs. Based on the September revenue forecast, the Spills Program is facing a \$2.2 million shortfall in the OSPA for the 2017-19 Biennium and another \$3.3 million shortfall in 2019-21. This fee is to supplement the revenue from the barrel tax to keep the account solvent for the 2017-19 Biennium and beyond. The estimated revenue is based on 2,900 vessel transits into Washington ports in Puget Sound, Columbia River, and Grays Harbor, as reported in the Ecology 2016 Vessel Entries and Transits for Washington Waters report. Based on past trends, vessel traffic tends to fluctuate on an annual basis, so Ecology also requests to adjust the fee annually by an amount up to the fiscal growth factor (FGF) set by the Expenditure Limit Committee to keep up with prevention and preparedness costs and statewide changes. New fee language will be added to Chapter 88.46 RCW and directed for deposit into the Oil Spill Prevention Account in 90.56.510 RCW.
461	Ecology					Increased	No Legislation	No	Mixed Waste Management Fee	K003		Yes See ML-MH, PL-CB, and PL-CC	Agency initiated increase. USDOE acknowledges increase and basis for it.	Increase is based on higher cost for Minimum Wage Increases for Facility Service & Maint. Contracts per ML-MH, Data Center Migration per PL-CB, and Field Office Relocation per PL-CC. The radioactive mixed waste management fee is intended to fully fund Hazardous Waste Management Act work at mixed waste facilities. This increase is associated with Hanford permit work and the fee increase will be to US Department of Energy.
Additional Comments														

2018 Supplemental Operating Budget Requests Supporting the Puget Sound Action Agenda

October 2, 2017

Decision Package	Sub-strategy	Ongoing Program	Regional Priorities	Near Term Action	Puget Sound Dollars	Total Request Dollars
1. PL CA Funding Oil Spills Program	20.1 Prevent and Reduce the Risk of Oil Spills		20.1-1 Promote and Coordinate the Proactive Use of Maritime Risk Assessments		\$299,995	\$428,564
Total Operating Requests in Support of the Puget Sound Action Agenda					\$299,995	

2018 Supplemental Budget Request

ELECTRONIC SUBMITTAL CONFIRMATION FORM

Agency Number: 461

Agency Name: Ecology

Agencies are required to provide electronic access to each decision package in their budget request as part of the submittal process. Confirm Option 1 or 2 below:

Option 1(Preferred):



This agency posts all decision packages for our 2018 supplemental budget request to our public facing website at the following URL:

URL: [http:// www.ecy.wa.gov/services/fs/17-19budget.html](http://www.ecy.wa.gov/services/fs/17-19budget.html)

Option 2:



This agency does not post decision packages and has forwarded copies via e-mail to OFM.Budget@ofm.wa.gov.

These decision packages conform to ADA accessibility compliance policy.

Agency Valerie Pearson

Contact:

360-407-6985

Contact Phone:

Valerie.Pearson@ecy.wa.gov

Contact E-mail:

Date: 10/03/2017