



Washington State Capital Budget

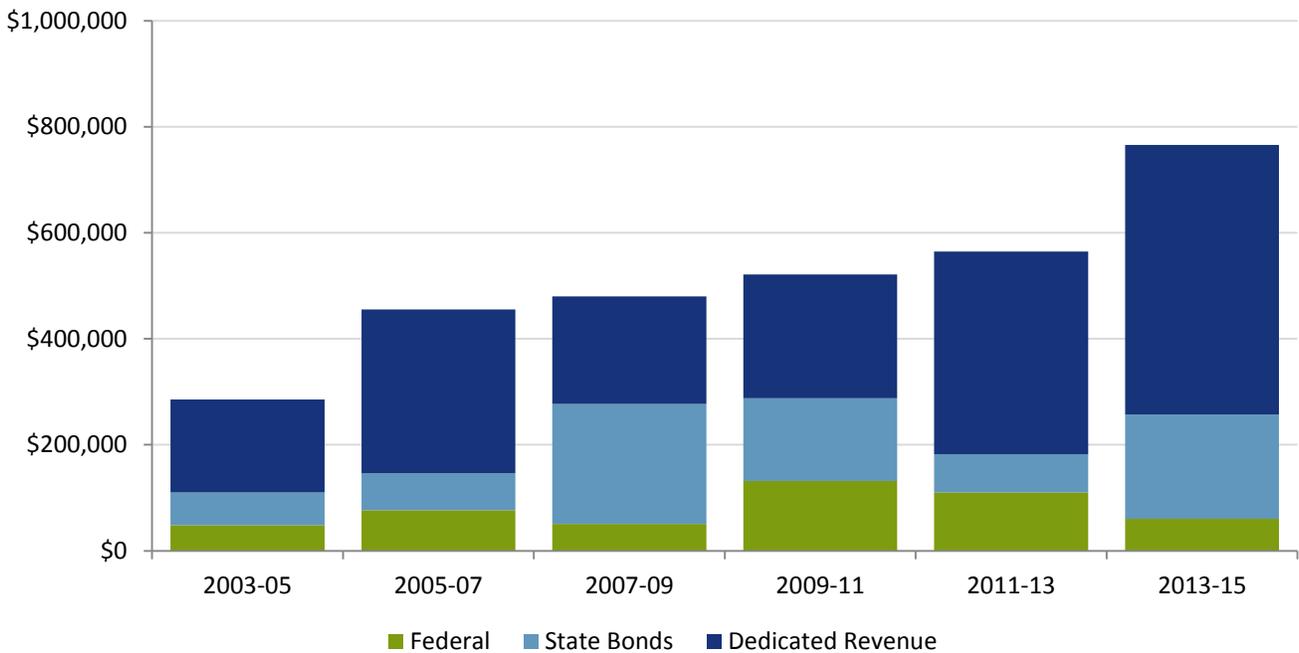
2015 Briefing Book

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Department of Ecology

Established in 1970, the stated mission of the Department of Ecology (DOE) is “to protect, preserve and enhance Washington’s environment and promote the wise management of air, land, and water for the benefit of current and future generations. The DOE receives a significant amount of state and federal capital funding to improve water and air quality; reduce and manage the generation of hazardous waste; clean up sites historically contaminated with toxics; manage water supplies for the benefit of fish, farms, and communities; and modernize landfills and support recycling.

**Department of Ecology
Capital Budget Appropriations History**
(Dollars in Thousands)



	2003-05	2005-07	2007-09	2009-11	2011-13	2013-15
Federal	48,529	76,777	50,495	131,548	110,025	60,400
State Bonds	61,755	69,443	226,693	156,469	72,125	196,819
Dedicated Revenue	174,959	309,339	203,023	233,620	382,570	508,737
Total	\$285,243	\$455,559	\$480,211	\$521,637	\$564,720	\$765,956

Source: Legislative Evaluation and Accountability Program Committee, October 2014

Major Capital Programs Administered by the Department of Ecology

Integrated Water Quality Financial Assistance

To assist local governments and federally-recognized Indian tribes in improving and protecting water quality, the DOE integrates three sources of funding: the federal Water Pollution Control Revolving Loan Fund, the state's Centennial Clean Water Grant program, and the federal Section 319 Nonpoint-Source Grant program. The first two sources are appropriated in the capital budget and the third source is appropriated in the operating budget. The DOE conducts an annual competitive round, evaluates and ranks applications, and produces a draft list of projects which is finalized once the Legislature determines the three appropriation levels. Communities often combine these funding sources with the PWAA, Community Development Block Grant, or USDA Rural Development programs in order to fully fund large-scale projects.

Known also as the State Revolving Fund (SRF), the Water Pollution Control Revolving Loan Fund was established under the federal Clean Water Act to provide cities, counties, special purpose districts, tribes and conservation districts with low-interest loans for high priority water quality projects. Loans can be used to plan, design, acquire, construct and improve rate-based water pollution control facilities such as wastewater or storm water treatment facilities. The SRF is funded through annual capitalization grants from the Environmental Protection Agency, 20 percent state match, principal and interest payments, and interest earnings on State Treasurer investments.

Initiated in 1986 (RCW 70.146), the Centennial Clean Water Program funds local governments and tribes for wastewater treatment, nonpoint source pollution control, watershed and estuary management projects that achieve specific environmental and public health benefits. The program had historically received funding from the Water Quality Account (Account), but since 2009 when revenues from the Account were transferred to the State General Fund, the program has been funded through state debt limit bonds and the state or local toxics control accounts.

In the 2013-15 Capital Budget, the Legislature appropriated \$100 million to the DOE from the Environmental Legacy Stewardship Account for storm water improvement projects and activities. Eighty-one million dollars of the total appropriation was targeted for competitive grants to cities and counties for planning, design, and construction of projects that reduce storm water impacts from existing infrastructure and development. The Legislature also provided funding and direction to the DOE to develop an ongoing, comprehensive, statewide Storm Water Financial Assistance Program to be implemented by July 1, 2015. The program will provide grants to local governments to protect and improve water quality and to improve watershed functionality. Beginning with the FY 2016 competitive round, the storm water financial assistance program will become the fourth funding source available through the Integrated Water Quality Financial Assistance process.

Floodplain Management and Control

The DOE is the state coordinating agency for floodplain management. According to the DOE, between 1980 and 2011 Washington had 22 presidentially-declared flood disasters, and in 1997, the highest number of flood disasters in the United States.

Among other responsibilities, the DOE assists local governments with flood management planning and flood hazard reduction projects. The Flood Control Assistance Account (FCAA) in the State Treasury has been used by the DOE in the past to provide grants to local governments for flood hazard reduction projects and by law, the FCAA is to receive \$4 million per biennium in a transfer from the State General Fund. However, in recent biennia, the annual transfer amount has been reduced and the grant program suspended.

In December 2007, a series of storms caused flood damage in southwest Washington. On December 8, 2007, the President declared a major disaster in the counties of Grays Harbor, Kitsap, Lewis, Mason, Pacific, and Thurston. Federal funding assistance was made available following this declaration and the next year, the Legislature authorized \$50 million in state general obligation bonds for projects throughout the Chehalis River Basin.

In the 2009-11 and 2011-13 Capital Budgets, a total of \$28 million, mostly from state general obligation bonds, was appropriated to the DOE for levee improvements in specific communities and grants to protect communities from flood and drought. The 2013-15 Capital Budget includes \$50 million in state general obligation bonds appropriated to the DOE for Floodplain Management and Control Grants. Of that amount, \$11.25 million is for a flood hazard reduction competitive grant program, \$33 million is for grants to nine multi-benefit floodplain restoration projects in the Puget Sound Basin, and nearly \$6 million is for two additional local projects.

Major Water Supply Programs

The goal of the **Columbia River Basin Water Management Program** developed under RCW 90.90 (2006) is access to new water supplies, through storage, conservation, and other actions, to meet the economic and community development needs of people and the in-stream flow needs of fish in the Columbia River Basin. The law and program focus on: alternatives to groundwater for agricultural users in the Odessa subarea aquifer; sources of water supply for pending water right applications; a new, uninterrupted supply of water for the holders of interruptible water rights on the Columbia river main stem; new municipal, domestic, industrial, and irrigation water needs within the Basin; and placement of one-third of new supplies in streams to meet the flow needs of fish. Also in 2006, the Legislature authorized the issuance of \$200 million in state bonds to implement the program. Each succeeding biennium, the Legislature has appropriated a portion of the bond proceeds for specific projects. Some of the projects developed to date have included: Lake Roosevelt Incremental Storage Releases, Barker Ranch Canal Piping, Red Mountain Agriculture Viticulture Area Pump Project, Boise Aquifer Storage

and Recovery, and Odessa Subarea Projects. In the 2013-15 Capital Budget, the Legislature appropriated \$74.5 million to Columbia River Basin projects.

In 2013, the Legislature authorized the DOE to implement the **Yakima River Basin Integrated Water Resource Management Plan (Integrated Plan)** (RCW 90.38.060). Through a coordinated effort of affected federal, state, and local agencies and their resources, the DOE is directed to develop water supply solutions that provide concurrent benefits to both instream and out-of-stream uses, and to address a variety of water resource and ecosystem problems affecting fish passage, habitat functions, and agricultural, municipal, and domestic water supply in the Yakima River Basin. The Integrated Plan includes seven elements: fish passage, structural and operational changes, surface water storage, groundwater storage, habitat protection and enhancement, enhanced water conservation, and market-based water reallocation. The Integrated Plan includes a list of proposed actions estimated to cost approximately \$4 billion to complete over a period of up to 30 years. The 2013-15 Capital Budget appropriated \$32 million to the DOE for "early action" projects and activities; \$99.3 million to the Department of Natural Resources for the purchase of 50,000 acres of private forest land in the Teanaway watershed in Kittitas County; and \$5 million to Kittitas County for infrastructure and facilities that help offset impacts to the county from transfer of these lands from private to public ownership.

Toxics Clean Up

Initiative 97, the Model Toxics Control Act (MTCA), was approved by voters in 1988 and codified as RCW 70.105D. Its purpose was "to raise sufficient funds to clean up all hazardous waste sites and to prevent the creation of future hazards due to improper disposal of toxic wastes into the state's land and waters." The MTCA authorized a tax on first possession of hazardous materials including petroleum products, pesticides, and some chemicals. Fifty-three percent of the revenues from this Hazardous Substance Tax (HST) would be deposited into a Local Toxics Control Account (LTCA) and 47 percent of the HST revenues would be deposited into a State Toxics Control Account (STCA).

In 2013, the Legislature changed the percentage of tax revenues deposited into LTCA and STCA to 44 percent and 56 percent, respectively, and added a third account, the Environmental Legacy Stewardship Account (ELSA). Beginning July 1, 2013, and every fiscal year after, the annual amount received from the HST that exceeds \$140 million must be deposited into ELSA.

The Legislature appropriates funds from each of those accounts for several capital programs managed by the DOE: Remedial Action Grants, Coordinated Prevention Grants, Clean Up Toxics – Puget Sound, the Eastern Washington Clean Sites Initiative, and Reducing Toxic Diesel and Wood Stove Emissions.

- **Remedial Action Grants (RAG)** are the primary state financial tool for helping eligible local governments clean up publicly owned lands contaminated with hazardous substances. The local government must be a potentially liable party or the owner of a hazardous waste site where cleanup actions are conducted under an order or decree issued by the DOE.

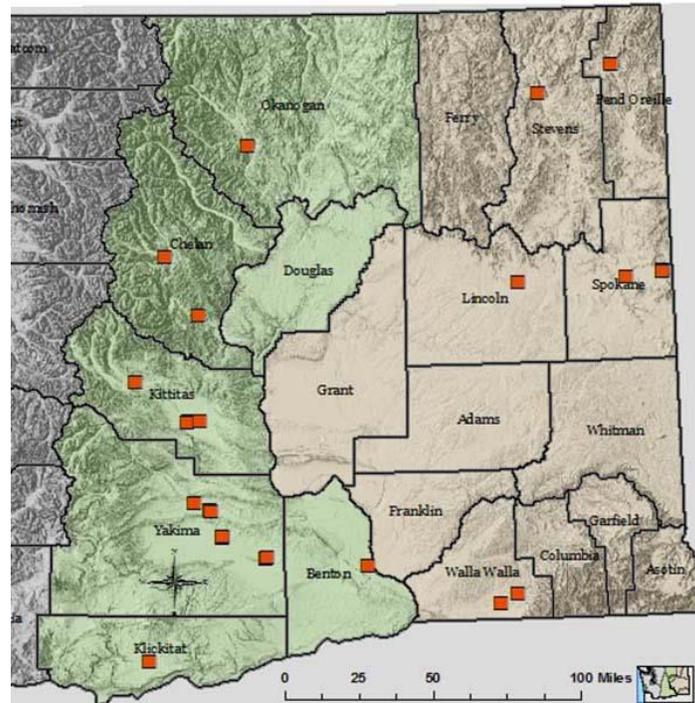
Cleaning up contaminated property is often integrated with economic development, habitat restoration, and public recreation projects. The DOE submits a RAG project list, prioritized "worst first", for legislative approval in the capital budget. The state grants cover from 50 to 75 percent of individual project costs.

- **Coordinated Prevention Grants (CPG)** fund local governments' ongoing solid waste reduction and recycling programs, household hazardous waste collection, outreach activities, and regulatory oversight of solid waste facilities. The grants support local government staffing costs as well as large equipment purchases and contracts for hazardous waste collection and disposal services. According to the DOE, there are about 771 solid waste handling facilities in the state regulated by local health authorities, including landfills, lagoons, transfer stations, moderate risk waste collection facilities, compost and recycling facilities.
- Under the **Puget Sound Clean Sites Initiative**, the DOE funds the clean-up of contaminated sites within one-half mile of Puget Sound that are either abandoned or where the potentially liable party (land user, facility operator or property owner) is unwilling or unable to pay costs associated with the cleanup activities. Funds also are used to advance emergent clean up needs of sites adjacent to critical and sensitive habitats. As of July 2014, the DOE has identified 240 contaminated sites within one-half mile of Puget Sound that await clean up. An additional 600 sites are currently being cleaned up. Clean up work is handled by direct state action, through contributions from potentially liable parties, and under interagency agreements with local governments, resource agencies, and tribes. Work in seven priority bays has highlighted a link between toxic site cleanup and habitat restoration opportunities.



Puget Sound Clean Sites Initiative
Source: Department of Ecology, October 2014

- The DOE's **Eastern Washington Clean Sites Initiative** has funded and managed similar remediation activities on orphaned or abandoned contaminated sites in Central/Eastern Washington. Contamination includes heavy metals, leaking underground storage tanks, and impacts of mining operations. Projects include site investigations to confirm soil and groundwater contamination, development of action plans, removal of the contamination source, and groundwater monitoring.



Eastern Washington Clean Sites Initiative
 Source: Department of Ecology, October 2014

- Reducing air quality-related public health risks and preventing imposition of federal sanctions drive the **Diesel and Wood Stove Emissions Reduction programs**. The DOE awards competitive grants to local entities to reduce diesel emissions in high-risk diesel pollution areas, and to reduce use of old, high-polluting wood stoves in communities impacted by wood smoke. As examples, funds are used to install retrofit emissions controls on diesel-fueled cargo-handling equipment, construction equipment, emergency response vehicles, and school and transit buses. Funds are also used to replace older, high-polluting wood stoves with clean heating alternatives.