

The Department of Ecology's 2008 Supplemental Budget request is necessary to advance the Governor's Executive Order on Climate Change; address a critical revenue shortfall in the Water Quality Account; and repair recently discovered structural damage to the Ecology headquarters building. An additional \$32 million from Hazardous Substance Tax revenue is targeted to speed up hazardous waste cleanup and prevention work. Several of Ecology's requests relate to the work of the Puget Sound Partnership and have been sent to the Partnership for their review.

Below is a summary of each Operating and Capital Budget request.

## **2008 Supplemental Operating Budget**

### **Climate Change and Air Quality**

**1. Implementing Climate Change** ~ \$1.642 million from the State General Fund and 3.1 FTEs ~ Builds capacity and expertise within Ecology to represent Washington when regional and national programs are designed so our unique circumstances are factored into the design criteria. No other state can or will look out for our unique interests. Funding is necessary to: 1) negotiate and develop the Western Climate Initiative and the National Climate Registry; 2) continue the Governor's Climate Change Challenge stakeholder process; 3) build climate change technical expertise, policy support, and communication capacity within Ecology; 4) begin to collect information about and require formal emissions reports from key emitters of greenhouse gases; and 5) implement recommendations of the Climate Advisory Team and the Preparation/Adaptation working groups.

### **Water for Local Communities and Healthy Watersheds**

**2. Water Quality Account Shortfall** ~ \$5.2 million transfer from the State General Fund to the Water Quality Account and a \$983,000 reduction in a transfer from the Water Quality Account to the Water Quality Capital Account ~ Restores the Water Quality Account (WQA) fund balance to fully fund 2007-09 appropriations for eight state agencies, including Ecology and the Puget Sound Partnership. The WQA is over appropriated by \$6.2 million due to: 1) the July 2007 Smokeless Tobacco Products lawsuit settlement payment of \$5.7 million from the WQA; and 2) a \$983,000 larger than needed special appropriation from the WQA to the Water Quality Capital Account.

**3. Tribal Water Right Pathways Pilot** ~ \$250,000 from the State General Fund ~ Continues the state and tribal government-to-government dialogue on water right management begun in 2007 to resolve issues related to federally reserved tribal water rights. The first phase of the pilot, to be completed in June 2008, assesses methods to resolve the measurement of two Indian tribes' water rights. The second phase, to begin July 1, 2008, will expand the dialogue to include a broader range of stakeholders within the basins and add a third Indian tribe.

**4. Flood Control Emergency Grants** ~ \$200,000 from the Flood Control Assistance Account ~ Uses dedicated funds in the Flood Control Assistance Account for local emergency flood response grants. Ecology provides grants and technical assistance to local governments for flood damage reduction projects and comprehensive flood hazard management plans. Local and state government grant spending from the Flood Control Assistance Account in the 2005-07 biennium was less than

estimated, resulting in additional dollars being available in the fund balance. This request for \$200,000 will use this dedicated fund balance for local emergency flood response grants in the 2007-09 biennium.

**5. Maintain Well Construction Services** ~ \$155,000 from the Reclamation Account and .9 FTE ~ Maintains customer service and oversight levels while the agency works on merging well construction and licensing data systems. We have seen a significant increase in the volume of well drilling over the past four years and have begun the process of merging our well construction and licensing data systems to improve data accessibility and system reliability. Ecology is requesting \$154,981 in fee supported revenue to maintain customer service and oversight levels in light of this increased well construction and data coordination workload.

### Puget Sound Restoration and Protection

**6. Status and Trends** ~ \$305,000 from the State General Fund and 1 FTE ~ Establishes a status and trends monitoring program to determine the state's progress in restoring the health of Puget Sound. The Governor has stated a goal of restoring Puget Sound to health by 2020 and a status and trends monitoring program is needed to determine whether progress toward the Governor's goal is on course. This request will provide information first for Puget Sound watersheds, and then for watersheds throughout the state, with particular focus on recovering endangered salmon species. The Forum on Monitoring Salmon Recovery and Watershed Health has formally recommended this proposal as their top priority for funding in the 2008 Supplemental Budget (referred to as "monitoring Puget Sound Watersheds for Water Quality and Habitat Improvements by 2020" in their recommendations).

**7. Standby Emergency Response Tug** ~ \$2 million from the Federal General Fund ~ Assures interim funding for a standby emergency response (rescue) tug for Fiscal Year 2009. The Federal General Fund is identified as a placeholder fund source while Ecology pursues federal legislation to keep a standby emergency response tug at the entrance of the Strait of Juan de Fuca. If this federal legislation fails, Ecology will request state funding for the rescue tug during the coming legislative session. The Vessel Response Account uses money from certain motor vehicle title transfer fees and vessel oil spill penalties to help fund the tug. The fee portion of the funding will expire on June 30, 2008, and Washington will lose the State's most important maritime safety and oil spill prevention mechanism for ships passing through Washington's coastal waters and western Strait of Juan de Fuca.

**8. Targeting Priority Toxic Sources** ~ \$1.579 million from the State Toxics Control Account and 1.8 FTEs ~ Targets the highest priority sources of toxic contamination in Puget Sound and identifies credible control strategies to reduce harm. Toxic contaminants in Puget Sound are known to impact both ecological and human health. Phases one and two of this effort are underway and rely on existing literature and modeling to estimate the contribution of various sources to the overall loading of toxics into Puget Sound. This one-time funding request for \$1,578,693 will verify and supplement these estimates by sampling those sources for key toxics. If additional funding is necessary to identify the largest contributors of toxics, Ecology will work within the priorities of the Puget Sound Partnership.

**Reducing Health Risk from Toxic Chemicals**

**9. Oversight Capacity for Site Cleanup** ~ \$701,000 from the State Toxics Control Account and .5 FTE ~ Provides Attorney General (AG) capacity to support and expedite cleanup work in Puget Sound and provide capacity to properly implement new cleanup legislation. House Bill 1761 requires Ecology to complete a ten-year capital financing plan related to hazardous waste cleanup and prevention needs, and the Uniform Environmental Covenants Act (SB 5421) requires Ecology to impose and enforce environmental covenants related to cleaned up toxic sites.

**10. Hanford Risk Assessment & Groundwater** ~ \$158,170 from the State Toxics Control Account, \$280,638 from the Federal General Fund and 1.3 FTEs ~ Supports risk assessments and hydrogeological investigations for integrated cleanup and closure at Hanford and surrounding areas. Hanford activities have been reprioritized and the U.S. Department of Energy funding was increased this year. This request will support needed risk assessments and hydrogeological investigations to allow integrated cleanup and closure of the 18 Hanford tank farms and 30 surrounding contaminated areas of over 1,000 individual waste disposal sites. Proper state oversight and input into the cleanup of this highly contaminated site will protect public health and the environment, ensure groundwater contamination is adequately assessed and cleaned up, protect the Columbia River, and protect the state's interests.

**Technical and Miscellaneous**

**11. Shoreline Master Program Grants – Fiscal Year Split Correction** ~ Continues support to local governments revising their shoreline master programs. Shoreline master programs include policy and regulations for land use along much of the state's shorelines and must be updated according to recent legislation. For the 2007-09 biennium, \$2,500,000 of State General Fund money is appropriated in Fiscal Year (FY) 2008 and \$2,000,000 in FY 2009 for this purpose. Grant funds are distributed on a cost-reimbursement basis. This request will move \$500,000 from FY 2008 to FY 2009, consistent with local government spending estimates. The total appropriation amount, workload, and grants provided will not change - only the FY expenditures.

**12. Watershed Grants – Fiscal Year Split Correction** ~ Continue support for local watershed planning and implementation by moving unspent FY 2008 grant appropriations to FY 2009. These grant funds are used by local governments to create and implement plans that address water needs, reduce water pollution, and protect fish habitat. Ecology expects the amount appropriated from the State General Fund (GF-S) and Water Quality Account (WQA) for these activities will differ from actual disbursements for FY 2008. This request will move \$300,000 from the GF-S appropriation, and \$1,200,000 from the WQA appropriation, from FY 2008 to FY 2009. The total biennial appropriation amount, workload, and grants provided will not change - only the FY expenditures.

**13. Correct ESSB 6001 Fiscal Year Funding Split** ~ Supports rule-making related to greenhouse gas emissions according to ESSB 6001. In the 2007-09 budget, Ecology received funding to adopt rules to establish the greenhouse gases emissions performance standard and adopt criteria for evaluating carbon sequestration plans. The legislation, ESSB 6001, required the rule be adopted by June 30, 2008, but the funding for rule making was split between FY 2008 and 2009. This request will align the funding with the anticipated expenditures.

14. **Bertrand Budget Proviso Revision** ~ Amends proviso language to address stakeholder concerns resulting from a negotiated agreement between the Bertrand Watershed Improvement District, Lummi Nation, Nooksack Tribe, Washington Department of Fish and Wildlife, and Ecology. Section 302 (12) of the 2007-09 Operating Budget includes the Bertrand Creek proviso which implements one of two pilot projects approved by the Nooksack River Watershed Planning Unit as part of the adopted Watershed Plan. After the Operating Budget was adopted, stakeholders (including local tribes and Ecology) identified concerns with the proviso language and agreed to request changes to ensure all parties' needs were met. The proviso change requested is the result of a negotiated agreement. Only the proviso language is amended, no additional funding is being requested.

## **2008 Supplemental Capital Budget**

### **Puget Sound Restoration and Protection**

1. **Clean up Toxic Sites - Puget Sound** ~ *\$7.8 million from the State Toxics Control Account* ~ Expands cleanup of known toxic contaminated sites within one-half mile of Puget Sound. As of July 2007, over 647 known toxic contaminated sites are in need of cleanup within one-half mile of Puget Sound. Of those, 443 sites are currently in the process of being cleaned up. Cleaning up these sites protects public health, safeguards Puget Sound and its inhabitants, avoids groundwater contamination, and provides opportunities for economic redevelopment. Ecology fully allocated \$8 million from the 2006 and 2007 Legislature to advance these cleanups as part of the still evolving Puget Sound Initiative. We are requesting an additional \$7,800,000 for resources for cleanup actions at several high priority sites within one-half mile of Puget Sound.

### **Reducing Health Risk from Toxic Chemicals**

2. **Completing Public Sector Diesel Retrofits** ~ *\$4.54 million from the State Toxics Control Account* ~ Completes installation of pollution control devices on eligible school buses and local and state government owned or operated diesel vehicles. Diesel pollution causes more disease and death than any other air pollutant in Washington. Health care costs and losses in worker productivity attributable to diesel exposure are estimated to cost Washington citizens, businesses and government between \$100 million and \$1.6 billion each year. This \$4.54 million investment will complete retrofitting of all remaining known school buses and other local government public diesel fleets willing to make such upgrades, and reduce citizen exposure to highly toxic air contaminants.

3. **Safe Soils Remediation Program** ~ *\$2.5 million from the State Toxics Control Account* ~ Advances soil cleanup and remediation at daycare and child-use areas. Since 2001, Ecology has worked with and supported a task force to consider the special challenges posed by widespread, low-level lead and arsenic contamination caused by smelting and agriculture practices in Washington. The task force's 2003 report recommended soil sampling, cleanup and remediation at schools and daycare facilities because children are more susceptible to health impacts from this low-level contamination. Since then, the Legislature has provided \$7 million for soil cleanup and remediation at these facilities. We are requesting \$2.5 million more to continue implementing task force recommendations for daycare and child-use area sampling and remediation.

4. **Remedial Action Grant Program** ~ *\$9.885 million from the Local Toxics Control Account* ~ Provides grants to local governments to cleanup hazardous waste sites identified since Ecology's 2007-09 budget request. Ecology provides remedial action grants to local governments to encourage

and expedite cleanup activity, and minimize the financial impact to rate payers and taxpayers. This \$9,885,000 in pass-through funding will support cleaning up contaminated industrial sites that impact Washington's air, land, and water resources. Cleaned up sites protect public health, restore and protect the environment, and create economic redevelopment opportunities.

**5. Clean Sites Initiative ~ \$3.9 million from the State Toxics Control Account ~** Creates a new capital budget program to fund cleanup and restoration of abandoned contaminated sites. Several sites contaminated with hazardous wastes have been abandoned or have owners unwilling or unable to pay for site investigation and cleanup. Without cleanup, these sites pose threats to public health, the environment, groundwater, and fish and wildlife resources. Ecology is requesting \$3.9 million for a new capital budget program to fund cleanup and restoration at these sites statewide. After cleanup is complete, cost recovery from any liable parties will be aggressively pursued where feasible.

**6. Reduce Public Health Risks from Wood Stove Pollution ~ \$1.5 million from the Local Toxics Control Account and .3 FTE ~** Provides direct subsidies to citizens who voluntarily replace older, more heavily polluting uncertified wood stoves with newer and cleaner heating devices in communities with high wood stove pollution levels. Smoke from wood-burning heating devices significantly increases fine particle air pollution during winter months. This smoke is harmful to human health and is a major contributor to heightened air pollution levels in communities throughout the state including those that are approaching or exceed federal air quality standards. Subsidies will be targeted to communities with high wood stove pollution levels.

#### Ecology Facilities – Preserving State Assets

**7. Preservation of Ecology Headquarters - Rebuild East Wall ~ \$10.857 million from the State Building Construction Account ~** Repairs the 32,000 square foot stucco wall on the east side of Ecology's Lacey building. This wall has failed and must be rebuilt to protect employee health and safety and maintain structural integrity. Water intrusion caused significant structural damage and mold growth. The 2007 Legislature provided \$100,000 to fully assess damages and develop a repair strategy and budget estimate. Ecology is requesting \$10,857,202 to make the consultant's recommended repairs. If the repairs are not done soon, further damage will occur, and there will be increased risk to employees' safety and health.

<b>Department of Ecology 2008 Supplemental Operating Budget Request</b>					
		Agency Request Budget			
10/08/2007	\$ in thousands - Biennialized FTEs	FTE	GF-S	Other	Total
<b>Maintenance Level Base Budget</b>		<b>1,594.3</b>	<b>99,971</b>	<b>367,869</b>	<b>467,840</b>
<b>2008 Policy Changes</b>					
<b>Climate Change and Air Quality</b>					
1.	Implementing Climate Change	3.1	1,642		1,642
<b>Water for Local Communities and Healthy Watersheds</b>					
2.	Water Quality Account Shortfall - \$5.2 M GF-S Transfer <sup>1,2</sup>				0
3.	Tribal Water Right Pathways Pilot		250		250
4.	Flood Control Emergency Grants			200	200
5.	Maintain Well Construction Services	0.9		155	155
<b>Puget Sound Restoration and Protection</b>					
6.	Status and Trends <sup>1</sup>	1.0	305		305
7.	Standby Emergency Response Tug			2,000	2,000
8.	Targeting Priority Toxic Sources	1.8		1,579	1,579
<b>Reducing Health Risk from Toxic Chemicals</b>					
9.	Oversight Capacity for Site Cleanup <sup>1</sup>	0.5		701	701
10.	Hanford Risk Assessment & Groundwater	1.3		439	439
<b>Technical &amp; Miscellaneous</b>					
11.	Shoreline Master Program Grants - FY Split Correction				0
12.	Watershed Grants - Fiscal Year (FY) Split Correction				0
13.	Correct ESSB 6001 FY Funding Split				0
14.	Bertrand Budget Proviso Revision				0
<b>Total Policy Changes</b>		<b>8.6</b>	<b>2,197</b>	<b>5,074</b>	<b>7,271</b>
<b>Total Proposed Operating Budget</b>		<b>1,602.9</b>	<b>102,168</b>	<b>372,943</b>	<b>475,111</b>

<b>Department of Ecology 2008 Supplemental Capital Budget Request</b>					
		Agency Request Budget			
10/08/2007	\$ in thousands - Biennialized FTEs	FTE	SBCA	Other	Total
<b>Puget Sound Restoration and Protection</b>					
1.	Cleanup Toxic Sites - Puget Sound			7,800	7,800
<b>Reducing Health Risk from Toxic Chemicals</b>					
2.	Completing Public Sector Diesel Retrofits <sup>1</sup>			4,540	4,540
3.	Safe Soils Remediation Program <sup>1</sup>			2,500	2,500
4.	Remedial Action Grant Program <sup>1</sup>			9,885	9,885
5.	Clean Sites Initiative			3,900	3,900
6.	Reduce Public Health Risks from Wood Stove Pollution <sup>1</sup>	0.3		1,500	1,500
<b>Ecology Facilities ~ Preserving State Assets</b>					
7.	Preservation of Ecology Headquarters - Rebuild East Wall		10,857		10,857
<b>Total Capital Budget Request</b>		<b>0.3</b>	<b>10,857</b>	<b>30,125</b>	<b>40,982</b>

<b>Total Operating &amp; Capital Budget Request</b>	<b>8.9</b>	<b>13,054</b>	<b>35,199</b>	<b>48,253</b>
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1. These items include both a Puget Sound specific and state-wide funding component. Several other proposals while not specific to Puget Sound will also provide benefits to this region.
2. The Water Quality Account (WQA) is over appropriated by \$6.2 million due primarily to an unanticipated smokeless tobacco lawsuit settlement refund in July 2007. The requested solution is a \$5.2 million GF-S transfer to the WQA, and a \$983,000 reduction in a transfer from the WQA to the Water Quality Capital Account.

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