

Budget/Funding Agenda Item #02

**Prepared
and Presented by:** Jim Cahill,
Director of Finance

Approved by: David Dicks, Executive Director

Proposed Action: Decision/Resolution, Briefing

Summary: 1) Approval of the Draft 2011-13 Action Agenda Cost Estimate Report
2) Update on Federal FFY 10 EPA allocation

Item 1) Approval of the Draft 2011-13 Action Agenda Cost Estimate Report

Background

Under RCW 90.71.320, state agencies responsible for implementing the Action Agenda are to provide to the Partnership by June 1 of each even-numbered year their estimates of the actions and the budget needed in the forthcoming biennium to implement their portion of the Action Agenda. This requirement was established to provide the Governor, Legislature and the public an accurate estimate of agencies costs to implement the Action Agenda in the next biennium.

In addition, state agencies are also required to work with the Partnership in developing biennial budget requests to achieve consistency with the Action Agenda and to be submitted to the Governor for consideration in the biennial budget process. Agencies are required to seek the concurrence of the Partnership in the proposed funding levels and sources included in their proposed budget.

The Partnership's Leadership Council is also required by RCW 90.71.370 to submit by September 1, 2010, to the Governor and Legislature recommendations for the funding necessary to implement the Action Agenda in the succeeding biennium. This report is to:

1. Identify funding needed by Near Term Action,
2. Address funding responsibilities among, local state and federal governments as well as nongovernmental funding; and
3. Provide funding needed to support the work of the Partnership, Leadership Council, Ecosystem Coordination Board (ECB), and Science Panel.

This report and proposed approach for completing the work was discussed at the ECB, Science Panel and Leadership Council meetings.

Analysis

The Partnership has been working with state and federal agencies as well as the Washington State Association of Counties to pull together estimates of cost to implement the Action Agenda in the 2011-13 Biennium.

To date all but one state natural resource agency has provided an initial response. We anticipate receiving a response in the next week. We have received federal agency information from NOAA/NMFS, EPA, USGS, USFWS, Department of Defense, and USFS, the Federal Transit Administration. We will work with other federal agencies to obtain their information as well.

A total of **\$968 million** has been identified to date as the two-year costs to implement the Action Agenda in the 2011-13 Biennium. This estimate is still under review and will be revised to remove items not included in the Action Agenda or double counts where money is passed through from one level of government to another. It consists primarily of state and federal agency costs. It does not include the full costs to local governments.

This cost estimate is approximately \$500 million more than currently identified as actual expenditures on Puget Sound efforts for the 2009-11 Biennium.

In terms of threats to Puget Sound, 66% of the current estimate addresses four major threats.

- \$285 M (29%) Growth and Development
- \$152 M (16%) Stormwater
- \$128 M (13%) Dams Levees and Tide gates
- \$78 M (8%) Point Source Pollution

The larger amounts identified by Near Term Action include

- \$208 M Protect High Value Habitat
- \$100 M Stormwater Retrofit
- \$71 M Toxic Clean-up
- \$59 M Large Scale Timber Harvest
- \$44 M Remove fish passage barriers
- \$41 M Restore Floodplains
- \$41 M Science and Monitoring

Among state agencies the largest cost estimates are with four agencies

- Ecology \$320 M
- DNR \$282 M
- RCO \$141 M
- WDFW \$ 120 M

Next Steps:

The Partnership will continue to work with state agencies to refine their cost estimates. A final report will be completed and distributed to the Leadership Council no later than September 3, 2010. The Leadership Council will discuss and approve the final report at its meeting on September 16, 2010.

Item 2) Update on Federal FFY 10 EPA allocation

Background

In its May 24, 2010 Concept Paper, EPA identified \$21-\$27 million available for competitive RFPs for the remaining FFY 2010 Puget Sound appropriation. This would leave \$15-\$21 million for the other remaining categories.

In its concept paper EPA indicated plans on issuing RFPs for Lead Organizations to manage and distribute funding for the following categories of work:

- Management of the Action Agenda
- Tribal Projects
- Ecosystem Restoration and Protection
 - Watershed Protection and Restoration
 - Toxics and Nutrient Reduction and Control
 - Pathogens (Human and Community Health)
 - Nearshore Protection and Restoration

On July 16, 2010 EPA published an RFP and expressed the intent of providing up to \$6 million for the first two years and \$3 million for the four subsequent years for an entity to manage the Action Agenda. Applications are due September 1, 2010.

It is anticipated that EPA will announce RFP's for the remaining work categories by the end of July with applications to be submitted by October 15th.

Analysis

The Partnership will soon begin development of its application for Management of the Action Agenda and will submit an application on September 1.

The Partnership is working with state agencies to develop a proposal where the Partnership will coordinate a process for state agencies and local partners to submit applications for the Lead Organization for the Ecosystem and Restoration Protection categories.

More details on this process will be supplied at the Leadership Council meeting.

Staff Recommendation

The Leadership Council should endorse the Partnership applying for a grant from EPA for Management of the Action Agenda and to coordinate the process for state agencies to apply for additional FFY 10 EPA funding.