

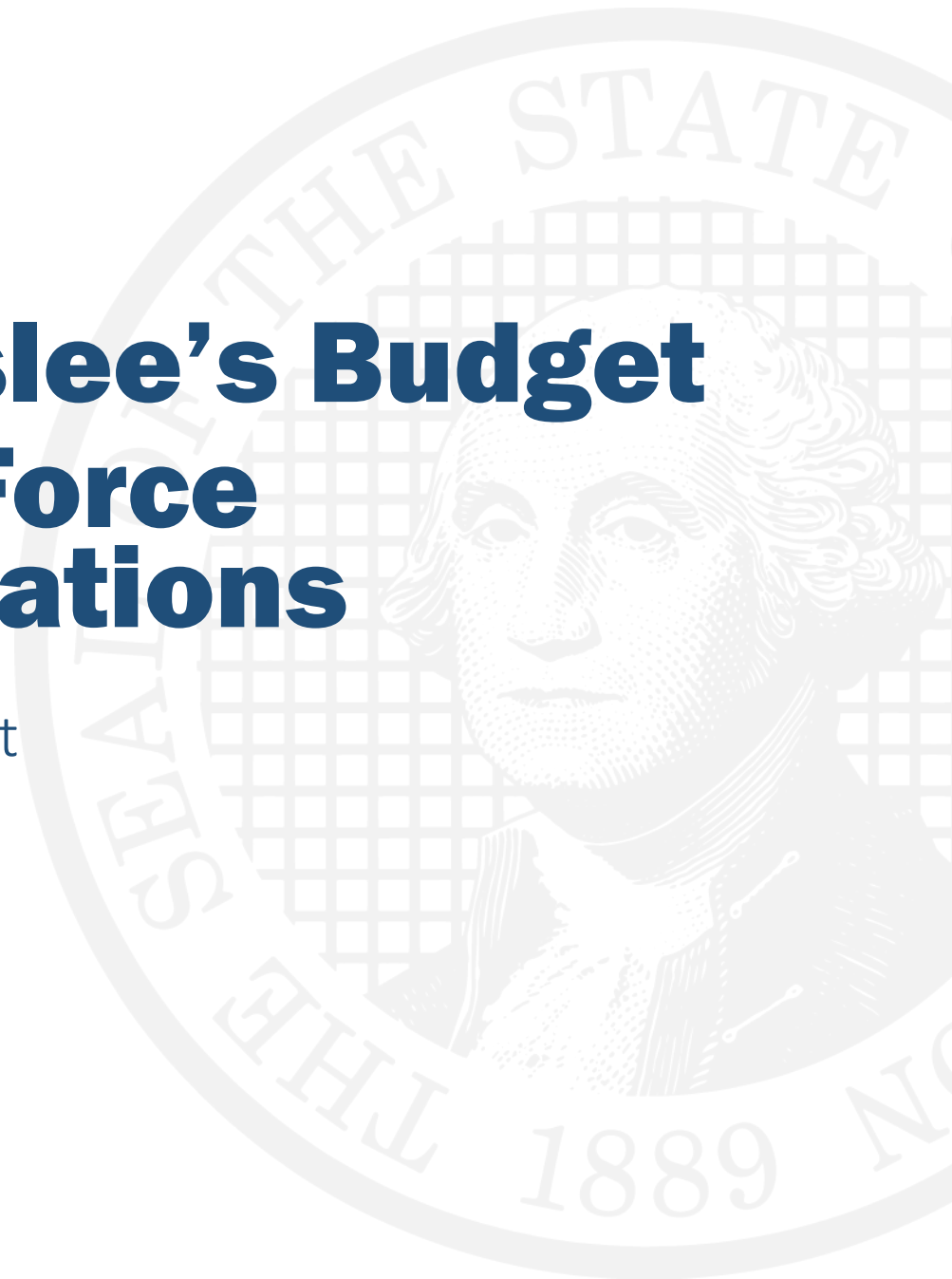
January 10, 2019

Governor Inslee's Budget SRKW Task Force Recommendations

2019-21 Biennium Budget

OFM

OFFICE OF FINANCIAL MANAGEMENT



STATE BIENNIAL BUDGET TIMELINE

State agencies

SEPT 2018
Agencies submit budget requests

Governor & Office of Financial Management (OFM)

JUNE 2018
OFM issues budget instructions

NOV 2018
Quarterly revenue & caseload forecasts

FALL 2018
OFM reviews & governor decides

JUNE–JULY, 2019
Agencies submit detailed spending plans

SUMMER–FALL 2018
Collective bargaining occurs

OCT 2018
Determination of employee contract financial feasibility

DEC 2018
Governor proposes budget to Legislature

MAY/JUNE 2019
OFM reviews, governor signs budget

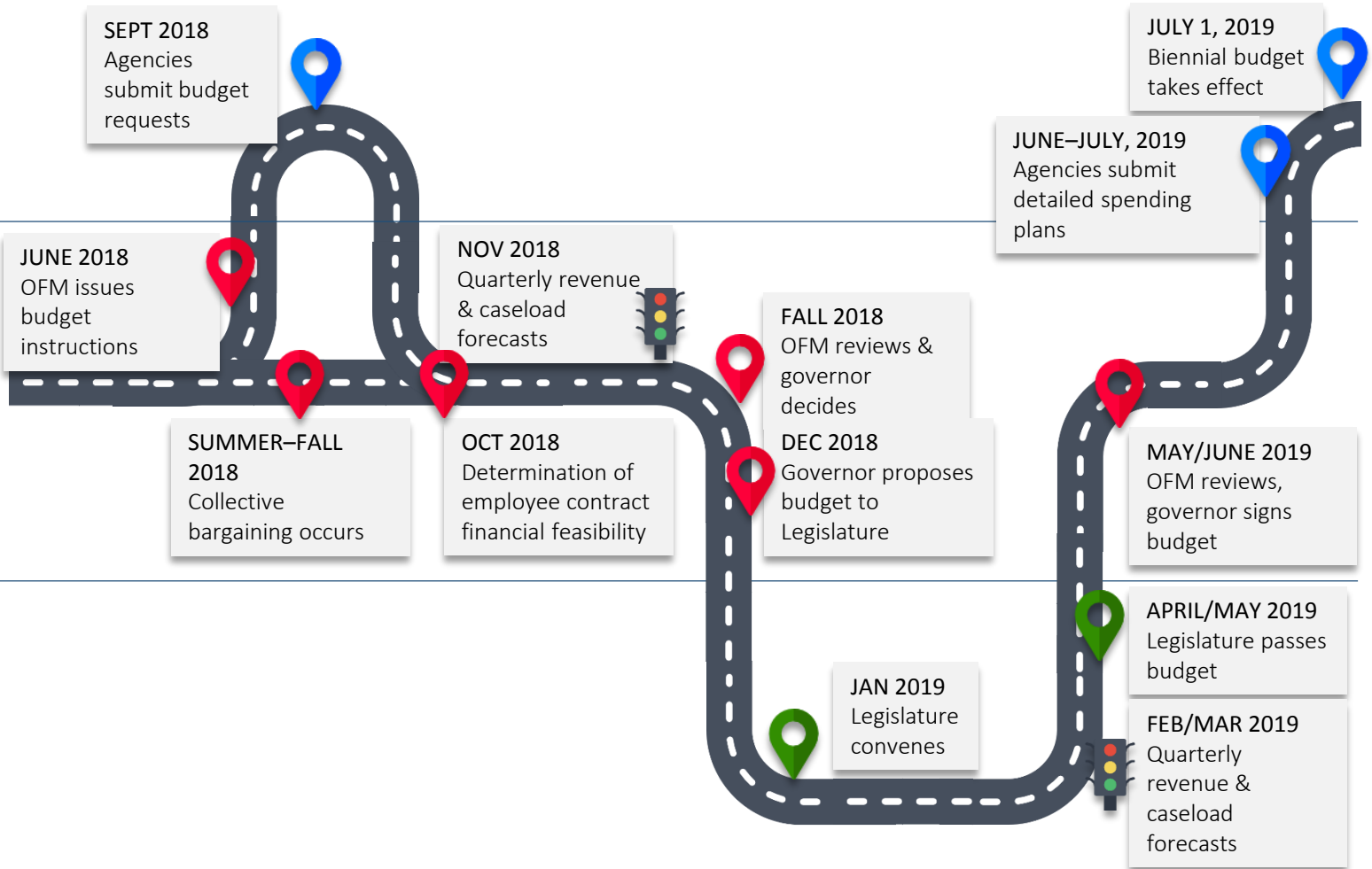
State Legislature

JAN 2019
Legislature convenes

APRIL/MAY 2019
Legislature passes budget

FEB/MAR 2019
Quarterly revenue & caseload forecasts

JULY 1, 2019
Biennial budget takes effect



Budget Context

Operating Budget Development Context

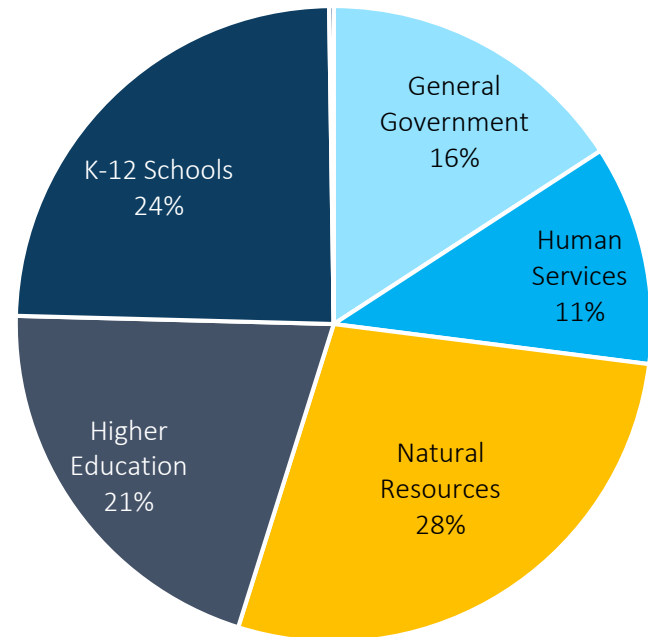
- Full Implementation of McCleary Decision
- Required investments for Mental Health
- Medical Insurance for Teachers
- State Employee Compensation
- Governor's operating budget is dependent upon enactment of \$3.5 Billion in new revenue

Budget Context

Capital Budget Development Context

- Limited available bond capacity
- Limited increase in bond capacity from proposed revenue
- Necessary investments for mental health, homeless housing, K-12 school construction

Governor's Proposed 2019-21 Capital Budget
All Funds



Budget Context

Transportation Budget Development Context

- Requirement to implement the federal culvert decision
- Estimated Costs to implement the decision is \$2.4 Billion

Governor's Recommendations

Criteria for Evaluation and Prioritization

- Timeliness - Immediacy of impact to SRKW
- Effectiveness
- Affordability

SRKW Task Force Recommendations

36 recommendations

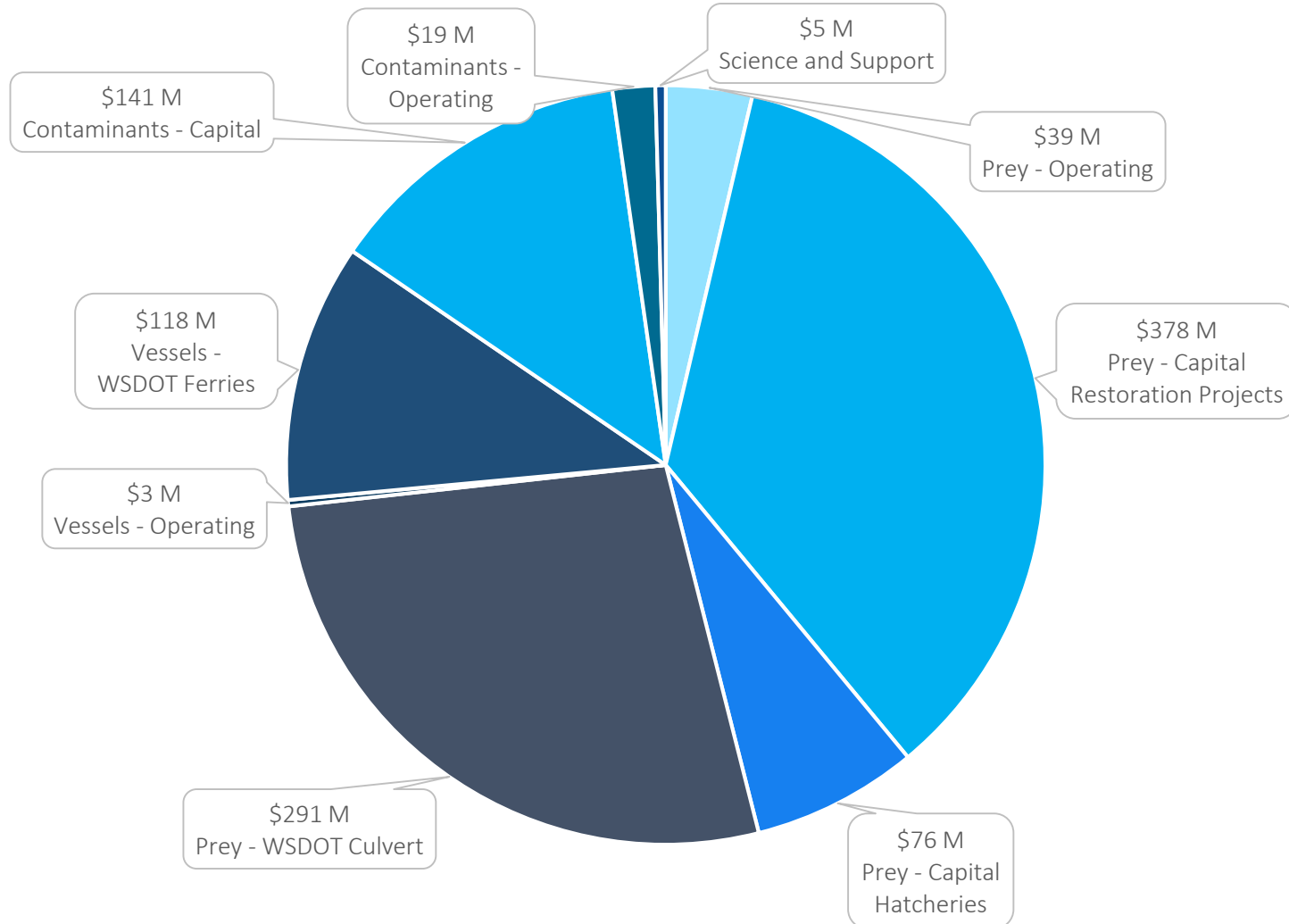
- Prey - 16 recommendations
- Vessels - 10 recommendations
- Contaminants - 10 recommendations
- 10 recommendations require or likely require legislative changes

Overall Budget proposal

Budget	Recommendation
Operating	\$66.3 M
Capital	\$594.8 M
Transportation	\$408.7 M
Total	\$1.07 B

Total Budget Recommendation – \$1.07 Billion

Operating, Capital, and Transportation



Governor Proposed Capital Budget

2019-21 Proposal:

Contaminants

- \$88.2 million (30%) higher than 2017-19 Enacted
- \$141.4 million is Orca Related

Habitat Protection

- \$42.6 million (19%) higher than 2017-19 Enacted
- \$225.3 million is Orca Related

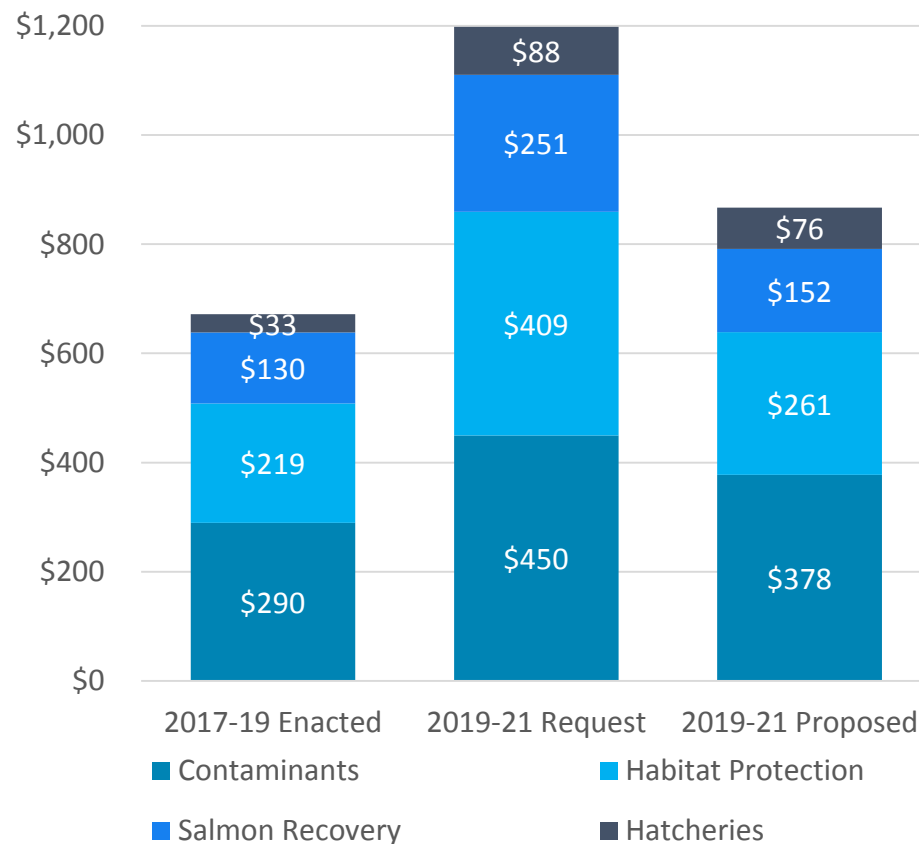
Hatcheries

- \$42.4 million (127%) higher than 2017-19 Enacted
- \$75.7 million is Orca Related

Salmon Recovery

- \$22 million (17%) higher than 2017-19 Enacted
- \$152.4 million is Orca Related

All Funds (dollars in millions)



Prey – Increase Chinook Abundance Recommendations

Recommendations 1 and 2

- Significantly increase investment in restoration and acquisition of habitat for Chinook and forage fish

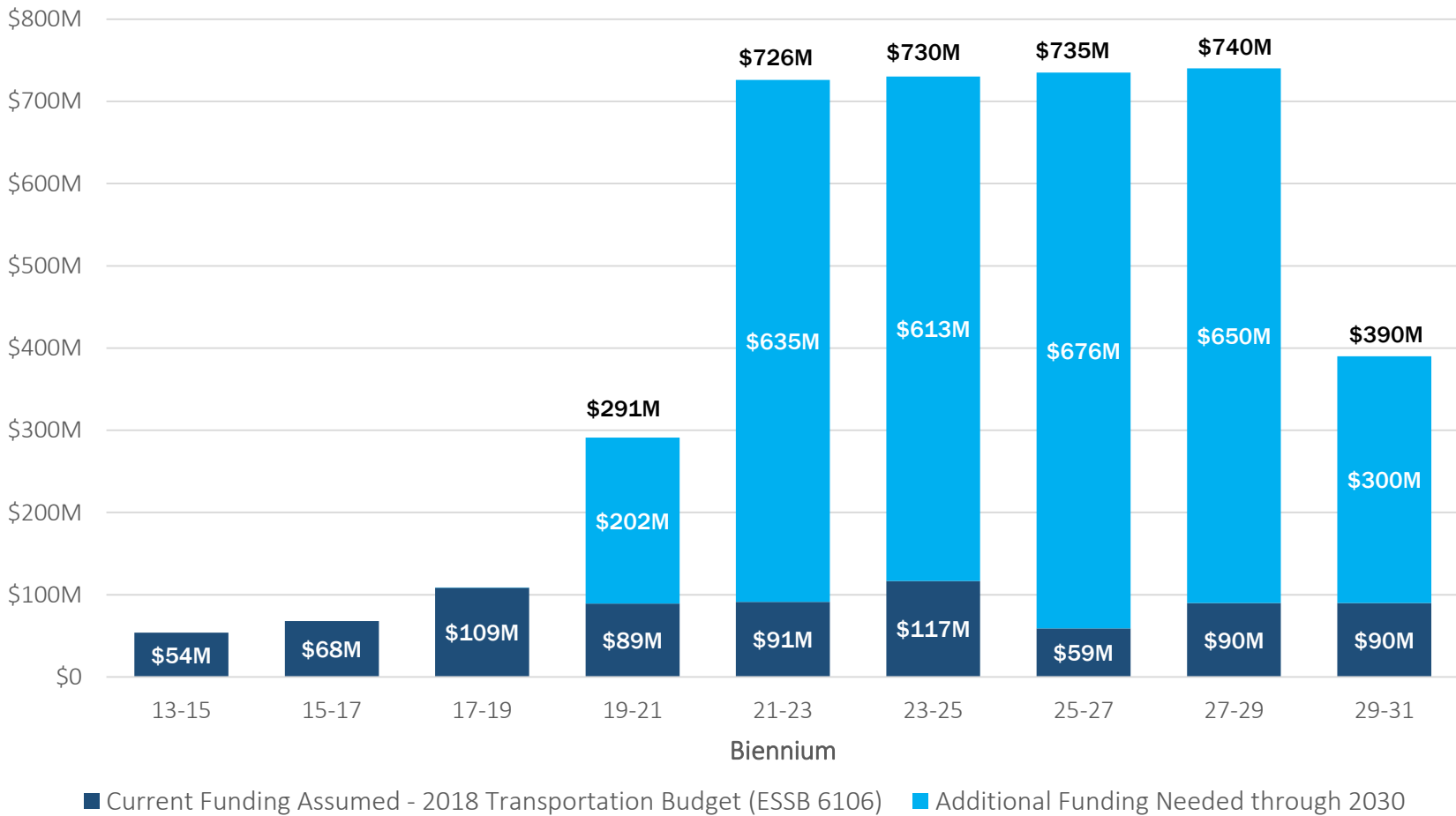
\$362 M capital, \$291 M transportation, \$5.5 M operating

Outcomes

- This a 22% increase (\$64.7 million) in capital funding
- This is an 800% increase in DNR marine debris removal funding.
- Provide updates for 14 Puget Sound watershed Chinook recovery plans

Prey – Increase Chinook Abundance Recommendations

WSDOT Fish Passage Barriers



Prey – Increase Chinook Abundance Recommendations

WSDOT Fish Passage Barriers

Governor proposal includes an increase of the Real Estate Excise Tax to raise \$2.8 billion (\$233 M annual average) over 12 years to implement the federal injunction.

Outcomes

- This is a 230% increase in WSDOT fish passage correction funding (\$202 M) from the current biennium.
- Allows the state to meet its obligations to tribes under the court injunction.
- In total this results in correction of 972 barriers, and opening approximately 830 miles of habitat for Chinook, chum, coho and steelhead.

Prey – Increase Chinook Abundance Recommendations

Recommendation 3

- Increase Enforcement and Technical Assistance for HPA, Shoreline, Water Quality and Water Quantity Laws

\$6.2 M GF-S operating

Outcomes

- Four additional WDFW enforcement officers to enforce HPA and Shoreline laws. (\$1.3 million)
- Three additional nonpoint water quality specialists. (\$707,000)
- Three additional water quality inspectors focused on point-source pollution. (\$856,000)
- Phasing in 6.5 additional water masters in Puget Sound to enforce instream flow rules. (\$1.9 million)
- Rulemaking for the Fishway, Flow and Screening statute. (\$616,000)

Prey – Increase Chinook Abundance Recommendations

Recommendation 5

- Develop incentives to encourage voluntary actions to protect habitat - \$4.8 M operating, \$14.0 M capital

Outcomes

- This a doubling (\$4 M) of the capacity for conservation districts to provide voluntary technical assistance.
- This is a 9% increase (\$1.1 M) in capital programs for conservation districts

Prey – Increase Chinook Abundance Recommendations

Recommendation 6

- Increase Hatchery Production of Salmon in Concert with increased Habitat protection and restoration

\$11.6 M operating and \$75.7 M capital

Outcomes

- This a 19% increase in hatchery production resulting in 18.6 million additional smolts annually
- This is a 127% (\$42.4 M) increase in capital investment in the state hatchery system.

Prey – Increase Chinook Abundance Recommendations

Recommendation 7

- Prepare an implementation strategy to reestablish salmon runs above existing dams - \$524,000 GF-S operating

Recommendation 8

- Modify State Water Quality Standards for Greater Spill over Columbia River and Snake River Dams - \$580,000 GF-S operating

Outcomes

- ~ 146,000 average adult Chinook returns with increased spill on Snake and Columbia River.

Prey – Increase Chinook Abundance Recommendations

Recommendation 9

- Facilitate a Stakeholder process around the Lower Snake River Dam Removal - \$750,000 GF-S operating

Recommendation 10

- Support full implementation and funding of the 2019-28 Pacific Salmon Treaty – Federal Request

Outcomes

- Minimum of \$42.3 M in federal funding to Washington with up to \$10 M additional possible.

Prey – Increase Chinook Abundance Recommendations

Recommendation 11

- Reduce Chinook bycatch in West Coast Commercial Fisheries – Governor Directive

Recommendation 12 and 13

- Develop Options for Pinniped Management in Puget Sound -
\$3.5 M GF-S operating
- Increase Management of Pinnipeds on the Columbia River -
\$1.2 M GF-S operating

Prey – Increase Chinook Abundance Recommendations

Recommendation 14 and 15

- Monitor and manage forage fish populations to support Chinook - \$1.1 M GF-S operating

Recommendation 16

- Support the Puget Sound zooplankton sampling program for management of Chinook and forage fish - \$720,000 GF-S operating

Vessels – Decrease Disturbance Recommendations

Recommendation 17

Establish a “Go-Slow” Bubble for Small Vessels and Commercial

Whale Watching Boats - \$413,000 GF-S operating

Outcomes:

- Six additional law enforcement on the water

Recommendation 18

- Establish Limited Entry Whale Watching Permit System for Commercial Vessel and Kayaks \$721,000 GF-S operating

Vessels – Decrease Disturbance Recommendations

Recommendation 19

- Increase Boater Education and Enforcement -
Base Funding

Recommendation 21

- Develop a Standard of Care for echo sounders -
Base Funding

Recommendation 22

- Implement shipping noise reduction initiatives -
Base Funding – Governor Directive

Vessels – Decrease Disturbance Recommendations

Recommendation 23

- Reduce noise from Washington state ferries

\$117 M Transportation

Outcomes

- Two new hybrid electric ferries
- Conversion of two existing ferries with hybrid electric propulsion

Vessels – Decrease Disturbance Recommendations

Recommendation 24

- Reduce the threat of oil spills in Puget Sound
(Legislation and Budget)
 - Require Tug Escort for Smaller Oil Shipping Vessels

\$751,000 Operating

Vessels – Decrease Disturbance Recommendations

Recommendation 25

- Coordinate with Navy in 2019 to discuss reduction of noise and disturbance from military exercises and Navy aircraft – Base Funding

Recommendation 26

- Increase whale watching buffer to 400 yards behind the orcas \$62,000 GF-S operating

Outcomes

- Two additional law enforcement officers on the water.

Vessels – Decrease Disturbance Recommendations

Items Not Recommended

Recommendation 19

- \$10 “opt out” fee on all registered vessels to finance enforcement of SRKW viewing regulations.

Recommendation 20

- Increase enforcement capacity (WDFW marine enforcement division) and fully enforce regulation on small vessels

Recommendation 27

- Determine how permit applications in Washington that could increase traffic and vessel impacts could be required to address potential impacts to orca.

Contaminants – Reduce Exposure Recommendations

Recommendation 29

- Accelerate the ban on PCBs in state purchasing - Governor's Directive

Recommendation 30

- Identify, prioritize and take action on chemicals that impact orcas - \$7.6 M Operating \$2.8 M Capital

Outcomes

- 600% increase (\$4.5 M) in developing, implementing and monitoring success of chemical action plans.
- 200% increase (\$2.9 M) to enhance testing of products for toxics and insure compliance with state product testing law.

Contaminants – Reduce Exposure Recommendations

Recommendation 31

- Reduce stormwater threats and accelerate clean-up of toxics - \$11.2 M Operating \$141.4 M Capital

Outcomes:

- Stormwater grants: This is a 325% (\$39 M) increase, \$51 M in capital grants are directed to areas of Puget Sound.
- Toxics Site Cleanup: 623% increase (\$57.9 M) in capital grants for toxic cleanups
- Creosote Piling Removal: 800% increase (\$3.5 M) in creosote piling removal
- Enhance Local Source Control: 62% increase (\$3 M) in grants to 5 additional local governments.

Contaminants – Reduce Exposure Recommendations

Recommendation 32

- Improve effectiveness, implementation and enforcement of NPDES permits. – Enforcement funded as part of Recommendation 3.

Outcomes

- Three additional water quality inspectors focused on point-source pollution.

Ensure Funding, Information and Accountability

Recommendation 33

- Increase monitoring of toxic substances in marine waters and determine impacts to orca and their prey - \$682,000 GF-S operating

Recommendation 34

- Provide sustainable funding and staffing for implementation of all recommendations - \$1.2 M GF-S operating

Ensure Funding, Information and Accountability

Recommendation 35

- Conduct research, science and monitoring to inform decision making and adaptive management of actions - \$3.5 M GF-S operating

Outcomes

- PSP evaluation of ongoing Puget Sound monitoring and assess recovery actions
- Effectiveness monitoring of Puget Sound Chinook recovery implementation and priority studies of the Salish Sea Marine Survival Project.

Follow-up questions

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END