

HOUSE BILL REPORT

SSB 6516

As Reported by House Committee On: Capital Budget

Title: An act relating to creating a joint legislative task force to study financing options for water supply, flood control, and storm water projects.

Brief Description: Creating a joint legislative task force to study financing options for water supply, flood control, and storm water projects.

Sponsors: Senate Committee on Ways & Means (originally sponsored by Senators Honeyford, Keiser, Ericksen, Braun and Chase).

Brief History:

Committee Activity:

Capital Budget: 2/25/14, 3/10/14 [DPA].

Brief Summary of Substitute Bill (As Amended by Committee)

- Establishes the Legislative Task Force on Financing the State's Storm Water, Flood Risk Reduction and Floodplain Restoration, and Water Supply and Integrated Water Management Priorities(Task Force).
- Outlines the Task Force membership, scope of work, staffing, and reporting deadlines.
- Makes the act null and void if specific funding is not included in the capital appropriations act by June 30, 2014.

HOUSE COMMITTEE ON CAPITAL BUDGET

Majority Report: Do pass as amended. Signed by 12 members: Representatives Dunshee, Chair; Stanford, Vice Chair; DeBolt, Ranking Minority Member; MacEwen, Assistant Ranking Minority Member; Appleton, Christian, Riccelli, Robinson, Senn, Smith, Stonier and Warnick.

Staff: Meg VanSchoorl (786-7105).

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

Background:

Flood Assistance.

According to the Department of Ecology (Ecology), floods are Washington's most costly natural disaster. Between 1980 and 2011 Washington had 22 Presidentially declared flood disasters, and in 1997 had the highest number of flood disasters in the United States. Since 1980 Washington floods have resulted in damages of \$525 million in federally reimbursable costs and more than \$2 billion in direct and indirect costs.

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. In 2008 the Legislature authorized \$50 million in state general obligation bonds for projects throughout the Chehalis River Basin.

In capital budgets from 2009 through 2013 a total of \$28 million, primarily from state general obligation bonds, was appropriated to Ecology for levee improvements in specific communities and for grants to protect communities from flood and drought. The 2013-15 Capital Budget includes \$50 million in state general obligation bonds appropriated to Ecology for floodplain management and control grants, \$33 million of which is for floodplain restoration grants.

Storm Water.

Storm water runoff occurs when rain and snowmelt flows over land or impervious surfaces such as paved streets, parking lots, and building rooftops, and does not percolate into the ground. As it flows, it accumulates debris, chemicals, oil, sediment, and other pollutants that can adversely affect water quality if the runoff is discharged into a water body untreated.

Federal Clean Water Act amendments in 1987 classified storm water discharges from certain industries and municipalities as point sources of pollution that require National Pollutant Discharge Elimination System (NPDES) permits. For the most part, states have been authorized to implement the NPDES storm water program, and in Washington, Ecology is the designated agency. Operators of municipal separate storm sewers, industrial facilities, and construction sites that discharge storm water must obtain a permit from Ecology and must use best management practices to control storm water. Ecology is required to collect permit fees, set in rule, to support the NPDES storm water program.

In capital budgets from 2009 through 2015, a total of \$220 million has been appropriated to Ecology for local storm water projects from Model Toxics Control Act accounts and state general obligation bonds.

Water Supply.

The Columbia River Basin Water Supply Management Program (Columbia River Program) and the Yakima River Basin Integrated Water Resource Management Plan (Yakima Integrated Plan) are current water supply initiatives authorized and funded by the Legislature.

In 2006 the Legislature created the Columbia River Program, authorized the issuance of \$200 million in general obligation bonds over five biennia, and directed Ecology to "aggressively

pursue the development of water supplies to benefit both in-stream and out-of-stream uses." In 2013 the Legislature authorized Ecology to implement the Yakima Integrated Plan, the objectives of which include: enhanced water conservation and efficiency; water reallocation markets; in-basin surface and groundwater storage facilities; fish passage at existing in-basin reservoirs; structural and operational modifications to existing facilities; habitat protection and restoration; and general watershed enhancements. The Yakima Integrated Plan includes a list of proposed actions preliminarily estimated to cost approximately \$4 billion over a 30-year period.

The 2013-15 Capital Budget includes \$74.5 million in new appropriations for projects under the Columbia River Program and \$131 million in new appropriations for projects under the Yakima Integrated Plan.

Summary of Amended Bill:

Creation of Task Force, Purpose, Scope of Work, and Reports.

A legislative task force (Task Force) is established on financing the state's storm water, flood risk reduction and floodplain restoration, and water supply and integrated water management priorities.

The purpose of the Task Force is to develop state and local financing options that address equally three state priorities: (1) storm water; (2) flood risk reduction and floodplain restoration; and (3) water supply and integrated water management. The Task Force must carry out the following scope of work:

- review existing studies and plans that quantify the level of funding needed through fiscal year 2025 to meet the three state priorities;
- develop and recommend state financing options that address equally the three state priorities;
- develop and recommend local financing options that use new or existing local governance structures to generate revenues from municipal and agricultural beneficiaries;
- investigate and recommend least-cost options for meeting the three state priorities, such as water conservation and water markets;
- develop and recommend fund management, prioritization and distribution policies and criteria; and
- develop and recommend a new standard process for requiring benefit-cost analyses by the State of Washington Water Research Center for any structural project with a cost exceeding \$25 million, prior to funds being appropriated for the project.

The Task Force must report its findings and recommendations to the Governor and appropriate legislative committees by December 15, 2014.

Task Force Membership and Support.

The Task Force will consist of nine members:

- four members of the House of Representatives, two from each of the two largest caucuses, appointed by the House speaker. Three must be members of a fiscal committee and one must be a member of a policy committee;
- four members of the Senate, two from each of the two largest caucuses, appointed by the Senate president. Three must be members of a fiscal committee and one must be a member of a policy committee; and
- the Governor or the Governor's representative.

The Task Force must select co-chairs from among its legislative members. Task Force appointments must be completed within 30 days of the effective date of the act.

Principal staff support for the Task Force must be provided by the House Office of Program Research, Senate Committee Services, and the Office of Financial Management. The Task Force may establish work groups, if necessary. Any work group must include at least two legislators from the Task Force and may include public and private sector representatives with relevant expertise. The Task Force may enter into contracts to obtain specific technical expertise related to the scope of work.

The departments of Ecology, Health, Agriculture, Commerce, Fish and Wildlife, and Natural Resources, the Office of the State Treasurer, and other relevant state agencies must provide information, analysis, and other support to the Task Force upon its request.

Provisions are included related to travel reimbursement and other Task Force expenses.

Null and Void.

If specific funding for purposes of this act is not provided in the capital appropriations act by June 30, 2014, this act is null and void.

Amended Bill Compared to Substitute Bill:

The amended bill establishes a nine-member legislative task force to develop state and local financing options that address equally three state priorities: (1) storm water, (2) flood risk reduction and floodplain restoration, and (3) water supply and integrated water management. It requires eight legislators and the Governor or the Governor's representative to serve on the Task Force, with principal staffing by the House Office of Program Research, Senate Committee Services, and the Office of Financial Management. The amended bill outlines the Task Force scope of work to include developing recommendations on: funding needed to meet the three state priorities through fiscal year 2025; state financing options; local financing options that generate revenues from municipal and agricultural beneficiaries; least-cost options such as conservation, water markets, and biosciences; policies for managing, prioritizing, and distributing state and local funding; and requiring benefit-cost analyses on any structural project with costs exceeding \$25 million, prior to making a legislative appropriation for the project. It includes a reporting deadline of December 15, 2014, and a null and void clause.

Appropriation: None.

Fiscal Note: Available on the substitute bill.

Effective Date of Amended Bill: The bill contains an emergency clause and takes effect immediately. However, the bill is null and void unless funded in the budget.

Staff Summary of Public Testimony:

(In support) Based on the history of droughts in this state, we can anticipate 20 droughts in the next 100 years. We must continue to make plans related to water supply because droughts have major direct financial impacts on farmers and multiplier impacts on processors of agricultural products. Tribes, environmental organizations, and agricultural interests should be added to the Task Force. The Yakima River Basin Integrated Plan (Plan) is estimated to cost from \$3.8 billion to \$5.2 billion. While the federal government is expected to contribute at least 50 percent of the costs, and beneficiaries will pay as well, the Plan will be on the rocks without state funding. The final deadline should be moved up to December 1, 2014, to be in sync with federal and state budget cycles. Flooding needs have always been underfunded in this state. Funding required for storm water projects, even for retrofits, is a very large number. The Task Force should build on what exists now, such as the storm water program being developed by Ecology. We like the bill's comprehensive approach and see this as an opportunity to work towards green infrastructure. The "flood control" language should be modernized to read "flood risk reduction" and to reflect projects with multiple benefits. The Task Force should focus on the financing aspect. There is no need to replicate studies.

(In support with concerns) We have concerns about the funding of water storage projects. We like the idea of investigating least-cost options. We believe that new construction projects should be required to have independent cost-benefit analyses.

(Other) With the fund source being the Public Works Assistance Account (PWAA), we want to have the wastewater and drinking water systems funded under the PWAA be part of the scope of work and to make sure that the right people are at the table.

(Opposed) None.

Persons Testifying: (In support) Senator Honeyford, prime sponsor; Urban Eberhart, Yakima Basin Joint Board; Jay Manning, American Rivers; Peter Dykstra, Trust for Public Lands; Bill Robinson, The Nature Conservancy; Darcy Nonemacher, Washington Environmental Council; Cindy Zehnder, Lewis County Public Utility District; Cody Arledge, Sheet Metal Workers Local 66; and Scott Cave, City of Quincy.

(In support with concerns) Bruce Wishart, Sierra Club.

(Other) Bill Clark, Washington Public Utility Districts Association; and Scott Hazlegrove, Washington Association of Sewer and Water Districts.

Persons Signed In To Testify But Not Testifying: None.