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**Capital Budget Committee**

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**HB 1889**

**Brief Description:** Establishing the water infrastructure program.

**Sponsors:** Representatives Dye, Chapman, Chandler, Blake and Schmick.

**Brief Summary of Bill**

- Establishes a competitive water infrastructure grant program for projects that promote increasing the availability of water for out-of-stream uses, reducing the risk of flooding, improving fish passage, or reducing stormwater pollution from existing development.
- Requires the Office of Columbia River, the Office of Chehalis Basin, the Fish Barrier Removal Board, and the Department of Ecology to review applications based on specified criteria.
- Establishes three appropriated accounts for the Water Infrastructure Program.
- Expresses legislative intent to provide \$500 million per biennium to the Water Infrastructure Program.

**Hearing Date:** 2/21/19

**Staff:** Melissa Palmer (786-7388).

**Background:**

Office of the Columbia River.

In 2006, the Legislature enacted the Columbia River Basin Water Supply Act relating to water resource management in the Columbia River Basin (Basin). The Office of the Columbia River (OCR) is tasked with developing water sources that include storage and conservation for the economic and community development needs of people, as well as the instream flow needs of fish. Water supplies developed and secured through projects funded from Basin accounts must be used in specified ways. Two-thirds of this water must be dedicated to new storage facilities and pump exchanges, while one-third must be used by OCR to enhance instream flows.

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*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.*

### Yakima River Basin Integrated Plan.

In 2013, the Legislature authorized funding for the initial development phase of the Yakima Basin Integrated Plan (integrated plan). The integrated plan is a 30-year plan for responding to drought and climate change. The integrated plan addresses seven elements: fish passage, fish habitat enhancement, modifying existing irrigation structure and operations, surface storage, water market-based reallocation (water banks), groundwater storage, and enhanced water conservation. At least one-half of the total costs to finance the implementation of the integrated plan must be funded through federal, private, and other nonstate sources, including a significant contribution of funding from local project beneficiaries.

### Office of Chehalis Basin.

Legislation in 2016 created the Office of Chehalis Basin (OCB) within the Department of Ecology (DOE). Its purpose is to aggressively pursue implementation of an integrated strategy and administer funding for long-term flood damage reduction and aquatic species restoration in the Chehalis River Basin. A Chehalis Basin Board was also created to provide oversight of strategy implementation and development of budget recommendations to the Governor. The Chehalis Basin Board consists of seven voting members and five state agency directors that serve as ex officio members. The strategy must include a detailed set of actions, an implementation schedule, and quantified measures to evaluate success.

### Fish Barrier Removal Board.

The Legislature established the Brian Abbot Fish Barrier Removal Board (FBRB) in 2014 to identify and remove impediments to salmon and steelhead migration. The role of the FBRB is to adopt governing policies, set project evaluation criteria, review project scoring and recommendations from the FBRB Technical Review Team, and approve a project priority list to be submitted to the Governor's Office and the Legislature for funding consideration. The 2017-19 Capital Budget included a general obligation bond appropriation of \$19.7 million for 13 fish passage projects.

### Stormwater.

In 2013, the Legislature directed the DOE to develop an ongoing, comprehensive, statewide Storm Water Financial Assistance Program. The DOE program provides grants to local governments to protect and improve water quality and to improve watershed functionality. DOE administers annual funding cycles for competitive grants for planning, design, and construction of projects that reduce stormwater impacts from existing infrastructure and development. The funding has appropriated from both Model Toxics Control Act revenues and general obligation bonds.

## **Summary of Bill:**

### Water Infrastructure Program.

The DOE administers the Water Infrastructure Program (WIP) for the purpose of funding projects that promote: increasing the availability of water for out-of-stream beneficial uses; reducing the risk of flooding, protecting against damage that may be caused by flooding, and restoring areas where flooding has occurred; improving fish passage; or reducing stormwater pollution from existing development. Additionally, the DOE must administer WIP as a competitive grant program to evaluate and rank projects proposed by sponsors.

The DOE must begin accepting applications beginning on April 1st of even-numbered years until October 1st of the same year. After the application submission period, DOE must distribute the applications to the Office of Columbia River, Office of Chehalis Basin, or the Fish Barrier Removal Board. The ranked lists must be provided to the appropriate legislative committees before the beginning of the regular session in each odd-number year. The reviewing entities must rank projects, to the extent practicable, so that equal amounts are allocated to each of the categories for the first twenty years of the WIP. Additionally, reviewing entities must consider whether the project is consistent with the Puget Sound Action Agenda. The DOE is authorized to establish an advisory committee for the WIP.

The Office of Columbia River (OCR) must review proposed projects based on the following criteria:

- Must increase the availability of water for out-of-stream beneficial uses;
- The highest priority projects are those that implement the Yakima River Basin Integrated Water Resource Management Plan or satisfy water needs for the Columbia River Basin;
- Preference must be given for projects that provide multiple benefits, mitigate impacts to fish and wildlife caused by the project, include practicable conservation measures to ensure water is used efficiently; and
- OCR may consider whether the project helps the state prepare for the effects of climate change.

The Office of Chehalis Basin (OCB) must review proposed projects based on the following criteria:

- Must reduce the risk of flooding, protect against damage that may be caused by flooding, or restore areas where the flooding has occurred;
- The highest priority projects are those that implement the Chehalis Basin Strategy;
- Preference must be given for projects that provide multiple benefits, are located in areas that are the greatest risk and most vulnerable to flooding, eliminate or minimize the risk of future damage or disruption to critical infrastructure, hospitals, and transportation corridors; and
- OCB may consider whether a project helps the state prepare for the effects of climate change.

The Fish Passage Barrier Removal Board must review proposed projects based on the following criteria:

- Must improve fish passage;
- The highest priority projects are those that satisfy the state's obligation under a court order; and
- Preference must be given to projects sponsored by a city or county.

The DOE must review proposed projects based on the following criteria:

- Must reduce stormwater pollution from existing development; and
- Preference must be given to projects that rely on low-impact development retrofit techniques and projects that have a high water quality benefit and address stormwater pollution from existing infrastructure.

DOE must publish a list of approved projects after the end of the regular or special sessions in odd number years or in even-number years, if the Legislature appropriates funding for projects. DOE may provide funding to sponsors for projects that were approved. DOE must monitor progress in completing the projects.

Sponsors that apply for funding through the WIP must provide a minimum of 25 percent of the project costs. Preference must be given to projects that provide a higher level of funding. A sponsor that is not approved may reapply in subsequent application periods.

Three appropriated accounts are created: the Water Infrastructure Program Bond Account, the Water Infrastructure Program Taxable Bond Account, and the Water Infrastructure Program Account. The Legislature declares its intent to appropriate \$500 million each biennium for projects under the WIP, up to \$5 billion. Beginning July 1, 2021, DOE must submit biennial reports to the Legislature regarding the use of funds under the WIP.

**Appropriation:** None.

**Fiscal Note:** Requested.

**Effective Date:** The bill takes effect 90 days after adjournment of the session in which the bill is passed.