

Multiple Agency Fiscal Note Summary

Bill Number: 2856 HB	Title: Chehalis river flood risk
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Estimated Cash Receipts

Agency Name	2015-17		2017-19		2019-21	
	GF- State	Total	GF- State	Total	GF- State	Total
Office of State Treasurer	Non-zero but indeterminate cost and/or savings. Please see discussion.					
Total \$	0	0	0	0	0	0

Estimated Expenditures

Agency Name	2015-17			2017-19			2019-21		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Office of State Treasurer	.0	0	0	.0	0	0	.0	0	0
Office of Financial Management	.0	0	0	.0	0	0	.0	0	0
Department of Ecology	.0	0	0	.0	0	0	.0	0	0
Recreation and Conservation Funding Board	.0	0	0	.0	0	0	.0	0	0
Total	0.0	\$0	\$0	0.0	\$0	\$0	0.0	\$0	\$0

Local Gov. Courts *									
Loc School dist-SPI									
Local Gov. Other **	Non-zero but indeterminate cost and/or savings. Please see discussion.								
Local Gov. Total									

Estimated Capital Budget Impact

NONE

Department of Ecology	Non-zero but indeterminate cost and/or savings. Please see discussion.
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Prepared by: Myra Baldini, OFM	Phone: (360) 902-0525	Date Published: Final 1/29/2016
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* See Office of the Administrator for the Courts judicial fiscal note

** See local government fiscal note

FNPID: 43255

Individual State Agency Fiscal Note

Bill Number: 2856 HB	Title: Chehalis river flood risk	Agency: 090-Office of State Treasurer
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Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

Non-zero but indeterminate cost. Please see discussion.

Estimated Expenditures from:

NONE

Estimated Capital Budget Impact:

NONE

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.

Check applicable boxes and follow corresponding instructions:

- If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- Capital budget impact, complete Part IV.
- Requires new rule making, complete Part V.

Legislative Contact: Meg Van Schoorl	Phone: 360-786-7105	Date: 01/22/2016
Agency Preparation: Dan Mason	Phone: 360-902-9090	Date: 01/25/2016
Agency Approval: Dan Mason	Phone: 360-902-9090	Date: 01/25/2016
OFM Review: Gwen Stamey	Phone: (360) 902-9810	Date: 01/25/2016

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Briefly describe by section number, the significant provisions of the bill, and any related workload or policy assumptions, that have revenue or expenditure impact on the responding agency.

HB 2856 creates the Chehalis river basin flood risk reduction account and allows the account to retain its earnings from investments.

II. B - Cash receipts Impact

Briefly describe and quantify the cash receipts impact of the legislation on the responding agency, identifying the cash receipts provisions by section number and when appropriate the detail of the revenue sources. Briefly describe the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explain how workload assumptions translate into estimates. Distinguish between one time and ongoing functions.

Projected cash flows are currently unavailable, therefore, estimated earnings from investments are indeterminable.

Earnings for an account are a function of the average daily balance of the account and the earnings rate of the investment portfolio. The average daily balance is a function of the beginning balance in the account and the timing & amount of receipts, disbursements, & transfers during the time period under review. Accordingly, even with a beginning balance of zero, two accounts with the same overall level of receipts, disbursements, and transfers can have different average daily balances, and hence different earnings.

For illustrative purposes, assume based on the November 2015 revenue forecast that approximately \$3,500 in FY 16, \$6,800 in FY 17, \$20,000 in FY 18, and \$30,000 in FY 19 in net earnings would be gained or lost annually for every \$1 million shift in average daily cash balances.

II. C - Expenditures

Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumptions translate into cost estimates. Distinguish between one time and ongoing functions.

Part III: Expenditure Detail

III. A - Expenditures by Object Or Purpose

NONE

Part IV: Capital Budget Impact

Part V: New Rule Making Required

Identify provisions of the measure that require the agency to adopt new administrative rules or repeal/revise existing rules.

Individual State Agency Fiscal Note

Bill Number: 2856 HB	Title: Chehalis river flood risk	Agency: 105-Office of Financial Management
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Part I: Estimates

No Fiscal Impact

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.

Check applicable boxes and follow corresponding instructions:

- If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- Capital budget impact, complete Part IV.
- Requires new rule making, complete Part V.

Legislative Contact: Meg Van Schoorl	Phone: 360-786-7105	Date: 01/22/2016
Agency Preparation: Stephanie Lidren	Phone: (360) 902-3056	Date: 01/27/2016
Agency Approval: Aaron Butcher	Phone: 360-902-0406	Date: 01/27/2016
OFM Review: Jennifer Masterson	Phone: (360) 902-0579	Date: 01/27/2016

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Briefly describe by section number, the significant provisions of the bill, and any related workload or policy assumptions, that have revenue or expenditure impact on the responding agency.

House Bill 2856 establishes the office of Chehalis River basin flood risk reduction. The Office of Financial Management no longer administers the contracts related to this function, therefore, there is no fiscal impact.

II. B - Cash receipts Impact

Briefly describe and quantify the cash receipts impact of the legislation on the responding agency, identifying the cash receipts provisions by section number and when appropriate the detail of the revenue sources. Briefly describe the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explain how workload assumptions translate into estimates. Distinguish between one time and ongoing functions.

II. C - Expenditures

Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumptions translate into cost estimates. Distinguish between one time and ongoing functions.

Part III: Expenditure Detail

Part IV: Capital Budget Impact

Part V: New Rule Making Required

Identify provisions of the measure that require the agency to adopt new administrative rules or repeal/revise existing rules.

Individual State Agency Fiscal Note

Bill Number: 2856 HB	Title: Chehalis river flood risk	Agency: 461-Department of Ecology
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Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Expenditures from:

NONE

Estimated Capital Budget Impact:

Non-zero but indeterminate cost. Please see discussion.

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.

Check applicable boxes and follow corresponding instructions:

- If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- Capital budget impact, complete Part IV.
- Requires new rule making, complete Part V.

Legislative Contact: Meg Van Schoorl	Phone: 360-786-7105	Date: 01/22/2016
Agency Preparation: Jessica Moore	Phone: 360-407-6994	Date: 01/27/2016
Agency Approval: Erik Fairchild	Phone: 360-407-7005	Date: 01/27/2016
OFM Review: Myra Baldini	Phone: (360) 902-0525	Date: 01/27/2016

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Briefly describe by section number, the significant provisions of the bill, and any related workload or policy assumptions, that have revenue or expenditure impact on the responding agency.

Under current law, Ecology, Washington State Department of Wildlife, the Office of Financial Management (OFM), and the Washington State Recreation and Conservation Office (RCO) are part of a team for multi-benefit floodplain management in the Chehalis Basin. \$50 million was appropriated for the 2015-17 biennium to OFM in the capital budget. RCO receives funding from OFM and Ecology receives funding from RCO through interagency agreements. RCO is required to administer grants to local partners.

Section 1 would require Ecology to establish the Office of Chehalis River Basin Flood Risk Reduction (Office). The primary purpose of the office would be to administer funding for an integrated strategy of long-term flood damage reduction and aquatic species restoration in the Chehalis river basin. Ecology would be required to work with the Governor's Chehalis Basin Work Group to set up the Office using the Office of Columbia River (OCR) as a model.

Section 2 would create the Chehalis River Basin Flood Risk Reduction Account as the fund source to be used for purposes of section 1. The bill does not specify a revenue source for the new account.

Ecology assumes this would be a capital grant program based on the Catastrophic Flood Relief Project (Project 1074 in the capital budget). Expenditures are indeterminate because the size of the grant program and revenue source are not specified in the bill. A scenario is provided using a \$50 million grant program consistent with the Catastrophic Flood Relief Project this biennium.

II. B - Cash receipts Impact

Briefly describe and quantify the cash receipts impact of the legislation on the responding agency, identifying the cash receipts provisions by section number and when appropriate the detail of the revenue sources. Briefly describe the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explain how workload assumptions translate into estimates. Distinguish between one time and ongoing functions.

Section 2 would create the Chehalis River Basin Flood Risk Reduction Account as the fund source to be used for purposes of section 1. The revenue source is not specified in the bill.

II. C - Expenditures

Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumptions translate into cost estimates. Distinguish between one time and ongoing functions.

Part III: Expenditure Detail

III. A - Expenditures by Object Or Purpose

NONE

Part IV: Capital Budget Impact

NONE

Non-zero but indeterminate cost. Please see discussion.

Expenditures are indeterminate because the size of the grant program and revenue source are not specified in the bill. Below is a scenario using a \$50 million grant program consistent with the Catastrophic Flood Relief Project.

Section 1 would require Ecology to set up the Office, based on the OCR, to administer funding for an integrated strategy of long-term flood damage reduction and aquatic species restoration in the Chehalis River Basin. Ecology assumes that the

responsibility for grant administration for projects started in the 2015-17 biennium would continue from RCO. Ecology assumes that the responsibility for grant administration as required by this bill, would be administered by the new Office of Chehalis River Basin Flood Risk Reduction for projects beginning July, 2017. Ecology assumes that staffing would start in July, 2016, to prepare for the grant period that would start July, 2017. Ecology assumes that additional staff resources would be required to administer grants; the amount of staff required would be directly tied to the number of agreements administered.

For illustrative purposes only, Ecology assumes the intent of this bill is to conduct a large scale funding effort to implement the Chehalis Basin Strategy. For the purposes of estimating costs, Ecology assumes a scenario in which there would be \$50 million appropriated each biennium for all costs, including grants awarded and administering grants. Total costs for staff would be \$2,044,770 each biennium. Total available for grants would be \$47,955,230 each biennium. Based on the combined experience of operating OCR funding through Ecology, the statewide Floodplain by Design (FbD) program, and current Chehalis basin flood hazard reduction efforts, Ecology estimates the following resources would be required, ongoing starting July 1, 2016, to implement this scenario:

- 1.0 FTE (EMS) to oversee the office and provide leadership in working with the communities in the basin, tribes, agencies, and other interests on the long-term strategy. This position would be responding to a high level of public expectation that would be associated with this new area-specific Office;
- 1.0 FTE Environmental Specialist 5 (ES5) to engage in development and oversight of projects. This position would work with local agencies to develop project proposals consistent with the long-term strategy, coordinate with the Chehalis Basin Flood Authority in development of proposed project lists, and coordinate with agencies and tribes in review of project design and permitting.
- 1.0 FTE Environmental Planner 5 (EP5) to provide floodplain management policy and technical services to over a dozen cities and counties in the basin. This position would be a certified floodplain manager. They would assist jurisdictions in meeting Community Rating System requirements, which provide flood insurance holders with reduced premiums. They would assist in update of local ordinances and technical guidance, and provide technical assistance in implementation of these flood hazard reduction programs;
- 2.0 FTE Environmental Planner 3 (EP3) to serve as grant project managers (Based on the number of FbD agreements and their average value, Ecology assumes 12 agreements per person);
- 1.0 FTE Secretary Senior;
- 1.0 FTE Contract Specialist 3 (CS3) to serve as a financial manager for competitive grants;
- 0.30 Hydrogeologist 4 (HG4) and 0.50 FTE Environmental Engineer 5 (EE5) to provide technical assistance to grant recipients on their grant applications and in implementing their grant awards;
- 0.25 FTE Communications Consultant 5 (CC5) to provide communications and outreach; and
- 0.50 Budget Analyst 3 (BA3) to manage the budget.

Part V: New Rule Making Required

Identify provisions of the measure that require the agency to adopt new administrative rules or repeal/revise existing rules.

Individual State Agency Fiscal Note

Bill Number: 2856 HB	Title: Chehalis river flood risk	Agency: 467-Rec/Conserv Funding Board
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Part I: Estimates

No Fiscal Impact

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.

Check applicable boxes and follow corresponding instructions:

- If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- Capital budget impact, complete Part IV.
- Requires new rule making, complete Part V.

Legislative Contact: Meg Van Schoorl	Phone: 360-786-7105	Date: 01/22/2016
Agency Preparation: Mark Jarasitis	Phone: 360-902-3006	Date: 01/28/2016
Agency Approval: Wendy Brown	Phone: 360-902-3021	Date: 01/28/2016
OFM Review: Myra Baldini	Phone: (360) 902-0525	Date: 01/28/2016

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Briefly describe by section number, the significant provisions of the bill, and any related workload or policy assumptions, that have revenue or expenditure impact on the responding agency.

This measure moves the responsibility for the Catastrophic Flood Relief Project (project 1074 in the capital budget) to the Department of Ecology for funding in the 2017-2019 biennium.

The Recreation and Conservation Office will continue to administer the grant projects started in the 2015-2017. These funds are administered by RCO at 1% administrative rate. There is an administrative charge of \$500,000 for administering \$50,000,000. Since this is an interagency agreement, the expenditures are netted to zero at RCO, using the interagency reimbursements process. The removal of this program from RCO will result in one FTE without funding starting 07/01/2018

II. B - Cash receipts Impact

Briefly describe and quantify the cash receipts impact of the legislation on the responding agency, identifying the cash receipts provisions by section number and when appropriate the detail of the revenue sources. Briefly describe the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explain how workload assumptions translate into estimates. Distinguish between one time and ongoing functions.

II. C - Expenditures

Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumptions translate into cost estimates. Distinguish between one time and ongoing functions.

Part III: Expenditure Detail

Part IV: Capital Budget Impact

Part V: New Rule Making Required

Identify provisions of the measure that require the agency to adopt new administrative rules or repeal/revise existing rules.

LOCAL GOVERNMENT FISCAL NOTE

Department of Commerce

Bill Number: 2856 HB	Title: Chehalis river flood risk
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Part I: Jurisdiction-Location, type or status of political subdivision defines range of fiscal impacts.

Legislation Impacts:

- Cities:
- Counties:
- Special Districts:
- Specific jurisdictions only: Jurisdictions participating in work to protect the Chehalis River Basin, including select cities within Lewis County, Thurston County, and Grays Harbor County
- Variance occurs due to:

Part II: Estimates

- No fiscal impacts.
- Expenditures represent one-time costs:
- Legislation provides local option:
- Key variables cannot be estimated with certainty at this time: The level of participation by local jurisdictions in the Chehalis Basin Work Group, including the number of staff, staff hours, jurisdictional resources involved in the cooperative efforts to protect the Chehalis River Basin.

Estimated revenue impacts to:

Indeterminate Impact

Estimated expenditure impacts to:

Indeterminate Impact

Part III: Preparation and Approval

Fiscal Note Analyst: Buck Lucas	Phone: 360/725-5040	Date: 01/29/2016
Leg. Committee Contact: Meg Van Schoorl	Phone: 360-786-7105	Date: 01/22/2016
Agency Approval: Steve Salmi	Phone: (360) 725 5034	Date: 01/29/2016
OFM Review: Myra Baldini	Phone: (360) 902-0525	Date: 01/29/2016

Part IV: Analysis

A. SUMMARY OF BILL

Provide a clear, succinct description of the bill with an emphasis on how it impacts local government.

This bill would establish the Chehalis River Basin Flood Risk Reduction Account (Account), and require the Department of Ecology (Ecology) to work with the Chehalis Basin Work Group (Basin Group) to protect aquatic wildlife, and the Chehalis River Basin from flood damage.

B. SUMMARY OF EXPENDITURE IMPACTS

Briefly describe and quantify the expenditure impacts of the legislation on local governments, identifying the expenditure provisions by section number, and when appropriate, the detail of expenditures. Delineate between city, county and special district impacts.

This legislation would have an indeterminate expenditure impact on local jurisdictions that work to mitigate flood risks in association with the Basin Group.

The revenue that would fund the Account would be maintained and distributed by the State Treasurer, and Ecology would administer the funds to mitigate long-term flood damage and protect aquatic species restoration beginning in July 2017. The Washington State Recreation and Conservation Office (RCO) is responsible for grant projects outlined in the 2015-2017 appropriation.

Ecology assumes that departmental expenditures would be indeterminate, because a stable revenue source has yet to be specified, beyond the \$50 million appropriated by the Legislature in the 2015-2017 biennium, and Local Government Fiscal Note Program (LGFN) staff hold a similar assumption. Within the services provided by Ecology to assist local jurisdictions, such as, flood plain management, updating ordinances, or providing sophisticated technical assistance in the areas of grant management, local governments may expect reduced expenditures in these areas. The level of expenditures local governments may experience during the provision of Ecology's services is indeterminate. The level of local government expenditures to support projects receiving funding from the Basin Group's recommendations, in collaboration with Ecology, are also indeterminate. For these reasons, local government expenditures are indeterminate.

C. SUMMARY OF REVENUE IMPACTS

Briefly describe and quantify the revenue impacts of the legislation on local governments, identifying the revenue provisions by section number, and when appropriate, the detail of revenue sources. Delineate between city, county and special district impacts.

This legislation would have an indeterminate revenue impact on the local governments cooperating with Ecology and the Basin Group to mitigate flood risks in the Chehalis River Basin.

Funds appropriated by the Legislature, approximately \$50 million in the 2015-2017 biennium, would be available for distribution to local governments. The level of revenue that local governments may expect for flood mitigation projects, and other related tasks is indeterminate.

To provide an illustrative example on the potential revenue impact on local governments, this analysis utilizes the previous legislative appropriation, \$28.2 million, in the 2013-2015 biennium. Local governments, including the Chehalis River Basin Flood Authority, City of Montesano, and Grays Harbor County, received approximately 38 percent of the appropriation, or \$10.74 million. The \$50 million appropriated by the Legislature in the 2015-2017 biennium follows a similar pathway to local governments, with an approximate \$21 million, or 40 percent of the appropriation, flowing to local governments for projects and programs relating to flood risk reduction.

The Local Government Fiscal Note Program (LGFN) assumes that the preceding is a low-end estimate for the following reasons. The legislative appropriations analyzed both directly and indirectly appropriate to local governments. Select projects are handled directly by local government, and yet other are provided to local governments to contract with private consultants, construction crews, or other aquatic and floodplain experts. Other projects within the previous legislative appropriations provided benefits and revenues to local governments, but the agents performing the activities, both privately contracted and through state agencies, such as, the RCO, the Washington Department of Fish and Wildlife, or the United States Army Corps of Engineers directly perform the work or contract for services. Local government involvement and the revenue that may otherwise be allotted for those activities is indeterminate. For these reasons, it is unclear how much revenue local governments may expect to increase flood risk preparedness and implement flood risk mitigation strategies.

SOURCES:

The William D. Ruckelshaus Center
Chehalis River Basin Flood Damage Reduction, 2013-2015 Capital Budget

