Agency: 490 Department of Natural Resources
Decision Package Code/Title: DV Large Derelict Vessel Removal
Budget Period: 2009-11
Budget Level: M2 - Inflation and Other Rate Changes

Recommendation Summary Text:

In the 07-09 biennium, the Department of Natural Resources (DNR) received additional funding to remove and dispose of large derelict vessels. $2 million of the General Fund State was provided solely for expenditure into the Derelict Vessel Removal Account (DVRA). Funds transferred from the General Fund into DVRA are directed by Engrossed Second Substitute Senate Bill 6044 (chapter 342, 2007) to be prioritized for the removal of large vessels and to reimburse one hundred percent of the costs of removal of large vessels.

This proposal requests the continuation of the $2 million additional appropriation to remove large derelict vessels. With this additional funding, the department is projecting to remove and dispose of three large vessels posing a public nuisance or safety hazard.

Fiscal Detail

<table>
<thead>
<tr>
<th>Operating Expenditures</th>
<th>FY 2010</th>
<th>FY 2011</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>513-1 Derelict Vessel Removal Account-State</td>
<td>1,000,000</td>
<td>1,000,000</td>
<td>2,000,000</td>
</tr>
<tr>
<td>Total Cost</td>
<td>1,000,000</td>
<td>1,000,000</td>
<td>2,000,000</td>
</tr>
<tr>
<td>Staffing FTEs</td>
<td>.6</td>
<td>.6</td>
<td>.6</td>
</tr>
</tbody>
</table>

Package Description:

The 2007 Legislature passed Engrossed Second Substitute Senate Bill 6044 allowing funds to be transferred to the Derelict Vessel Removal Account. This additional appropriation authority has been directed by the bill to be prioritized for removing and disposing of large vessels. In 2007, the Legislature transferred $2 million of General Fund State to the DVRA. This decision package assumes a continuation of the $2 million transfer by the Legislature in the 2009-11 biennium.

In maintaining it's removal effort, the department currently has custody of five large vessels/drydocks. Other authorized public entities have taken custody of two additional large derelict vessels. The department anticipates to have disposed of all five of the seven vessels by the end of the 07-09 biennium, as funds allow.

To date, there are approximately 180 vessels on the Derelict Vessel Inventory list of which 23 of these vessels are greater than 75 feet in length (this includes the vessels mentioned in the previous paragraph). This funding request to increase the appropriation would allow the department to remove three large vessels plus additional three vessels to be removed by other Authorized Public Entities. These vessels are considered public nuisances and safety hazards as they often pose hazards to navigation and threaten the environment with the potential release of hazardous materials.

September 5, 2008
Narrative Justification and Impact Statement

What specific performance outcomes does the agency expect?

Three large vessels removed by DNR and three large vessels removed by other Authorized Public Entities.

Performance Measure Detail

Activity: A044  Aquatic Lands Environmental Management

<table>
<thead>
<tr>
<th>Output Measures</th>
<th>FY 2010</th>
<th>FY 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>AQ02 Number of derelict vessels removed by DNR from Washington's navigable waterways.</td>
<td>1.00</td>
<td>2.00</td>
</tr>
</tbody>
</table>

Is this decision package essential to implement a strategy identified in the agency's strategic plan?

Agency 2009-11 Strategic Priorities
- Protect, restore and enhance aquatic ecosystems through innovative stewardship; foster water-dependent uses, navigation and commerce; and, manage renewable aquatic resources such as shellfish and aquatic vegetation in collaboration with stakeholders to ensure sustainable harvests and ecosystem health.

Agency 2009-11 Strategic Goal: Aquatic Resources are managed to optimize the full range of public benefits.

Strategy:
- Reduce hazards to navigation, public safety and the environment through the derelict vessel removal and creosote piling and log removal programs.

Does this decision package provide essential support to one of the Governor's priorities?

POG:
- Improve the quality of Washington's natural resources.
  By mitigating and preventing environmental hazards.

- Improve the safety of people and property
  By removing derelict/abandoned vessels that pose threats to human health and safety and property.

- Improve the cultural and recreational opportunities throughout the state.
  By removing deteriorating vessels from the water, thereby reducing hazards to navigation.

Does this decision package make key contributions to statewide results? Would it rate as a high priority in the Priorities of Government process?

Improve the quality of Washington's natural resources.
- Preserve, maintain and restore natural systems and landscapes

Improve the safety of people and property
- Prepare for and respond to emergencies
- Enforce the law

Improve the cultural and recreational opportunities throughout the state.
- Provide stewardship of cultural and recreational assets
- Ensure access to cultural and recreational opportunities
- Ensure quality cultural and recreational experiences

September 5, 2008
What are the other important connections or impacts related to this proposal?

Yes. Likely 50%-75%, of the highest priority vessels anticipated for 09-11 include vessels in both Puget Sound and Southwest Washington (Grays Harbor and Wahkiakum Counties).

Removal of large derelict vessels will support progress towards several of the Puget Sound Partnership’s Action Agenda’s statutory objectives and strategic priorities. Supported PSP objectives include:

- Significantly reduce toxics entering Puget Sound fresh and marine waters -- derelict vessels are a source of pollution from petrochemical and toxic materials;
- Protect existing habitat and prevent further losses - large derelict vessels shade submerged aquatic vegetation;

The Partnership’s Strategic Priority supported:
- Prevent sources of pollution -- derelict vessels are a source of pollution from petrochemical and toxic materials.

What alternatives were explored by the agency, and why was this alternative chosen?

At the current carry forward level, the Derelict Vessel Removal Program budget could not support removal of these large vessels while supporting removal of the many smaller vessels on the derelict vessel priority list. Shifting the current funding to large vessel removal would result in an increase in the number of smaller vessels that need to be removed and would decrease DNR’s capacity to address high priority small vessels presenting an immediate navigational or environmental hazard.

What are the consequences of not funding this package?

If not funded, large derelict vessels will remain on aquatic lands longer until they become high priority and would continue to pose navigational, recreational and environmental hazards and create potential liability to the State and DNR.

What is the relationship, if any, to the state’s capital budget?

None.

What changes would be required to existing statutes, rules, or contracts, in order to implement the change?

None.

Expenditure and revenue calculations and assumptions

Salaries and Benefits:
A .5 FTE of a Natural Resource Specialist 2 to coordinate the additional vessel removals. Salary and benefit cost is $17,600 for the 2009-11 biennium.

Personal Service Contracts:
$904,800 of personal service contracts will be used for payments for removals and disposals of vessels, and $1,000,000 of Purchased Services (object ER) will be used for recovery of expenses to other public entities.

Goods and services, rent, and travel are based on program averages.

Agency administrative cost is calculated at 27% and shown as object T. FTE associated with agency admin is estimated at .1FTE.

Which costs and functions are one-time? Which are ongoing? What are the budget impacts in future biennia?

All costs are considered ongoing as long as the revenue source is available (December 31, 2012 per E2SSB 6044).
<table>
<thead>
<tr>
<th>Object Detail</th>
<th>FY 2010</th>
<th>FY 2011</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>A    Salaries And Wages</td>
<td>25,300</td>
<td>25,300</td>
<td>50,600</td>
</tr>
<tr>
<td>B    Employee Benefits</td>
<td>8,800</td>
<td>8,800</td>
<td>17,600</td>
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<tr>
<td>C    Personal Service Contracts</td>
<td>451,900</td>
<td>451,900</td>
<td>903,800</td>
</tr>
<tr>
<td>E    Goods And Services</td>
<td>502,500</td>
<td>502,500</td>
<td>1,005,000</td>
</tr>
<tr>
<td>G    Travel</td>
<td>1,400</td>
<td>1,400</td>
<td>2,800</td>
</tr>
<tr>
<td>T    Intra-Agency Reimbursements</td>
<td>10,100</td>
<td>13,100</td>
<td>20,200</td>
</tr>
<tr>
<td><strong>Total Objects</strong></td>
<td><strong>1,000,000</strong></td>
<td><strong>1,000,000</strong></td>
<td><strong>2,000,000</strong></td>
</tr>
</tbody>
</table>