Agency: 490 Department of Natural Resources
Decision Package Code/Title: AD Increased Derelict Vessel Removal
Budget Period: 2009-11
Budget Level: PL - Performance Level

Recommendation Summary Text:

This proposal requests an ongoing increase to the appropriation for the Derelict Vessel Removal Account (DVRA) which would be used to remove additional derelict and abandoned vessels that pose a public nuisance and/or safety hazard.

In 2007, the Legislature added a $1 Derelict Vessel Fee to vessel registration (RCW 88.02.270), to be used to address the backlog of small (<75') abandoned & derelict vessels that need to be removed from the waters of Washington state. This fee results in an additional $280,000 being added to the DVRA every year. The Department of Natural Resources (DNR) requests an increased DVRA appropriation in order to accomplish these small vessel removals.

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>302,900</td>
<td>297,300</td>
<td>600,200</td>
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<tr>
<td>Total Cost</td>
<td>302,900</td>
<td>297,300</td>
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<table>
<thead>
<tr>
<th>Staffing</th>
<th>FY 2010</th>
<th>FY 2011</th>
<th>Annual Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>FTEs</td>
<td>1.3</td>
<td>1.3</td>
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</table>

Package Description:

There is a growing backlog of small abandoned and derelict vessels in the waters of Washington state.

Each derelict or abandoned vessel removal has unique conditions. Size, location, environment conditions, condition of the vessel, etc, all affect the cost of removal. DNR have committed to removing six vessels in FY 08 and six vessels in FY 09. The addition of a part time staff member in January 2008 and economies of scale that allowed DNR to efficiently remove four vessels from adjacent embayments allowed DNR to remove 17 vessels in FY08. The total vessel removals are actually higher for the FY and biennium as a result of removals conducted by other authorized public entities. The additional funding and staff person that are part of this appropriation request would be focused on small vessels removals and would allow a proportionate increase in the number of removals conducted by DNR. This will significantly reduce the recreational, navigational, environmental and aesthetic affects caused by derelict vessels.

Narrative Justification and Impact Statement
What specific performance outcomes does the agency expect?

The 2002 Legislature passed Engrossed Substitute House Bill 2376 which provides the authority for state and local government to address problems associated with derelict and abandoned vessels. It gives the Authorized Public Entities (APEs) the legal authority to seize, remove and dispose of derelict and abandoned vessels and provides a funding mechanism to use when taking these actions. In addition to managing the fund and reimbursing local entities for the removals they've conducted, DNR also acts as an Authorized Public Entity to remove vessels. The funding structure initially described for the program has been adequate to address the continuous stream of newly reported vessels but not the backlog of previously existing vessels. The 2007 Legislature added a funding source to increase the revenue to the account to support the reduction of the backlog.

There are approximately 180 vessels on the Derelict Vessel Inventory list and, even though the number of abandoned and derelict vessels being reported to the program has continued to increase over time, an increased removal rate has mostly kept pace, thereby preventing the backlog from increasing significantly. The backlog, however, still exists. This was one of the reasons that DNR supported the legislative changes that were passed in 2006 to increase reimbursement to authorized public entities (from the DVRA) to 90%. Participation from non-DNR public entities has increased due to that legislative change. Currently, several cities, counties and port authorities have identified and begun custody proceedings on vessels that will later qualify for reimbursement. This fact, in combination with DNR's recent actions on four large derelict vessels, will encumber the DVRA to nearly its full allotment by the end of the 07-09 biennium.

This is an ongoing funding request to increase the appropriation for the Derelict Vessel Removal Account to access available funds from the 2007 Engrossed Second Substitute House Bill 6044.

The DVRA funds can only be used for the purpose of removing derelict vessels and administration of the program. This $1 fee revenue source has the additional caveat that it can only be used for vessels less than 75 feet in length. This item is fully funded within the DVRA and does not require additional legislative action.

**Performance Measure Detail**

**Activity: A044 Aquatic Lands Environmental Management**

<table>
<thead>
<tr>
<th>Output Measures</th>
<th>FY 2010</th>
<th>FY 2011</th>
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</thead>
<tbody>
<tr>
<td>AQ02 Number of derelict vessels removed by DNR from Washington's navigable waterways</td>
<td>9.00</td>
<td>9.00</td>
</tr>
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</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: Work with communities and governmental entities to improve the ecological health of aquatic resources by taking an assertive stewardship role in promoting the conservation, restoration, and enhancement of ecosystem processes and services.

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

The Derelict Vessel removal Program (DVRP) staff will work with local entities to coordinate vessel removal and cost reimbursement.

Strategy: Work with communities to enhance commerce, navigation, and economic development.

The Derelict Vessel Removal Program's coordination with local, state, and Federal government entities to mark and remove derelict vessels that pose imminent risk to navigation and commerce. Derelict vessels that do not pose an imminent risk are prioritized for removal based on environmental and navigational factors.

September 5, 2008
Does this decision package provide essential support to one of the Governor's priorities?

POG:
Improve quality of Washington's natural resources:
- Preserve, maintain and restore natural systems and landscapes
- Establish safeguards and standards to protect natural resources

Improve cultural and recreational opportunities throughout the state:
- Ensure access to cultural and recreational opportunities

Improve the ability of state government to achieve results efficiently and effectively:
- Provide state financial resources and services

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

Improve quality of Washington's natural resources:
- Preserve, maintain and restore natural systems and landscapes
- Establish safeguards and standards to protect natural resources

The DVRP and this proposal will improve quality of natural resources in Washington State through increased derelict vessel removals and disposals. As noted, derelict vessels are public nuisances and safety hazards as they often pose hazards to navigation, detract from the aesthetics of Washington's waterways, and threaten the environment with the potential release of hazardous materials.

The Derelict Vessel Removal Program represents an active function of DNR's management of state-owned aquatic lands. The DNR has created an inventory of the derelict vessels in the waters of Washington state. In addition, criteria have been developed to prioritize these vessels for removal. Because the funding of the derelict vessel removal account is limited each year, these criteria include consideration of environmental protection, threats to human health and safety, as well as threats to navigation, so the most damaging vessels can be removed first. To date, the DVRP has removed or facilitated the removal of 183 vessels. This proposal will support that effort by making available funding that is intended but currently unavailable to remove derelict and abandoned vessels.

Improve cultural and recreational opportunities throughout the state:
- Ensure access to cultural and recreational opportunities
The removal of these vessels from waters of the state reduces threats to public health and safety, enhancing boating and recreational opportunities.

Improve the ability of state government to achieve results efficiently and effectively:
- Provide state financial resources and services
This proposal satisfies the priority of efficient and effective government. The proposal simply seeks to access existing funds that were earmarked for the program and remained in the account after the first biennium. This proposal also prevents the account from building unused revenue.

What are the other important connections or impacts related to this proposal?

It is unlikely that any stakeholders will have concerns about the changes related to this proposed investment. Many stakeholders would like to see DNR remove more of the public nuisances and hazards. Most of the work would likely be conducted in the Puget Sound Basin as a majority of the reported vessels are located in that area. There are positive impacts to other authorized public entities as it would take some of the pressure off of them if DNR takes a more active role. It would also potentially decrease the workload of spill response agencies such as the Washington Department of Ecology and US Coast Guard but it may increase the workload of investigative and legal agencies such as the Environment Protection Agency Criminal Investigation unit and Attorney General's Office. As DNR removes more vessels it will require additional legal support from the AGO when/if vessel owners attempt to appeal being named as the owner (and thereby appealing their liable for the costs of removal).

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

September 5, 2008
-Significantly reduce toxics entering Puget Sound fresh and marine waters -- derelict vessels are a source of pollution from petrochemical and toxic materials;
-Build and sustain the capacity for action - increased funding will encourage other public entities to partner with DNR and sustain their ability to work cooperatively to remove derelict vessels before they impact the Puget Sound environment.

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?**

The DVRA funds can only be used for the purpose of removing derelict vessels and administration of the program. This item is fully funded within the DVRA and would not require additional legislative action.

**What are the consequences of not funding this package?**

Without this ongoing increased appropriation authority, derelict vessels will remain on aquatic lands longer and until they become a high enough priority and will continue to pose navigational, recreational and environmental hazards and create potential liability.

**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**

Salary and Benefits:
1 FTE of a Natural Resource Specialist 2 will conduct the vessel removals from initial site visits through contract management and vessel disposition in an independent capacity. Salary and benefit cost is $135,600 for the 2009-11 biennium and $136,600 a biennium thereafter.

Personal Service Contracts:
Contractual work to remove and dispose of vessels is $395,700 for 2009-11 biennium and $399,200 a biennium thereafter.

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

One-time items include one workstation at $7,000.

Agency administrative cost is calculated at 27% and shown as object T. FTE associated with agency admin is estimated at .3 FTE.

There are no anticipated revenue changes due to this proposal.

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

The costs and functions are ongoing as long as the revenue source is available-currently through December 2013.

<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>
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<td>101,200</td>
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<tr>
<td>B  Employee Benefits</td>
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<td>C  Personal Service Contracts</td>
<td>197,800</td>
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<td>E  Goods And Services</td>
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<td>G  Travel</td>
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C100
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<tr>
<th>T</th>
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<tbody>
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<td></td>
<td>Total Objects</td>
<td>302,900</td>
<td>297,300</td>
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