

# Multiple Agency Fiscal Note Summary

<b>Bill Number:</b> 1138 HB	<b>Title:</b> Drought preparedness
-----------------------------	------------------------------------

## Estimated Cash Receipts

NONE

Agency Name	2023-25		2025-27		2027-29	
	GF- State	Total	GF- State	Total	GF- State	Total
Local Gov. Courts						
Loc School dist-SPI						
Local Gov. Other	Fiscal note not available					
Local Gov. Total						

## Estimated Operating Expenditures

Agency Name	2023-25				2025-27				2027-29			
	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total
Office of State Treasurer	Fiscal note not available											
Office of Financial Management	.0	0	0	0	.0	0	0	0	.0	0	0	0
Department of Ecology	2.3	0	0	2,500,000	2.3	0	0	2,500,000	2.3	0	0	2,500,000
Department of Ecology	In addition to the estimate above, there are additional indeterminate costs and/or savings. Please see individual fiscal note.											
<b>Total \$</b>	<b>2.3</b>	<b>0</b>	<b>0</b>	<b>2,500,000</b>	<b>2.3</b>	<b>0</b>	<b>0</b>	<b>2,500,000</b>	<b>2.3</b>	<b>0</b>	<b>0</b>	<b>2,500,000</b>

Agency Name	2023-25			2025-27			2027-29		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Local Gov. Courts									
Loc School dist-SPI									
Local Gov. Other	Fiscal note not available								
Local Gov. Total									

## Estimated Capital Budget Expenditures

Agency Name	2023-25			2025-27			2027-29		
	FTEs	Bonds	Total	FTEs	Bonds	Total	FTEs	Bonds	Total
Office of State Treasurer	Fiscal note not available								
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
<b>Total \$</b>	<b>0.0</b>	<b>0</b>	<b>0</b>	<b>0.0</b>	<b>0</b>	<b>0</b>	<b>0.0</b>	<b>0</b>	<b>0</b>

Agency Name	2023-25			2025-27			2027-29		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Local Gov. Courts									
Loc School dist-SPI									
Local Gov. Other	Fiscal note not available								
Local Gov. Total									

## Estimated Capital Budget Breakout

<b>Prepared by:</b> Lisa Borkowski, OFM	<b>Phone:</b> (360) 742-2239	<b>Date Published:</b> Preliminary
---	---------------------------------	---------------------------------------

# Individual State Agency Fiscal Note

<b>Bill Number:</b> 1138 HB	<b>Title:</b> Drought preparedness	<b>Agency:</b> 105-Office of Financial Management
-----------------------------	------------------------------------	---

## Part I: Estimates

**No Fiscal Impact**

**Estimated Cash Receipts to:**

NONE

**Estimated Operating 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: Robert Hatfield	Phone: 360-786-7117	Date: 01/09/2023
Agency Preparation: Keith Thunstedt	Phone: 360-810-1271	Date: 01/12/2023
Agency Approval: Kathy Cody	Phone: (360) 480-7237	Date: 01/12/2023
OFM Review: Cheri Keller	Phone: (360) 584-2207	Date: 01/12/2023

## Part II: Narrative Explanation

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

*Significant provisions of the bill and any related workload or policy assumptions that have revenue or expenditure impact on the responding agency by section number.*

Section 3 requires OFM, upon issuance of an order of drought emergency, to determine and promptly notify the State Treasurer the amount needed to transfer from the General Fund into the Emergency Drought Response Account to bring the balance to \$3,000,000. The transfer can only be made once a year. The account may also receive legislative appropriation for drought response. The requirements of this section can be accomplished within current duties and resources, and therefore has no fiscal impact to OFM.

### II. B - Cash receipts Impact

*Cash receipts impact of the legislation on the responding agency with the cash receipts provisions identified by section number and when appropriate, the detail of the revenue sources. Description of the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explanation of how workload assumptions translate into estimates. Distinguished between one time and ongoing functions.*

### II. C - Expenditures

*Agency expenditures necessary to implement this legislation (or savings resulting from this legislation), with the provisions of the legislation that result in the expenditures (or savings) identified by section number. Description of the factual basis of the assumptions and the method by which the expenditure impact is derived. Explanation of how workload assumptions translate into cost estimates. Distinguished between one time and ongoing functions.*

## Part III: Expenditure Detail

### III. A - Operating Budget Expenditures

NONE

### III. B - Expenditures by Object Or Purpose

NONE

**III. C - Operating FTE Detail:** *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part I and Part IIIA.*

NONE

### III. D - Expenditures By Program (optional)

NONE

## Part IV: Capital Budget Impact

### IV. A - Capital Budget Expenditures

NONE

### IV. B - Expenditures by Object Or Purpose

NONE

### IV. C - Capital Budget Breakout

*Acquisition and construction costs not reflected elsewhere on the fiscal note and description of potential financing methods.*

NONE

**IV. D - Capital FTE Detail:** *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part IVB.*

NONE

**Part V: New Rule Making Required**

*Provisions of the bill that require the agency to adopt new administrative rules or repeal/revise existing rules.*

# Individual State Agency Fiscal Note

<b>Bill Number:</b> 1138 HB	<b>Title:</b> Drought preparedness	<b>Agency:</b> 461-Department of Ecology
-----------------------------	------------------------------------	--

## Part I: Estimates

No Fiscal Impact

### Estimated Cash Receipts to:

NONE

### Estimated Operating Expenditures from:

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	2.3	2.3	2.3	2.3	2.3
<b>Account</b>					
State Drought Preparedness and Response Account-State 05W-1	1,250,000	1,250,000	2,500,000	2,500,000	2,500,000
<b>Total \$</b>	1,250,000	1,250,000	2,500,000	2,500,000	2,500,000

In addition to the estimates above, there are additional indeterminate costs and/or savings. Please see discussion.

### 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: Robert Hatfield	Phone: 360-786-7117	Date: 01/09/2023
Agency Preparation: Jim Skalski	Phone: 360-584-3805	Date: 01/12/2023
Agency Approval: Erik Fairchild	Phone: 360-407-7005	Date: 01/12/2023
OFM Review: Lisa Borkowski	Phone: (360) 742-2239	Date: 01/12/2023

## Part II: Narrative Explanation

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

*Significant provisions of the bill and any related workload or policy assumptions that have revenue or expenditure impact on the responding agency by section number.*

Background: The Department of Ecology monitors statewide water supply levels and has authority to declare a drought emergency when water supply projections fall below 75 percent of average and there is a risk of undue hardship to water users and uses. A formal drought declaration authorizes Ecology to take certain measures for the purpose of providing emergency drought relief, including expediting processing for emergency drought permits, processing temporary transfers of water rights, holding public education workshops, and providing funding assistance for public entities to the extent funding is available.

Under current law, chapter 43.83B RCW governs how a drought emergency is declared and authorizes when Ecology may respond to a drought emergency. RCW 43.83B.430 specifically states that expenditures from the Drought Preparedness and Response Account require appropriations be provided to the account prior to expenditure by Ecology.

Section 1 of this bill would amend RCW 43.83B.415 to declare that drought projects that reduce current or future hardship caused by water unavailability stemming from drought conditions that are implemented under this section do not have to be completed while a drought emergency order under RCW 43.83B.405(2) is in effect.

Section 2 would amend RCW 43.83B.430 to rename the State Drought Preparedness and Response Account to the State Drought Preparedness Account and change the uses of the account to include planning activities and exclude response activities. This section would also direct the Office of the State Treasurer to transfer at the beginning of each biennium the sum of \$2.5 million from the State General Fund to the account in this section.

Section 3 would add a new section to chapter 43.83B RCW that would direct the Office of the State Treasurer upon the issuance of an emergency drought order under RCW 43.83B.405(2), to transfer from the State General Fund to the Emergency Drought Response Account established in Section 4, such amounts as necessary to bring the account balance to \$3 million. The Office of Financial Management (OFM) would also determine the fund balance for the prior fiscal month of this account before the issuance of an order of drought emergency. OFM would be directed to notify the Office of the State Treasurer and Ecology of the account balance and the amount of a transfer to the account. This section would limit transfers under these circumstances to only once every fiscal year. This section would also require Ecology to provide the director of the OFM, legislative fiscal committees, and the joint legislative committee on water supply during drought, established under RCW 90.86.010, with a close-out cost summary following the expiration of the emergency drought order.

Section 4 would add a new section to chapter 43.83B RCW that would establish the Emergency Drought Response Account. Receipts from funds under section 3 of this act would be deposited into the account as well as any appropriated amounts from the legislature. The account may be spent only after appropriation, and may only be used to administer this chapter, including implementation of emergency drought response under RCW 43.83B.410 through 43.83B.420.

Section 5 would amend RCW 90.86.030 to authorize the joint legislative committee on water supply during drought to convene from time to time at the call of the chair when an advisory is in effect under RCW 43.83B.405(1) and not only during an emergency order under RCW 43.83B.405(2), or when the chair determines. This section would also add to the existing reporting requirement for Ecology when a drought emergency order has been issued, to include information regarding grants applied for or issued under RCW 43.83B.415.

### II. B - Cash receipts Impact

*Cash receipts impact of the legislation on the responding agency with the cash receipts provisions identified by section number and when appropriate, the detail of the revenue sources. Description of the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explanation of how workload assumptions translate into estimates. Distinguished between one time and ongoing functions.*

### II. C - Expenditures

*Agency expenditures necessary to implement this legislation (or savings resulting from this legislation), with the provisions of the legislation that result in the expenditures (or savings) identified by section number. Description of the factual basis of the assumptions and the method by which the expenditure impact is derived. Explanation of how workload assumptions translate into cost estimates. Distinguished between one time and ongoing functions.*

The expenditure impact to Ecology under this bill is estimated to be greater than \$50,000 in Fiscal Year 2024 and ongoing in the State Drought Preparedness Account to implement section 2. Expenditures are indeterminate for the Emergency Drought Response Account to implement section 4.

Note: The Governor's 2023-25 proposed operating budget includes funding to Ecology for this proposed legislation (QH – Drought Preparedness and Response) and associated transfers from the General Fund to the State Drought Preparedness Account (\$2.5 million) and Emergency Drought Response Account (\$3 million).

## Section 2 Drought Preparedness

Ecology assumes the Office of the State Treasurer would transfer \$2.5 million each biennium beginning in 2023-25. Subject to appropriation, Ecology assumes expenditures of \$1.25 million each year for grants and staffing for drought planning and preparedness activities beginning in 2023-25.

Implementation of this funding would require the following:

- 1.0 FTE Environmental Planner 5 to provide year-round drought planning and preparedness activities to Ecology and all local, state, federal and tribal partners responsible for participating in drought response activities. This position would coordinate all drought activities within the Water Resources Program including coordination of stakeholder activities (Water Supply Advisory Committee, Emergency Water Executive Committee, State Climatologist, Federal partners, etc.), oversight of planning and preparedness grants, collection of local, state, federal or tribal impacts in relation to drought conditions, and coordination of communication activities.
- 1.0 FTE Environmental Planner 3 to provide project and grant management oversight of grants issued for preparedness activities within this section. Ecology estimates that on average, 10 to 15 grants per biennium would be issued and active for drought preparedness activity. This position would ensure projects are completed in a timely manner, deliver agreed upon preparedness outcomes and meet state financial policies, procedures and statutory requirements.
- Grants for drought planning and preparedness activities would be an estimated \$919,982 per fiscal year, and would be administered by the Environmental Planner 5 and Environmental Planner 3 identified above.

## Section 4 Drought Response

Section 4 would create the Emergency Drought Response Account, with funding through Treasurer transfers from the State General Fund as specified under section 3. Transfers would be made following the issuance of a drought emergency and following OFM notification to the Office of the State Treasurer up to once each fiscal year to bring the balance of the account to \$3 million. The account would be subject to appropriation, and would not be spent until a drought is declared and uses by Ecology are approved through OFM. The amount and timing of expenditures from the Emergency Drought Response Account are indeterminate and would be determined based on future droughts. The fiscal impact is indeterminate, therefore costs to this account are not displayed in this fiscal note.

## Section 5 Reporting

Ecology assumes submittal of grant activity under RCW 43.83B.415 for emergency drought response is work Ecology already performs and tracks during a drought emergency order. Therefore, this would not have a fiscal impact to Ecology.



SUMMARY: The expenditure impact to Ecology under this bill is:

Section 2: \$1.25 million total in FY 2024 and each year thereafter from the State Drought Preparedness Account. This includes \$330,018 of staff costs for 2.3 FTEs and \$919,982 per year for grants.

Section 4: Expenditures are indeterminate for future drought costs from the Emergency Drought Response Account.

Notes on costs by object:

Salary estimates are current biennium actual rates at Step L.

Benefits are the agency average of 36% of salaries.

Goods and Services are the agency average of \$5,224 per direct program FTE.

Travel is the agency average of \$1,563 per direct program FTE.

Equipment is the agency average of \$1,031 per direct program FTE.

Grants for section 2 are estimated at \$919,982 in FY 2024 and each year thereafter.

Agency Administrative Overhead is calculated at the federally approved agency indirect rate of 28.75% of direct program salaries and benefits, and is shown as object 9. Agency Administrative Overhead FTEs are included at 0.15 FTE per direct program FTE, and are identified as Fiscal Analyst 2 and IT App Development - Journey.

### Part III: Expenditure Detail

#### III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2024	FY 2025	2023-25	2025-27	2027-29
05W-1	State Drought Preparedness and Response Account	State	1,250,000	1,250,000	2,500,000	2,500,000	2,500,000
<b>Total \$</b>			1,250,000	1,250,000	2,500,000	2,500,000	2,500,000

In addition to the estimates above, there are additional indeterminate costs and/or savings. Please see discussion.

#### III. B - Expenditures by Object Or Purpose

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	2.3	2.3	2.3	2.3	2.3
A-Salaries and Wages	179,544	179,544	359,088	359,088	359,088
B-Employee Benefits	64,636	64,636	129,272	129,272	129,272
E-Goods and Other Services	10,448	10,448	20,896	20,896	20,896
G-Travel	3,126	3,126	6,252	6,252	6,252
J-Capital Outlays	2,062	2,062	4,124	4,124	4,124
N-Grants, Benefits & Client Services	919,982	919,982	1,839,964	1,839,964	1,839,964
9-Agency Administrative Overhead	70,202	70,202	140,404	140,404	140,404
<b>Total \$</b>	1,250,000	1,250,000	2,500,000	2,500,000	2,500,000

In addition to the estimates above, there are additional indeterminate costs and/or savings. Please see discussion.

#### III. C - Operating FTE Detail: *List FTEs by classification and corresponding annual compensation. Totals need to agree with total FTEs in Part I and Part IIIA*

Job Classification	Salary	FY 2024	FY 2025	2023-25	2025-27	2027-29
ENVIRONMENTAL PLANNER 3	80,952	1.0	1.0	1.0	1.0	1.0
ENVIRONMENTAL PLANNER 5	98,592	1.0	1.0	1.0	1.0	1.0
FISCAL ANALYST 2		0.2	0.2	0.2	0.2	0.2
IT APP DEV-JOURNEY		0.1	0.1	0.1	0.1	0.1
<b>Total FTEs</b>		2.3	2.3	2.3	2.3	2.3

**III. D - Expenditures By Program (optional)**

NONE

**Part IV: Capital Budget Impact**

**IV. A - Capital Budget Expenditures**

NONE

**IV. B - Expenditures by Object Or Purpose**

NONE

**IV. C - Capital Budget Breakout**

*Acquisition and construction costs not reflected elsewhere on the fiscal note and description of potential financing methods.*

NONE

**IV. D - Capital FTE Detail:** *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part IVB.*

NONE

**Part V: New Rule Making Required**

*Provisions of the bill that require the agency to adopt new administrative rules or repeal/revise existing rules.*