

Department of Ecology – Water Quality Financial Assistance Council Meeting

November 15, 2018

In Attendance: Jeff Nejedly, Shelly McMurry, Brian Cochrane, Bob Armine, James Kelly, Randy Freeby, Daniel Thompson, Dan Kaplan, David Haws, Bruce Lund, Kim Wagar, Don Seeberger, David Giglio,

Legislation update, [Jeff Nejedly](#)

- There were no Water Quality bills introduced this session
- House Bill 1923 was adding housing to GMA requirements. An amendment stripped that out. This would have increased requirements that recipients would have to meet to be eligible for grants and loans.
- The MTCA bill SB 5993 changes the formula for how the tax is calculated from value based to volume based. This would over double the amount of revenue and creates more funding for state grant programs. It would create a stormwater account using 14% of total. This would be approximately 80-100M biennially. It includes both operating and capital funds. Ecology's stormwater financial assistance program (SFAP) and stormwater capacity grants would be funding out of this account and create a stable fund source. It would be dedicated for stormwater pass through. There may be a fiscal growth factor of 4% included.
- The House and Senate budgets are out and being reviewed.
- Public Works Assistance Account house budget has the Public Works Assistance Account funded out of the Public Works Assistance Account and not bonds. \$160M would be transferred to Education Legacy Trust Account (ELTA). \$100M would be available for loans and grants. There are \$20M in provisos. There is a new section that directs the money be prioritized for Water and Sewer projects. There is a proposal to put grants out for broadband out of the PWTF. There has been more recognition. Lisa Brown is the new Director. She values issues for rural Washington. She is aware of issues and supportive.
- There are ½ dozen bills floating around. Some housing and fish passage related. Questions about who should manage those grants. Fish and Wildlife would select and Commerce would manage contracts. SB1691. Might be in the zombie. Bring back tax that was differed to education.
- There is a bill to continue cleanup Brownsfield property for housing. Partnership between Ecology and Commerce
- Housing finance commission dropped a bill for broad infrastructure HB1441 and companion SB5304.
- The match for SRF is in the budget bill

- Federal bipartisan bill proposed to increase the SRF cap grant 2.5 Billion higher nationally. It would be a benefit to SRF. It could increase the cap grant to \$60M. We would have to increase our budget request to meet the match in the Supplemental.
- There is a Council of Infrastructure Finance Authority (CIFA) letter supporting the increase in funds buy asking that they don't add any federal requirements.
- President's budget came out which would reduce funding for SRF.
- There is a lot of support in congress for SRF. Our cap grant has been increasing each year in recent years.
- A reauthorization bill formed a Stormwater task force. There is a report to EPA due in December. This includes a survey of all the funding sources to identify how sources of funding affects affordability. They are looking at grants, loans and tax sources and evaluating if the current sources are sufficient. They are also evaluating how long term operation and maintenance should be funded. EPA is supporting the task force. There is a meeting in April. EPA wants communities to have their own fees and utilities to fund stormwater. There is an issue of local control and autonomy. If communities are meeting MS4 permits, why should they have to have a fee?
- There is a bill that would create a separate WIFIA that States could apply for a loan to fund projects on the list. Indiana has been trying to work out the ins and outs. This would be called SWIFIA. The state would have to get rated.

Budget Update, [Jeff Nejedly and Kim Wagar](#)

- House budget came out on Monday
- We are expecting the Senate Capital at 11:30 today
- Our 19-21 budget House proposal
 - \$35 for Centennial out of SBCA.
 - \$35 for SFAP out of MTCA. \$29M would have to go to Orca projects.
 - They over obligated MTCA by \$37M
 - Included in the budget was what we requested \$216M for SRF.
 - Ecology asked for more match also anticipating that we may get higher cap grants in the future.
 - Ecology received a higher cap grant for FFY18 then expected and ended up being short the state match needed to access the full cap grant. Ecology included just under \$200,000 in the supplemental budget request to make up the shortage. Included in the supplemental. We can spend out the re
 - We are transferring \$4.5 M into the 727 from the admin account. We are collecting more money than we need.
 - Port of Port Angeles proviso for \$250,000 for Archeological survey

FY20 Funding Cycle Summary, [Daniel Thompson](#)

- Please see the meeting materials, "SFY20--Estimated Funding Available, Requested, and Proposed--For FAC Meeting 03.27.19" handout
- List of WQC SFY2020 applications submitted and an interactive map can be found on the [WQ Funding Cycle page](#).

- See <https://fortress.wa.gov/ecy/publications/summarypages/1910004.html> for a copy of the complete State Fiscal Year 2020 Draft Water Quality Funding Offer List and Intended Use Plan.
- Ecology had \$183M available and \$339M in requests creating a \$150M gap. The draft list proposed 107 projects for full funding based on governor's budget.
- Projects have to have 600 points to receive funding.
- A portion of the funds had to fund projects that benefitted Orcas. The draft list includes \$21M SFAP to benefit Orcas.
- We proposed to use 80% of Centennial this cycle. We may ask for more in the supplemental if the final budget doesn't have more for Centennial.

Stormwater Operating funding for Capacity and Gross grants, Jessica Schwing

For the past four biennia, Ecology has provided funding to Phase I and II Municipal Permittees to assist them in building capacity to implement permit requirements. The Municipal Capacity Grant Program provides funding on a non-competitive basis to each permittee to implement a Stormwater Management Program, examples of eligible expenses include training, equipment, and staff time. In the 2017-19 biennium, each permittee received \$50,000.

GROSS program is a competitive program that funds projects that address a statewide or regional stormwater need. These grants do not have a match requirement and have a maximum award of \$300,000. Recently funded projects include a statewide stormwater conference, and a school stormwater festival in Burien.

Funding for these programs comes through a line item in Ecology's Operating Budget that has traditionally been used to fund these programs and support other permit-supporting projects including the Washington Stormwater Center. Ecology anticipates that there will be \$8,630,000 available to fund these programs in FY2019-21.

Changes under Consideration for the FY2019-21 Biennium:

- Ecology is considering an alternative disbursement of funds for the 2019-21 funding cycle to help Municipal Stormwater Permittees best prepare for 2019 permit implementation and continuing to provide directed grants to implement high-priority projects
- Specifically, we recommend suspending the GROSS grants for one biennia and providing an additional \$50,000 per permittee to hardship communities through the Capacity grants.
- For future biennia, additional funding to economic hardship communities may be provided by phasing out Capacity grants to Phase I Permittees.
- 4/24/19 feedback due
- Is there any feedback about phasing out phase 1 permit communities (King, Pierce, Snohomish)?
- See handout "FAC Handout GROSS&Capacity Grants3-27-19"

Public – Private Partnership Stormwater project

- The Community Based Public-Private Partnership (CBP3) Assessment seeks to determine the feasibility of leveraging CBP3s to achieve stormwater and community goals in Washington State.
- The assessment is the first step in development of a CBP3 pilot program for the state and recommendations to improve enabling conditions and facilitate CBP3 projects
- More information can be found at <http://www.commerce.wa.gov/wp-content/uploads/2019/03/Commerce-Environmental-Incentives-CBP3-feasibility-OPT.pdf>
- See meeting materials “Stormwater Public Private Partnership”

Grants for Industrial Stormwater Projects

- Ecology is looking for feedback on expanding eligibility of grants and loans to Publicly owned industrial stormwater sites.
- Ecology recently updated the rule for CWSRF and FAC denied the expansion for Publically owned wastewater. The legislature made the change in the statute. That included that eligibility. Ecology is looking at the definition to determine if stormwater would be included.
- SFAP funding allows to fund Ports stormwater. We currently provide funding for roads through ports but we are looking at expanding the types of project that would be eligible.
- We are looking for scenario projects to run through our eligibility criteria.
- There are approximately 120 public ports in Washington State but they have multiple facilities.
- Loans seem more palatable then grants.

SRF Non-point Sponsorship Program Development, [Daniel Thompson](#)

- When Ecology revised its CWSRF rule in 2017 provisions were included to allow for a sponsorship program. FAC discussed this option at its last meeting and there was support for further discussion and exploring this option. Daniel developed some suggestions for discussion today.
- Please see the attached meeting materials, “CWSRF Nonpoint Sponsorship Program Overview--For FAC Meeting 03.27.19”
- FAC talked in July then again in November about this proposal. In November, there were no objections from the group.
- The goal is to augment grant funding and foster communication amongst entities working on water quality improvement in a watershed.
- Ohio and Iowa do it. They implement is similar to how we were thinking about it. They are different because they don’t have grants and Washington has Centennial grants.
- Proposal includes:
 - Fund within the existing 20% set aside
 - Cap at \$5M/year, \$500K/project
 - We want to make as consistent as possible with our current nonpoint implementation.
 - We want to treat projects equal

- We would have separate applications as we are now. Rated and ranked by the people with expertise.
- If they have a sponsor, upload a letter of sponsorship.
- We would rate and rank, prioritize grant funds first
- A new thing is we set a cap at 750 points. We want the cream of the crop.
- What is the motivation for facility project to sponsor?
- We would probably need 2 project manager and financial managers on each project since we divide up expertise in Stormwater, Nonpoint and Wastewater.
- We haven't had a discussion with the wastewater, stormwater or nonpoint internal workgroups yet. That is our next step.
- We would need to update our project manager manual with how manage this unique type of project.
- We like having something drafted so they we can put together and train staff if we need to but not have it ready for this next cycle. It was decided to wait until FY22.
- Jeff has concerns. It is complicated, and will take a lot of time and effort to implement. Is it more trouble than its worth? What is the demand?
- We currently give projects a point advantage if they can demonstrate they are partnering.

SRF Emergency Funding Program Development, [Daniel Thompson](#)

- Please see attached meeting materials, "CWSRF Emergency Funding Program Overview--For FAC Meeting 03.27.19"
- At the end of the last FAC meeting, the group suggested working with Health to align the programs
- Daniel and Janet Cherry from Health worked together and involved environmental review coordinators.
 - We would have a set aside
 - If we expend funds, report in annual report.
 - Max of \$5M any given year, \$500,000 per jurisdiction per year
 - Propose to extend to population of 10,000 or less. No consideration of grant or forgivable loan
 - Funding with 10 year, 0% loans
 - Similar applications
 - Requirement to declare emergency. Wave open bidding and saves money
 - We will review by not rating and ranking
 - 2 year window to complete the project
- We have to do all our applications through EAGL
- Goal to implementing for FY21 cycle. Always an open application. We have to get into the queue. If no objections, we will move forward to getting into the queue. It won't align with our Water Quality Combined funding opportunity.
- DOH got a waiver for American Iron and Steel up to \$100,000 limit. We are going to work with DOH and ask for a waiver from EPA with no limit.
- Environmental review might have exemptions
- Cultural Resources Review. If we get this program into Cultural Resource MOU. If approved, it would call for an expedited review

- We might have to wait until FY21. Put it in the Final FY20 IUP? We've asked EPA if this is okay.

Roundtable

- King County wastewater division is starting a planning project. They are thinking about clean water. Dan had a question about what happens with cruise ships wastewater. Do they pay tax? There is a no discharge zone in the Puget Sound. Ecology does get funds to fund an inspector.

Future agenda items

- Consistency of riparian buffer implementation. Bring Ben Rau in.
- To get another small community representative to replace Kahle, try Andy Myer from AWC small consortium