

Department of Ecology – Water Quality Financial Assistance Council Meeting

July 18, 2018

In Attendance: Jeff Nejedly, Shelly McMurry, Brian Cochrane, Max Webster, Brad Daly, Bob Armine, James Kelly, Randy Freeby, Daniel Thompson, Bob Armine, Dan Kaplan, Bruce Lund, Max Webster, Liz Ellis, Ben Rau, Don Seeberger, Don Gatchalian, Ty Meyer (on phone), Vincent McGowan and Jeff Killelea

Legislation and Budget update, [Jeff Nejedly](#)

- There is no Water Quality sponsored state legislation for this biennium.
- Denny Heck is proposing [HR 3906](#) called the Innovative Stormwater Infrastructure Act of 2018. It directs EPA to establish a stormwater infrastructure funding task force.
- Senator Barrasso is sponsoring Senate bill [S2800](#)-America's Water Infrastructure Act of 2018. It provides for the conservation and development of water and related resources, to authorize the Secretary of the Army to construct various projects for improvements to rivers and harbors of the United States, and for other purposes. It bolsters and improves the WIFIA statute by provided more appropriation authority and allows States to borrow/leverage the WIFIA funds. It waves all fees for States to borrow funds.
 - Both Seattle and King County have a couple big projects with construction anticipated to start in 2024.
- Department of Health is exploring the option of borrowing money to leverage their program. Ecology is staying in touch on the progress they make in case Ecology wants to leverage the SRF account in the future. Ecology needs to model what this would look like in preparation for having questions asked about capacity and need. The need is higher if the Public Works Assistance Account doesn't get funded. They funded 97M worth of projects with the passing of the Capital budget in 2018.
- Washington Carbon Emission Tax initiative is being analyzed by agencies to determine its fiscal impact. It would form an advisory group to decide how the money is divided up. This would include

Budget Update, [Jeff Nejedly](#)

- Ecology is currently drafting our 19-21 budget requests for Centennial. We were trying to bolster the request by adding in information about the small community need. Eliza Keeley Arnold, our needs coordinator, did a quick small communities needs assessment for 220 communities under 10,000. She got 40 back and analyzing the data for use in the

budget request. Not all would be hardship eligible. Preliminary results show that over a 2 year period (July 19-June 21) there is a need for \$130M for 47 projects.

- Feedback from FAC
 - Was this incorporated cities only? There are a lot of unincorporated communities that will have water and wastewater need coming up that may have not been included. There are 243 unincorporated areas in Washington State. They are identified by the census.
- Ecology will be hiring for a new “Needs and outcome coordinator” position. Eliza took the 319 Coordinator position vacated by Alissa Ferrell.
- The SRF and Stormwater budget requests will be similar to previous years requests. We can’t give specifics until the Governor’s budget comes out.

2019 Permit Reissuance: Phase I S5C6 Input, [Vincent McGowan](#) and [Jeff Killelea](#)

- The Phase I Municipal Stormwater Permit regulates discharges from municipal separate storm sewer systems (MS4s) owned or operated by the state's largest cities and counties. These include:
 - Incorporated cities with a population of over 100,000* people.
 - Unincorporated counties with populations of more than 250,000* people

The Phase I Municipal Stormwater Permit requires local governments to manage and control polluted stormwater runoff so that it does not pollute downstream waters. This permit regulates stormwater discharges in the most highly populated areas in our state.

- These requirements come from the federal government. State have designated authority and are required to have a program.
- In 2007, the permits were update Ecology added types of projects for implementation with no actual requirement to do the projects. The permit was appealed because there was no level specified.
- In 2012, Ecology tried to come up with a level. We put a reporting requirement for permittees to report their current level of stormwater treatment to establish a baseline.
- Ecology has been working with communities over the last 2 years to get input on the baseline.
- Next month, Ecology will be issuing a new draft. Phase 1 will continue to have reporting requirement and will set a base level per community.
- These projects are grant eligible. There is a large umbrella of the types of work communities are doing. What is grant eligible is a smaller subset of these activities.
- August 15-November 15 is the comment period for Phase 1 and Phase 2 (East side and Westside) permits. The permit and manual will go into effect August 2019.
- Manuals are out for review and will be available for comment.
- No changes in grant eligibility. Projects will still compete in the annual cycle process as usual.
- Phase 2 jurisdictions in Western Washington will be required to have a capital facility plan.

- For more information, visit Ecology website at <https://ecology.wa.gov/Regulations-Permits/Permits-certifications/Stormwater-general-permits/Municipal-stormwater-general-permits/Municipal-Stormwater-Phase-I-Permit>

SRF Emergency Funding Program Development, Daniel Thompson

- When Ecology revised the SRF rule, we included language to allow for emergency funding options. The rule states we will define the process in our funding guidelines. The idea was to mimic what DOH does for the DWSRF.
- Please see attached meeting materials and the PowerPoint, “Possible Emergency Funding & Sponsorship Programs--FAC Meeting--07.18.18”
- Ecology needs input on:
 - The definition of an emergency
 - Any key provisions
 - When should we implement this? Should we push forward with making this happen through this meeting and next? Should we put out via an addendum to the FY20 guidelines?
- Input provided
 - FEMA is leading an effort to create a statewide disaster plan. The agency will have resources available. The current DOH definition is narrow but it would be good to get involved with that effort for consistency. Opportunity to address a gap that isn't fulfilled by others.
 - The group agreed that we should move forward with an addendum to the FY20 guidelines to get the eligibility in now.
 - Ecology should require a local declaration of emergency.
 - Ecology needs to build in a method to address cultural resources and environmental review.
 - Why is this just for natural disasters? If there was a terrorist attack it should be allowable.
 - Question for EPA-How do we address the IUP requirement? Can we put in the IUP that we set aside an amount and not provide specifics to meet the IUP and public comment period?
 - If the community receives other emergency funds, they would be expected to pay that back.
 - Should this be in our operating agreement with EPA?
- Daniel will put together something for the group to review at the next FAC meeting.

SRF Non-point Sponsorship Program Development, Daniel Thompson

- Please see attached meeting materials and the PowerPoint, “Possible Emergency Funding & Sponsorship Programs--FAC Meeting--07.18.18”
- Ecology has always been able to fund nonpoint projects. We fund nonpoint projects with:
 - 319 grants.

- We set aside 1/3 of Centennial available funds and 20% of SRF funds if demand is there.
 - Offer Forgivable loans for nonpoint projects through green project reserve.
- Last year we had a request for \$29M, more than the \$23M available funds. One of the projects was a large land acquisition project. This was the first year we have had more nonpoint projects requested than funds available.
- When we went through the rule revision, we reduced interest rates for nonpoint projects to the levels of a Wastewater moderate hardship level and allowed for developing a sponsorship program.
- 5 other states have what they refer to as “Sponsorship” projects. They limit the amount they will fund. Ohio will do up to \$10M but they are a large SRF program. Many don’t have the grant funds available like we have.
- Examples are in the slides provided.
- What would prompt a community to do this? How are projects identified? Has there been any needs accounted for?
- Should we implement when we have other funding sources available?
 - Not only about increasing funding available.
 - We need to think of things in a watershed scale, and this could encourage WWTPs to think about other possible options to improve water quality projects and opportunities in the watershed.
- Does there have to be a link between the projects? Do not think there would have to be a nexus.
- Feedback provided
 - It will allow land trusts to partner with wastewater.
 - Look in terms of high priority watersheds.
 - Could this work to get more money for onsite septic local loan?
 - Right now the way we rate and rank, we rank projects separately. The nonpoint project would have to rank high as well.
 - Yes we should pursue.
 - We need a cap to protect the perpetuity of the account. Should it be part of the set aside? We need to do cash flow analysis to decide.
 - Ready to proceed is an important aspect. We do not want to affect the loan fund if there is grant funds available. Many projects return money.
 - The goal is to get locals to coordinate. Is this the best avenue to encourage that? Ecology used to have coordination as a requirement to get funding, but it was another hoop to jump through and was eliminated.
 - May help smaller non-profits working with facilities folks to partner and provide better applications.
 - A lot of the nonpoint projects don’t have a revenue source, and wastewater has a source.
 - Will this impact our argument for centennial need?
 - What are the logistics about how it would be handled in agreements, scope of work, applications in EAGL, etc.?
 - Ohio website has a lot of good information to look at. Water Resource Restoration Sponsorship. See meeting materials.
 - Need to think about the purpose of offering and score appropriately.

- Trying to incentivize the nonpoint projects and encourage good projects.
- Consider adding additional points for sponsorship. It would help to encourage a wastewater applicant to partner. If we are wanting them to work together, ranking them separately doesn't make sense.
- Need to be tied into the watershed priorities.
- The demand for nonpoint is there, and we anticipate continued demand.
- Consider a pilot project.
- Daniel will draft up something, and Shelly and Dave will do some forecasting for the next FAC meeting.

Roundtable

- Reporting requirements for grant closeouts. Provide shapefile guidance. The recipients who are providing are not technical. They are trying to talk to technical folks and need help providing the details to the people producing the Shapefiles on what is needed.
- Project outcome summary report 2 page needs to better template. They were having trouble inserting pictures in the right size. Maybe more instructions geared towards people that are not experts at word and formatting.
- Capacity grants 2-page summary report needs to be different. Jeff said it should not be required. Talk to Kyle. Financial managers need to be clear in the scope of work which projects they are required for and which are not (planning projects don't need the 2 pager)
- Lewis County CD wants to know what the timeframe would be to get funded if they are on the cusp. They want to know if they should reapply. September
- Bruce Lund is looking for local government rep on a Stormwater public/private workgroup. Report is due to legislature in December.

Future agenda items

- Leveraging and what does that look like for the SRF fund
- Stormwater pilot project, Bruce Lund in Budget Bill