

Department of Ecology – Water Quality Financial Assistance Council Meeting

March 6, 2018

In Attendance: Jeff Nejedly, Jason Norberg, Jessica Schwing, Shelly McMurry, Pat Brommer, David Dunn, David Haws, Brian Cochrane, Max Webster, Brad Daly, Ty Meyer, Randy Freeby, David Carcia, Kim Wagar, Daniel Thompson, Bob Armine, Dan Kaplan, Eliza Keeley-Arnold

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

- Previously 100% industrial owned wastewater treatment facilities weren't eligible for Water Quality financial assistance. When FAC discussed it during the rule revision process, they weren't supportive of adding that eligibility. During the legislative process, Publically Industrial Owned Wastewater treatment lobbied to allow this as an eligible entities. SB6367 HB passed and the SB is waiting for signature. Ecology was neutral. There are currently 5 of these facilities in the state (City of Vancouver, Sunnyside, City of Quincy, City of Pasco, Moses Lake).
- There have been multiple carbon tax bills proposed. Most have included funding for Stormwater grants. It would create a funding source for ongoing stormwater grants. Our Air Quality program is very engaged.
- The Capital budget was approved unlocking 220M for 163 projects.
- Hirst decision establishes standards for rural wells. There will be a new grant program managed by our Water Resources Program. Approximately \$300M over 15 years. Ecology is hiring 18 more staff to implement. The projects will probably be nonpoint projects and could be statewide. Ecology needs to look at how they fit with our other WQ grant programs. It will be developed over 6-8 months. Pilot programs are kicking off now not and tie into salmon recovery.
- HB 2957-Net pin legislation. This would prohibits DNR from allowing any new net pins. It also restricts Ecology from issuing new permits. Ecology will regulate until permits expire in 2025. Ecology's SEA program is leading guidance development and will require annual inspections by engineers.
- There was an agency request 2010 Phase out of copper based paints. Ecology is exploring safe alternatives.
- HB 2298-Wastewater operator certification bill allows Ecology to recoup cost to run the program. Rulemaking will start in 2019 to create the rules. The fees have been capped (\$50 new/\$30 update) and the program was operating in a deficit.

Budget Update, [Kim Wagar](#)

The state did a “Bond swap” and switched funding source from MTCA to State Building Construction Account. This helped projects move forward. Below is the summary provided:

WQ Capital Budget-Comparison of Governor's Proposed to Capital Budget as Passed			
	3/6/2018		
Project by Account	Governor's Proposed	Capital as Passed	Difference
30000705-2017-19 Centennial Clean Water	35,000,000	35,000,000	0
30000710 Water Pollution Control Revolving Program	210,000,000	210,000,000	0
40000013 Water Pollution Control State Match	10,000,000	10,000,000	0
30000796 2017-19 Stormwater Financial Assistance Program*	37,000,000	25,000,000	-12,000,000
30000797 2015-17 Restored Stormwater Financial Assistance	30,100,000	30,100,000	0
92000076 Stormwater Improvements**	40,000,000	40,000,000	0
Notes:			
* Governor's budget proposal included \$14.6 M Orca Proviso			
*House proposed Supp 2 would increase by \$11.4 M with \$10 M Orca proviso			
** \$40 million MTCA bond swap allows delayed projects to move forward			

SFY18 and SFY19 Final list Summary, [Daniel Thompson](#)

For SFY18, Ecology had a lot of high scoring wastewater projects. There was a higher demand than funds available. Ecology reduced the cap to \$25M for projects. Ecology got 6 public comment mostly related to the wide gap between evaluation scores on certain projects. On 2/23 Ecology issued our final FY18 list. This included funding for 163 projects (out of 169 applications) totaling \$180M.

One of the Appendixes include the delayed stormwater projects. The lists have overlapping applications. This will reduce the awarded amounts and projects moved forward using other fund sources with expenses before July 1, 2017. Especially if communities tied projects with rode projects. They couldn't wait. This was one of the most complicated list because of the delayed lists. We had to keep them separated for the legislature.

What will be the effective date on those?

July 1, 2017 can be the effective date on grants. Loans can go back to the beginning of the project.

Do the shortfalls in the last 3 years support the idea of leveraging? Bonding the SRF to get more lending capacity. It would take a thorough analysis. Drinking Water has a consultant, PFM, looking at what it would take in Washington. Borrowing money from WIFIA as a state to fund the IUP could be an option.

FY19 funding list should be out the end of May.

Please see attached PowerPoint summary, SFY19--Draft List and SFY18 Final List--FAC Meeting--03.06.18.

Preview of the 2015-17 Outcomes Report, [Eliza Keeley-Arnold](#)

- Please see the attached PowerPoint, FAC_Biennial Report_15_17_Preview
- FAC members advised Eliza to check the NRCS outcome measures and make sure she aligns the measures she is using with those.
- We only have the outcomes for 319/Centennial Match projects which is only ¼ of the funding.
- Maintenance of riparian plantings is hard to follow-up on as a conservation district.
- Eliza's goal is to do post project assessments on our funded projects.

Interagency Multijurisdictional System Improvement Team, IMSIT, [David Dunn](#) and [Jeff Nejedly](#)

ESHB 1677 (through RCW 43.155, Chapter 10, Laws of 2017, 3rd Special Session) Requires the Public Works Board to create an Interagency Multijurisdictional System Improvement Team (IMSIT) to:

- Enhance communication and collaboration between state agencies and with local governments.
- Identify barriers and propose solutions.
- Identify and improve mechanisms that ensure periodic, system-wide review; and
- Identify alternative financing mechanisms;

IMSIT will consist of two layers. First, a Core Group comprising of the departments of Ecology, Health, Commerce, and the Public Works Board which will guide the group and hold decision-making authority. The Core Group will co-facilitate the process. The Public Works Board has acquired a facilitator to guide IMSIT through the process, and achieve the objectives.

Link to the IMSIT web page:

<http://www.commerce.wa.gov/building-infrastructure/public-works-board-imsit/>

The brochure is on the IMSIT web page, but here is the direct link:

<https://deptofcommerce.app.box.com/v/imsitbrochure01172018>

The first report is due in December. The group is taking input now. They are mostly focused on water infrastructure projects. Some discussions have also included transportation folks since there is overlap. Their current effort is to get outreach. They are encouraging people to participate. Up next,

- There will be meetings around the state through July.
- They are working on a Intro guide to value planning.
- They are looking at regionalization pilot project. Having a shared operations plan. Communities could share public works assets near them. Helping small communities. They are looking at options.

Stormwater Update, [Jessica Schwing](#)

- Ecology will be negotiating over 160 agreements in the next 6 months.
- To effectively handle the workload, Ecology will be prioritizing the negotiation of projects that were delayed in 2016 and any re-applications associated with those projects. Recipients of these projects will be contacted by their Ecology project manager by March 30st.
- Recipients with projects on the 2018 list that are going to construction in the next three months, or are at risk of losing other funding should contact Ecology.
- In order to meet the demands of this workload and provide better customer service, Ecology is adding 3 new regional Project Manager positions. One will be located in the NWRO, one in ERO or CRO, and one “floating” project manager in Lacey. In addition, Ecology is working to backfill vacant Project Manager positions at the Bellingham field office and SWRO and one Financial manager position. Two new engineering positions have also been added to support the program.

Water Infrastructure Finance and Innovation Act (WIFIA), [Dan Kaplan](#)

King County provided an overview of their experience of applying for and receiving WIFIA, <https://www.epa.gov/wifia/learn-about-wifia-program#overview> funds through EPA. You can see more by reviewing the PowerPoint, WIFIAFACMar2018.

The Water Infrastructure Finance and Innovation Act of 2014 (WIFIA) established the WIFIA program, a federal credit program administered by EPA for eligible water and wastewater infrastructure projects. WIFIA and the WIFIA implementation rule outline the eligibility and other requirements for prospective borrowers.

Eligibility

Eligible borrowers are:

- Local, state, tribal, and federal government entities
- Partnerships and joint ventures
- Corporations and trusts
- Clean Water and Drinking Water State Revolving Fund (SRF) programs

The WIFIA program can fund development and implementation activities for eligible projects:

- Projects that are eligible for the Clean Water SRF, notwithstanding the public ownership clause
- Projects that are eligible for the Drinking Water SRF
- Enhanced energy efficiency projects at drinking water and wastewater facilities
- Brackish or seawater desalination, aquifer recharge, alternative water supply, and water recycling projects
- Drought prevention, reduction, or mitigation projects
- Acquisition of property if it is integral to the project or will mitigate the environmental impact of a project
- A combination of projects secured by a common security pledge or submitted under one application by an SRF program

Eligible development and implementation activities are:

- Development phase activities, including planning, preliminary engineering, design, environmental review, revenue forecasting, and other pre-construction activities
- Construction, reconstruction, rehabilitation, and replacement activities
- Acquisition of real property or an interest in real property, environmental mitigation, construction contingencies, and acquisition of equipment
- Capitalized interest necessary to meet market requirements, reasonably required reserve funds, capital issuance expenses and other carrying costs during construction