Department of Ecology – Water Quality Financial Assistance Council Meeting

November 15, 2017

In Attendance: Jeff Nejedly, Elain Markham, Jason Norberg, Jessica Schwing, Shelly McMurry, Pat Brommer, David Dunn, Don Gatchalian, James Kelly, Bruce Lund, Dave Caterson, Brian Cochrane, Danielle Shaw, Max Webster, Janet Cherry, Brad Daly, Ty Meyer, Randy Freeby, Robin Zukeski, David Carcia

Welcome and Introductions, Jeff Nejedly

Jason Norberg is Ecology's Water Quality Deputy Program Manager. He took Don Seeberger's old position. He gave a brief introduction of his past experience with stormwater, wastewater, and construction. He praised the WQ Program.

Legislation and Budget update, Jeff Nejedly

Jeff noted that we are all still waiting for the 2017-19 Capital Budget to pass. Discussion was around which stormwater projects would be negotiated first. There is potential for a MTCA fix which would allow recipients to move forward on the delayed stormwater projects from SFY 2016 and 2017.

There was a discussion about how Ecology would prioritize projects from different fiscal years if there is not enough money in the Capital budget that passes. Jeff indicated that Ecology would go with the highest scored projects to get the most water quality benefit. Jeff also indicated that recipients who had low scoring projects were encouraged to reapply.

Jeff noted that Ecology is close to having a programmatic agreement with DHAP for State funded projects 505 Cultural Resource review. This will expedite the review of certain projects. For example, on land that have been previously disturbed such as farm tilled land. It includes a review by watershed instead of project by project. The tribes have been consulted and they like the efficiencies to be gained.

WQ will be proposing a bill that would remove the cap on fees collected as part of the Wastewater Operator's certification program. This will allow Ecology to improve the fee structure and collect adequate fees to pay for the program.

SFY19 Application Summary, David Dunn

Below is a summary of the applications received for our SFY19 application cycle. We received a total of $416M in requests. These figures below are as of 10/26/17.

Category	Projects	Loan Requested/ Willing to Accept	Grant Requested
Nonpoint Source Pollution Control Activity	56	$22,312,476	$14,356,624
Onsite Sewage System	4	$9,750,000	$2,000,000
Stormwater Activity	4	$0	$690,717
Stormwater Facility	29	$15,863,461	$34,774,778
Wastewater Facility - Hardship	14	$53,065,726	To Be Determined ($5 million/project maximum)
Wastewater Facility - Non-hardship	21	$261,929,722	$0
Wastewater Facility - Refinance	2	$825,000	$0
Totals	**130**	**$363,746,385**	**$51,822,119**
Grand Total		**$415,568,504**	

- Includes 2 project category changes.
- One of the OSS projects is a proposed expansion of the Regional Loan Program to 20+ counties.
- 4 nonpoint projects are strictly for land acquisition to protect water quality.
- 7 applicants requested 30-year term loans – 1 nonpoint project and 6 wastewater projects.
- Significantly higher loan request for nonpoint projects than in the past – primarily due to a large land acquisition project in the Nisqually watershed requesting ~$20 million in loan.
- 2 largest requests:

  ~$150 million from King County for the Georgetown Wet Weather Treatment Station (CSO project).

  ~$40 million from Seattle Public Utilities for the Ship Canal Water Quality Project (a CSO project).

FAC expressed concern that project funding was being explained as if the budget passed. This could cause confusion.

Stormwater Capacity and Gross Grants Updates, Jessica Schwing

- Providing $50k to each municipal phase I and II permittees (117)
- Ecology received 18 proposals totaling $3,434,639 in requests funding assistance. Based on the funding available, Ecology proposes to fund 5 projects totaling $842,114.

Interagency Multijurisdictional System Improvement Team (IMSIT), David Dunn

Engrossed Substitute HB 1677, Section 11 established IMSIT. It reads different than other infrastructure bills in the past that mostly end in a report and no action. This bill requires that the state identify and implement improvements and then report on it. The 8 key objectives are good and point to things the state should strive towards. It is looking at the bigger picture instead of just tweaking who gets what funding. The IMSIT team is made up of Dept of Heath, Ecology and the Public Works Board (PWB). They have met and planning on meeting every other month. Agency directors have signed an MOU. The PWB staff Mark Barkley and Cecilia Gardner from Commerce are the main contacts for this effort. The group is currently documenting what the state does well. The agencies currently coordinate through a

group called “Maximizing resources” and Infrastructure Assistance Coordinating Council (IACC). Part of what they are trying to do is to debunk the myth that agencies aren’t working together. They are planning 4 meetings around the state to get feedback on barriers to building infrastructure, perceived and real. The report is due next October.

What is the scope? Since it is tied back to PWB, this relates to funding of infrastructure.

One of the main concepts being discussed is “Value Planning”. Dave circulated the following definition for feedback.

> You may hear people talking about “Value Planning” for infrastructure recently. Why are folks using this new buzzword and what do they mean when they say it?
>
> In a very broad sense value planning is a process of looking before you leap to avoid making what in retrospect looks like a foolish mistake. Practically, this means building the **right projec**t, at the **right time**, using the **right technology**, designing it to be the **right size**, and embracing the **right amount of complexity** for the community. Which sounds great; but how do you do that?
>
> **Value planning means investing resources up front to avoid making costly mistakes.** A typical capital project for a water or sewer utility spends less than 1% of the project costs on planning. Spending more on planning a project and making the right decision is sometimes seen as “wasting” money, but this very short term thinking. Spending millions of dollars on a capital project that does not solve your problem, or is hugely overdesigned, or that is too difficult to run or maintain is a waste of money. Value Planning embraces the carpenters’ philosophy of “measure twice, cut once” for public water and sewer systems.
>
> When a utility is considering building some project to address specific need, all too often *building the project* becomes the goal, and we lose focus on actually solving the problem. Sometimes the focus on building *something* can blind us to other tools we have available. Sometimes, regulatory, political, financial, or legal solutions can be cheaper, easier, and more sustainable options than a new capital project. Other times a project will change and expand over time to where a project looks nothing like the initial proposal. Value planning is a tool to keep everyone’s focus on meeting the underlying need and solving the problem.
>
> “Value Planning” is not a new idea or revolutionary concept. Value planning is a new name for a best practice that all utilities **should** be doing, and that the best managed utilities in the state are already embracing. You may already call it: Facility Planning, Life Cycle Cost Effectiveness, Business Case Analysis, or Fiscal Sustainability Planning.

An example that is discussed when talking about “Value Planning” is the Fones road project in Olympia. The Center of Sustainable Infrastructure out of Evergreen says it was an inclusive process where they brought all the different people who would be involved in pieces of this infrastructure improvement in

on a planning meeting that started with walking the site and observing how people are currently using it.

There are a lot of similar terms and processes people are using such as a design charrette. A FAC member said that is a similar effort that WSDOT is using called "Practical Design". Dave will try to connect to that effort and resources. There is currently no state "Project Delivery" process. From a funding agency perspective, communities turn over project needs to consultants. A consultant driven process doesn't have the same motivation and result as a value planning process. Sometimes it leads to project that is over engineered and a facility or infrastructure they can't afford to maintain. They are hired to build a specific project or thing. Value planning is backing up and look at the overall goal of the community, bringing in all players in the beginning to discuss and develop a plan that will meet the goal. For example, with stormwater, a community may need to involve a soil scientist, community members, and engineers to help come up with solution. Smaller cities don't have the resources to do things different.

- AWC provided a consortium for GIS that could be used as a model for providing assistance to smaller communities who need help with planning.
- A big barrier is that everyone has a different idea/definition of what planning is.
- AWC said the motivation behind this bill is to change the story about infrastructure. We were losing over $1B that has been taken from PBW.

Puget Sound Nutrient Permitting Strategy, Dustin Bilhimer and Ellie Key

Water Quality program is utilizing the Marine WQ Implementation Strategy process to collaboratively develop a plan for point and nonpoint source nutrient reductions. Dustin will be recruiting for participation on an interdisciplinary team and subgroups that will help develop IS content and have input to the scenarios that will be modeled.

We are using the Salish Sea model to evaluate multiple scenarios of watershed and marine source reductions to meet our water quality objective for DO improvement in Puget Sound.

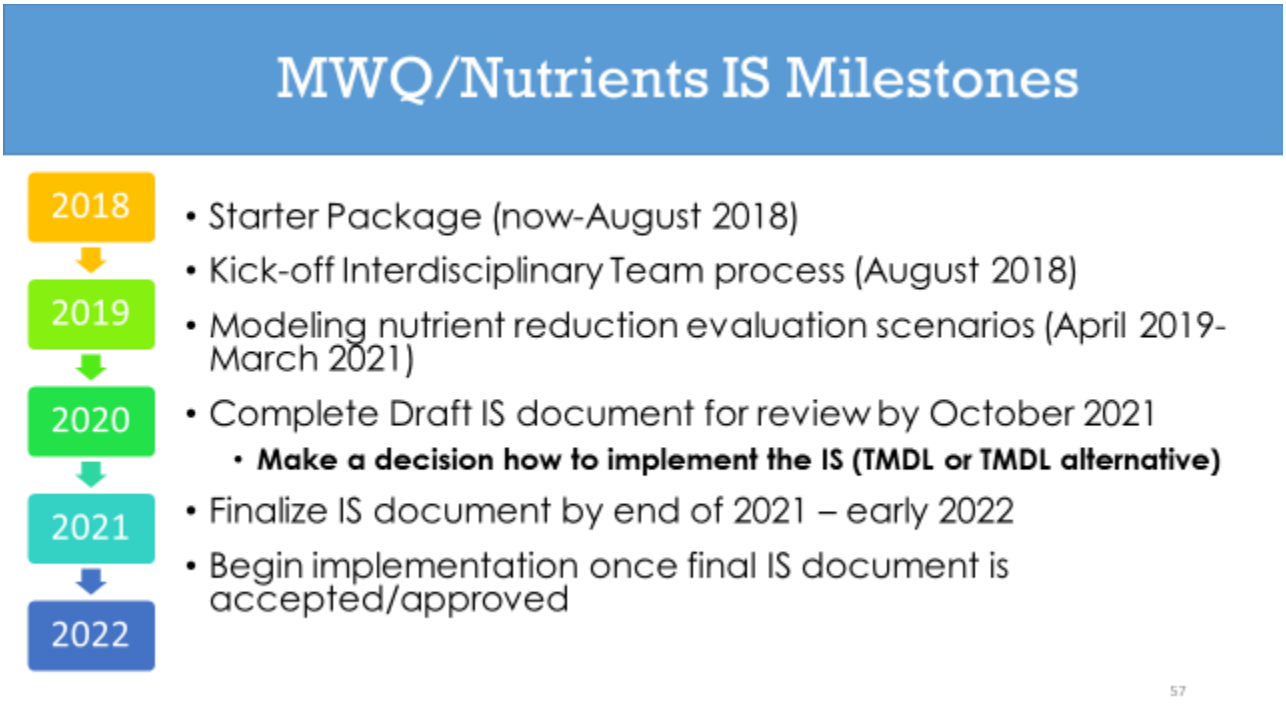
Our water quality objective is to reduce total anthropogenic sources of nutrients so that DO is not lowered by more than 0.2mg/L from a reference condition.

Reductions will include point source reductions (primarily from WWTPs but also possibly stormwater or other permitted discharges) and from nonpoint source reductions (through implementation of BMPs for different land uses and projects that restore watershed functions to attenuate nutrients like floodplain reconnection and riparian buffers among others).

We will have nutrient permit strategy and a nonpoint strategy documents to guide and support the development of the Implementation Strategy, and will identify potential pathways to achieve DO improvement and the decision points that will guide how Ecology implements our regulatory authority.

Please sign up for the project listserv and check out the Puget Sound Nutrient Dialogue materials available from the project web page.

Here are the high-level milestones for the MWQ/Nutrients IS



- Puget Sound Nutrient Source Reduction Project web page (note that this page and the next will be changing by the end of the year)
- Salish Sea Model web page

Results Washington: Water and Salmon Fund Finder, Pat Brommer

The State of Washington, led by a multi-agency Align Salmon and Water Workgroup, is set to release a prototype version of Washington Fund Finder, http://fundfinder.wa.gov . The site was built to help people find, understand and access up-to-date water and salmon related grant/loan information, and can be used to prepare for and schedule future funding opportunities. See the presentation in meeting materials.

The group is looking for FAC members to go to the site and provide feedback using the survey included on the site.

Roundtable

Jeff Nejedly-Infrastructure Bank bill sponsored by Senator Wellman. It is a proviso thru treasurer's office to explore a state run bank. There should be a report out in December. There was discussion about including SRF but there are restrictions about how the proceeds of the fund are managed.

Bruce Lund-There is a bill to remove private activity bonds as a funding option for local governments. This would impact how local governments fund infrastructure. There has been a lot of work at the legislature to get support for Commerce's agenda.

Ty Meyer-Regional conservation partnerships. Spokane and Palouse River watershed total NRCS ($7.7-spokane, $5.5M Palouse). The state budget not passing is holding up these type of projects. Farm Smart is proving to be successful. They currently have 27 certified producers. It is a comprehensive program for producers. Direct seed association is tracking and certifying. There is 36 conservation criteria from protecting stream buffers to farming practices. It was started with an Ecology grant. People that are certified get a letter that states they meet water quality requirements. Some farmers are seeing market benefits. It took three years to build the program.

David Carcia-EPA is under continuing resolution and not sure if a budget will be passed or if there will be government shutdown.

Max Webster-Works with Forestry program with Washington Environmental Council. He is ooking across watersheds to connect with nonpoint activities.

James Kelly-Put together an 8 year plan to replace water mains. They are coordinating with storm drain and road projects. The reclaimed water rule changed. Use of reclaimed water to recharge wetlands isn't considered a beneficial use. You can't get credit anymore.

Randy Freely- Working on evaluating whether need a rule revision for onsite septic. The state health board will evaluate and determine if they open up rule for revision. They are working with the EPA partnership to encourage septic smart week. DOH promotes resources for local health department to use. The regional loan program is widely successful. Also participated in a ultraviolet disinfection units study to show that they are effective.