

Columbia River Policy Advisory Group
February 27, 2014

The meeting began at 9:30 a.m. Facilitator Neil Aaland reviewed the agenda. Senator Honeyford sent his regrets but is unable to attend due to a committee meeting.

Discussion with Maia Bellon, Director of Department of Ecology

Director Bellon joined the meeting and thanked the PAG for the opportunity. She was originally scheduled to attend the June 2013 meeting, but the legislature was still in special session and she was asked to remain in Olympia. She discussed the state's water management policy, which is intended to manage water resources overall. In comparison to California, which does not have a groundwater code, Washington manages both surface water and groundwater.

Ecology has about 40 laws and 150+ regulations to manage, and a variety of staff to do that. The agency has offices out in the field to interact with stakeholders. It is also a financial partner, with 75% of the budget as pass-through money. The Columbia River funding is largely pass-through money.

She reviewed her history with the state of Washington. She started in the AG's office in 1995, and spent about 15 years representing Ecology in various programs. The only program she didn't work in was Hanford, which is presently occupying a lot of her time. She worked for two Attorneys General – Christine Gregoire and Rob McKenna. She next was Ecology's Water Resources Program Manager for over two years, then became Director last year. Derek Sandison was her first call upon assuming the Director position, urging him to stay on. She thanked him for the work he has done for the OCR program.

In 2006, the legislature expanded Ecology's role to take on the issue of water supply. It was new ground for the agency, and has worked out well. Governor Inslee has launched his "Results Washington" initiative, with an aim to examine our efforts and verify the direction is correct. He set five main goal areas:

- World class education
- Prosperous economy
- Sustainable energy and clean environment
- Healthy and safe communities
- Efficient, effective and accountable government

The third goal relates to much of Ecology's work. Maia is the lead for the third goal which includes a variety of agencies.

Maia took a road trip after last year's legislative sessions. She went all over the state, to all four regions, and toured a variety of sites and projects. She saw a lot of innovative partnerships, people you wouldn't ordinarily expect to see working together. After this road trip, she worked with Ecology's Executive Management Team to revise the agency vision statement: "Our innovative partnerships sustain healthy land, air, and water, in harmony with a strong economy." Ecology has four major strategic priorities: preventing and reducing toxic threats; reducing and preparing for climate impacts; protecting and restoring Puget Sound; and delivering integrated water solutions (this applies to both water quality and water resources).

To achieve the fourth goal, a lot of investment is being made in water delivery infrastructure. Ecology is delivering on the promises made in 2006 with the Columbia River legislation. We're delivering water to farmers in the Odessa; conducting a lot of construction work; delivering water to vineyards in Red Mountain, and providing municipal water for larger and smaller jurisdictions. The state is making a major investment in Yakima, and she acknowledged not everyone agrees with that. But she believes the initial investment of \$132 million in the Yakima basin is worthwhile.

Other priorities in the Yakima basin:

- Raising Lake Cle Elum
- Want to keep farms at 70% of their allotment during drought (luckily for this year, looks like we'll not have drought conditions)
- Supporting natural resources such as salmon runs
- Supporting water markets

She made the observation that engaging with tribes in these programs has resulted in greater success. Some shy away from that, but involvement with tribes is critical. She also mentioned the Kittitas County Supreme Court decision that has made clear that counties have some responsibility for verifying the availability of water for land uses. It includes verifying that the water is legally available. She thinks that it makes sense that this verification be done. Kittitas County has really stepped up to the plate to meet its responsibilities. Other counties should get ahead of the game and move in the same direction.

She believes we're all good partners when we:

- Connect early on issues
- Are pro-active
- Hold each other in high regard
- Frame decisions in good policy

CRPAG members and the audience had the following questions and observations:

- Need to acknowledge that this is the centennial of the dam at Grand Coulee and plan for some celebration
- This has been a good first year of work for you
- A transition is occurring with the Columbia River Treaty, Ecology needs to stay engaged
- There's greater speed in making water decisions; the staff in Central region are overwhelmed, need more staff
- What is her view of the future of the CR program? [She thinks it needs to continue, would like to see similar work in western Washington]
- The Umatilla tribe would like to have Maia come for a visit [She would be happy to; she mentioned she was the attorney for the Walla Walla Instream Flow rule and appreciated how the tribe has stepped up and been engaged]

Update: Department of Health's meetings with Municipal Suppliers in the Columbia Basin

Mike Dexel, Washington Department of Health, gave an update on the meeting with municipal suppliers. Since June 2013, water resources for 25 municipal suppliers were identified as being of concern. DOH has sent questionnaires to those 25, have received 19 responses so far. The meeting was held in Moses Lake last month, and they had 55 people in attendance. He thought it was the right audience. It was an open house format, with presentations by DOH. There were six tables, with four different questions to consider. Some of the things they heard at the meeting:

- The communities need help
- They need better communication tools, to better articulate the messages
- Funding is needed
- Help with understanding rate structures
- A lot of interest in alternative water supplies (e.g. Aquifer Storage/Recharge)
- General support for DOH and Ecology to continue working together
- Improving water rights permit processing
- Enforcing illegal water use

Next steps for DOH include holding a public meeting in late spring or early summer. They are interested in getting feedback from the PAG on topics for that meeting. They are pursuing one on one conversations with the utilities.

CRPAG members and the audience made these observations:

- There should have been more cities there in addition to the 25 with identified reasons for concern
- Office of Columbia River has provided funding for GWMA staff to pursue alternative water opportunities for Moses Lake and Othello
- Very helpful to see Ecology and DOH working together

Video: “Water Partners at Work: Pioneer Irrigation Project”

Aaron Penvose, project manager for Trout Unlimited’s Washington Water project, gave a short presentation on the project. It took five years to put together and implement. It provides instream flow, cleaned up irrigation water rights, and provides municipal use.

After the video, CRPAG members and the audience had the following questions and observations:

- Is there any allowance for depreciation factored into the rates? [Not in the beginning, but they will consider this in the future]
- Was there any consideration of potential return flow for groundwater recharge that would no longer happen? [There is still some return flow from irrigation; their focus was on keeping more water in the river during key times for fish]
- Is there a relationship with a water master? [A ditch master works for him; the nearest water master is up in Okanogan County on the Methow River]

Discussion: Funding for the Columbia River Program (follow-up from December discussion on strategy for the future)

Neil introduced the panel: Scott Merriman, Office of the State Treasurer; Jay Manning, Washington Environmental Council; Derek Sandison, Ecology-OCR; and Tom Ring (on behalf of Phil Rigdon, Yakama Tribe). Derek provided some background. In 2006, the bill passed creating the CR Program. The question then was how big should the scope be? The initial years were main-stem centric, but it was recognized the tributaries needed to be part of it as well. They are trying to move forward in the Walla Walla (a group is forming there); other areas of interest include Icicle Creek, Colville Basin, and Methow Basin. They hope to continue to expand the program.

Scott Merriman talked about sources of funding. There are no easy pieces left to do this work. The funding source is the capital budget, and the pressure within the capital budget is big. New

construction limits are squeezing available debt. Washington is within the top 10 in the country regarding debt (which is what has allowed Washington to move forward). Principal and interest debt payment is almost half of the capital budget. You will have to look at resources at the local level and serve as revenue partners. The public works trust fund used to help with capital budget until it was “swept”. Authorization exists to create county level public works trust funds, which cannot be “swept”. This might be a way to talk to the legislature about shared financing. Another idea is to create a regional utility; water utilities have banded together on the west side of the state. A voter approved funding mechanism might be possible; is there a possibility to do a statewide process? There have been discussions about “flood risk reduction” and voter-approved funding for that. One critical point: just because revenue sources are approved doesn’t mean the market will fund them. Interest rates might be greater than you think.

Jay Manning spoke next. Scott is right – it’s hard to find funding right now. During last year’s discussion on the Yakima plan, differences between eastside and westside showed. Only the fact that a coalition formed bridged that gap, and that’s the lesson. This is how the funding was obtained for the Teanaway acquisition. It has to be more than water supply. The study bill currently being considered takes a holistic approach to water solutions and addresses flood control, water supply, and stormwater. This is a smart bill. It provides for an interim report on financing options for water infrastructure at the end of 2014. There is no dollar amount proposed in the bill [for implementation]; during bill testimony Senator Honeyford suggested \$3 billion as one possibility. Jay thinks the solution would be a referendum, hopefully in November 2015. The study bill is needed in order for the legislature can pass something and get a proposal on the ballot.

Jay was asked what happened at the hearing on the study bill. [Senator Honeyford was there, as well as Rep. DeBolt and Rep. Dunshee; Rep. Rep. DeBolt has proposed a separate bill that appropriates funding for floodplain work in Lewis County and would prefer a bill that just provides that funding without study. Rep. Dunshee asked about the size of the needed funding; Jay thinks he is attracted to the stormwater portion of the study bill; everyone who testified was in support except the Sierra Club, which expressed concern about the water supply portion of the bill.]

Tom Ring commented that multiple purpose projects have the best chance, and thanked Jay, Derek and others for their work in the last session.

CRPAG members and the audience had the following questions and observations:

- Agree that the key is an integrated, holistic plan – but concerned that components will be measured separately and not collectively
- In the Yakima plan, there is a greater return because projects are methodically looked at – connected, innovative partnerships
- All the parties need to work collectively
- When the environmental community came in by itself to ask for specific projects, they were told there were people who oppose it and you need a coalition – so they did just that, participated in a coalition
- Last year’s experience was positive, need to look beyond home – think about western Washington legislators
- We’ve heard a lot about the bleak nature of funding; is there a target amount for a local share? Lots of challenges for local governments, perhaps consider using LIDs? [local share is more of a “user pay”, but could also look for public share when there’s more of a general societal benefit]

- Have to consider existing fund sources and loosen rules for using those, give more flexibility
- What other revenue sources could be used? [sales tax could be borrowed against; something that would be based upon consumption by a household; will need to think creatively, hopefully will come up if the study bill is passed]
- Joel Freudenthal mentioned that the COE is providing funding for Yakima County's project. In previous years the state has spent a lot on stormwater, flood response, water supply. Some previous projects weren't really integrated projects; need to really consider more multi-benefit projects. [There is language in the study bill that talks about the need to consider integrated projects]

Project Updates

Derek talked about the Methow work. Lisa Pelly provided more details and said the Methow Valley Irrigation District has two diversions, one on Twisp River and one on Methow River. They want to improve that plumbing including improving and restoring flows in the Twisp River. They've been working for about a year and a half to help that situation, it's very complicated. They're in negotiations; implementation would use some funding from OCR. Ecology would be in co-lead status with the county for SEPA. Ecology is also trying to help the town of Twisp with their water problems.

Icicle Creek: Dan Haller is part of the facilitation team, using an approach similar to the Yakima. Dan said there's a set of guiding principles, a diverse group of people is working to come to agreement about solutions. The focus now is taking advantage of study opportunities, want to ultimately come out with a package of projects.

Walla Walla: OCR was approached about a pump exchange project several years ago. OCR worked it for a while, and then the federal government said they couldn't make it work and pulled out. OCR kept it on the potential project list. Recently, the Walla Walla Partnership said they would provide the leadership to assemble local stakeholders to identify a suite of projects that would improve flows. The effort seems to be off to a pretty good start. We could have them come to an upcoming PAG meeting and do a presentation on the suite of projects.

Yakima:

- Kachess: continuing with the environmental impact statement process on the Kachess reservoir projects and Cle Elum pool raise project (a 3 foot raise of Cle Elum)
- Close to final design and permitting for the first Cle Elum fish passage project
- About \$7 million in habitat improvement projects is being put on the ground related to the Yakima project; uses legislative appropriation plus other funding sources

Participants in that process made some observations:

- This process has been lacking data – e.g. flow needs for the river
- One of the parties in Icicle Creek watershed wants to remove the hatchery, it's hard to get to agreement on that topic
- The litigation has made it hard to look at issues

General comments:

- David Ortman with North Cascades Conservation Council expressed disappointment about the lack of a formal public comment opportunity on the agenda, and provided three documents related to his group's concerns about several projects: a letter sent to Dept. of

Interior objecting to funding for Yakima projects before cost/benefit analysis prepared; A Seattle Post-Intelligencer article from 2005 on kick-off of studies for new reservoirs; and an article in the Conservation Council's newsletter *The Wild Cascades* from last summer (2013).

The meeting adjourned at approximately 12:45 p.m.

The next meeting of the CRPAG will be May 22, 2014 at the Hal Holmes Center in Ellensburg.

Attendees:

CRPAG members and alternates:

- Charity Davidson, WDFW
- Paul Jewell, Kittitas County Commission
- Ted Knight, Spokane Tribe
- Mike Leita, Yakima County Commission
- Lisa Pelly, Trout Unlimited
- Tom Ring, Yakama Nation
- Mike Schwisow, Columbia River Basin Development League/Columbia River Irrigation Districts
- Mark Stedman, Lincoln County Commissioner
- Leo Stewart, CTUIR
- Richard Stevens, Grant County Commissioner
- John Stuhlmiller, Washington State Farm Bureau
- Rob Swedo, BPA

Others in attendance:

- Neil Aaland, Facilitator
- Jim Browitt, Schroeder Law Office
- Phil Brown, GSI
- Peggy Bruton
- Scott Cave, SC Communications
- Mike Dexel, Washington Department of Health
- Melissa Downes, Department of Ecology
- Tim Flynn, Aspect Consulting
- Joel Freudenthal, Yakima County
- Dan Haller, Aspect Consulting
- Cathy Hubbard, Ecology
- Trevor Hutton, Ecology
- Al Josephy, Ecology
- Sue Kahle, USGS
- Kris Kauffman, Water Rights Inc.
- Mike Krautkramer, Robinson Noble
- Paul La Riviere, Washington Department of Fish and Wildlife
- Ben Lee, Landau Associates
- Naydene Maykut, Friends of Bumping Lake
- David McClure, Klickitat County
- Dave Nazy, Department of Ecology

Steve Nelson, RH2 Engineering
David Ortman, North Cascades Conservation Council
Aaron Penvose, Trout Unlimited
Chris Pitre, Golder Associates
Pat Ryan, WDNR
Derek Sandison, Department of Ecology
Peter Schartzman, PGG
Evan Sheffels, WSFB
Ken Slattery, GEI Consulting
Paul Stoker, Groundwater Management Area
Steve Thurin, HDR
Jill Van Hulle, PGG