

Columbia River Policy Advisory Group
Ellensburg WA
August 18, 2010

Proposed Columbia River Legislation

Derek Sandison, Karen Terwilliger, and Dan Haller reviewed a draft legislative proposal that Ecology is preparing to send forward to OFM. The legislation as drafted has four substantive areas.

1. Sullivan Lake Reoperation. Proposes an explicit change in the application of the Hillis rule, such that the 6 counties of Northeast Washington would have access to 14 kaf of water from a storage project at Sullivan Lake. Two-thirds of the water would be available for out-of-stream use and one half of this amount would be devoted to municipal use.

CRPAG members offered these questions and observations:

- What is accelerating the demand in this area? [Demand has not accelerated. There is a 20-year backlog. There are few options for new water in this area of the State, for example in Bridgeport, Brewster, Coulee Dam.]
 - Is this because they are the last in line? [Mostly, but it is a mixed bag in terms of what we cannot reach with Lake Roosevelt water.]
 - We are concerned about moving priorities and a new allocation scheme. This causes discomfort re the precedent it sets. If health and safety are at issue, then Hillis allows these communities to move up in line without this legislation.
 - How far will the Lake Sullivan water go in meeting their demand? [Brewster and Bridgeport will resolve their issue, and generally this will deal with all the municipal problems in this part of the State.]
 - How far up can the Lake Roosevelt water be distributed? [Mostly it won't extend up this far.]
 - If 10 kaf makes one region whole, how is this fair to others? When is it our turn? [Lake Sullivan is the only known supply for this area. The 25 kaf from Lake Roosevelt for municipal supply is going to southerly communities.]
 - Could this water help with exempt wells? [Possibly, but this is not the intent of the legislation.]
 - Ecology needs to clarify the language "off-set." [It might be better to say "supply or off-set."]
2. Expanded Storage Allocation. Proposes distributing the 1/3-2/3 split (for in-stream/out-of-stream) to be calculated on an aggregate rather than project-by-project basis.

CRPAG members offered these questions and observations:

- How will you deal with the timing of the calculation, since all projects don't come on at once? [Don't know. Need to look at on a year by year basis. Out-of-stream permitting is a multi-year effort.]
 - I have a concern re the geography of this issue, that is, if storage in one area goes all to fish and in another goes all to out-of-stream use. This does not make a healthy ecosystem. It might be better to apply this on a watershed basis. [Ecology has thought of this, but cannot make a perfect match within a watershed. For example, the Walla Walla project is primarily in-stream; the Odessa project is the opposite. We need to figure out an operating standard.]
3. Expand Cost Recovery Authority. Proposes to provide authority to Ecology to recover annual administrative costs of delivering new water projects. The Columbia River Account would act as a revolving loan account that could help with the administrative costs of large projects such as the Lake Roosevelt BoR project, the Chelan PUD Agreement in Principle, and the KID Red Mountain project. The account would be able to receive funds from other entities.

CRPAG members offered these questions and observations:

- How do we protect the account from the Legislature sweeping it for the General Fund?
- We should consider a Constitutional amendment for this account.
- I suggest that the language read "direct costs."
- I am concerned that this legislation deals with spending and receiving money by Ecology. Where are the constraints on Ecology? The language is simply too open.
- I am concerned that Ecology could spend millions on studies and not deliver new water. I don't want to see completed little projects in tributaries and studies without completion for large projects. [Keep in mind that Ecology can't charge for water which is not delivered. This would be direct charges to users.]
- I share the concern that Ecology should not just be doing studies.
- I am troubled: is this a first step toward charging for water? I have a problem with the regulator setting the price of water. I don't have an issue with an end user paying for new water. [We are talking about recovering costs for infrastructure where we currently have no way of guaranteeing payment. We need to find a sustainable way so that the beneficiary will pay via the Columbia River Account.]
- This idea of a revolving loan is not unique. In Yakima County we have set up an account for economic development that encourages parties who have some skin in the game.

Section 2 of 90.90 should help you deal with the concerns raised, but make sure you tailor the language to address the obligation.

- What about the future? Ecology has the power to close basins but also to get revenue. Where might this lead?

4. Pump Exchange Definition Clarified. Proposes counting pump exchanges as storage projects when calculating the 2/3 share.

CRPAG had these suggestions and questions:

- Do you think this is really needed? It seems that you have authority already. [The Attorney General has told us there is some risk in Ecology acting on this definition without legislative clarification.]
- There is some relation of this portion to the “aggregate” language suggested earlier.
- Can we make the language more general to “interties” rather than only pump exchange.

Ecology will submit its draft to OFM by September 13. The language will change throughout the fall. OFM will make a decision whether to allow the legislation to go forward by December. There is a fifth element concerning O & M conservation that is currently under review. If it moves forward, Ecology will share it with the CRPAG by e-mail.

Budget Challenges and Potential Changes in Water Legislation

Evan Sheffels and Karen Terwilliger reviewed major challenges facing Ecology in the funding of its water resources program and in its search for efficiencies.

The State is facing a new revenue shortfall on the order of \$3 billion in General Fund State (GFS). 98% of Ecology’ water processing activities are GFS funded. Therefore, these activities are most likely to be affected by the anticipated cuts. Both the Governor and the Legislature have sought reviews by the agency for how it can transform its water resource activities. The Legislature directed Ecology to produce a report by September 1. The Governor has identified water as one of 8 focal areas for the transformation of state government.

In responding to these two directives, Ecology is currently reviewing the following subject areas for potential reform:

- New revenue sources
- Mitigation standards
- Targeted adjudication
- Flexibility in applying the permitted well statute

- Relinquishment
- Flexibility in the setting and application of In-stream flow
- Providing funding to implement watershed planning

CRPAG members made the following observations:

- The State has partners in counties, and it should look to its partners to see how to adjust its priorities. Counties have had to deal with rural transitions through zoning and ordinances. Counties have implemented priorities of government in governing guidelines and reserves. Ecology needs to do the same. I am very apprehensive when you talk about new revenue sources since they would be applied to the very agricultural community that is struggling now. Ecology needs to eliminate and restructure functions and to reduce its labor force. There is no greater priority in Washington State than water and to suggest that this priority can be shrunk is unacceptable.
- There was a serious effort last session to impose fees. This was done in the dark and it upset a lot of people. I commend Ecology for a more forthcoming and transparent approach. The water resource program is being cut again and again. We need a collaborative process to deal with these cuts. Water may be the highest value, but GFS will not flow to the program to the extent it is needed.
- What will happen if there are no new revenues? [20 staff were cut this biennium, 15 of whom were permit writers. It will be worse next biennium.][Ecology's budget is 20-23% GFS. The largest portion of GFS goes to water and air. Accordingly, the cuts will be targeted toward those mediums.]
- Do you have a target for permits? [No]

Ecology will be posting its draft report on its webpage and seeking comments through an on-line forum by the end of August.

Capital Budget

Derek Sandison and Dan Haller reviewed the projects that Ecology will propose in its capital budget request. Ecology proposes a budget of \$80m for these projects:

- Goose Lake and Nine Mile Flats. \$1.2m
- Columbia Basin Irrigation District Piping. \$4m
- Peshatin Irrigation District Pipeline. \$245K
- Peshastin Pump Exchange; Campbell Creek. \$150-200K
- Lower Wenatchee In-stream Flow. \$1.1m
- Walla Walla Pump Exchange. \$40m
- Sullivan Lake. \$14m

- Chelan PUD Rocky Reach Pool Raise and Pump Storage. \$950K
- Rock Island Storage. \$125K
- Foster Conservation District; Moses Coulee Aquifer Recharge. \$168K
- Conservation Commission Irrigation Efficiencies. \$2m
- Conservation Commission Efficiency, Franklin County. \$1m
- KID Red Mountain Project. \$10.6m
- Horse Heaven Hill Storage. \$345K
- 508.14 Rule Amendment Water and Operating Agreement
- Aquifer Storage and Recovery. \$1.75m
- Mill Creek Storage. \$300K

At this point, representatives of the Mill Creek Storage project provided the CRPAG with an overview of their property. Presenters included Lloyd Henry (Commissioner), Dick Price, (General Manager) and Charisse Willis of the Stevens PUD, and Blaine Graff of HDR Inc.

This is an ideal project, because it is high in the Northeast corner of the state, high in the watershed. Phase 1 work is complete. The PUD has surveyed the site and determined that a 118 foot dam would be the preferred option. The project would have multiple benefits including water for municipal use and irrigation, instream flow benefits, and recreation. The project cost is high: \$33.2m or \$17,500/af. Next steps would be to complete a biological assessment and baseline environmental report, a geo-technical investigation, and an alternatives assessment.

CRPAG members asked:

- How does this fit in with the Sullivan Lake project? What are the other needs of this district? [The projects are in two different watersheds.]
- What is the public's knowledge of the project? [Public knowledge is limited to those who have worked on watershed issues, but no one has spoken against the project.]

Regarding the overall capital project list, the CRPAG had these questions and observations:

- What is the retiming issue on the Franklin County Conservation District project? [CSRIA and Ecology have different perspectives about the timing of water returning to the river and how it is credited.]
- Regarding the 508-14: this raises the prospect of several million acre feet. How can this be? [It is a mound of groundwater built up over 50 years. It is not likely that several million af are available, but the proposal is to complete hydro-geological studies to determine how much would be available without having negative impacts on the Columbia River.]

- Let's move the list forward. There are some questions on Mill Creek, but the remainder of the list looks good.
- I like the list of projects. It is time to get going with all of these projects. As far as the per acre foot issue, it depends on how it compares to other opportunities in this geographic area.

Attendees:

CRPAG members and alternates

Jon Culp, Washington State Conservation Commission
 Jim Fredericks, Corps of Engineers
 Michael Garrity, American Rivers
 Christi Davis-Kernan, Bureau of Reclamation
 Bob Hammond, City of Kennewick
 Mike Leita, Yakima County Commission
 Joe Lukas, Grant County PUD
 Mo McBroom, Washington Environmental Council
 Darryll Olsen, Columbia Snake River Irrigators Assc.
 Merrill Ott, Stevens County Commission
 Lisa Pelly, Trout Unlimited
 Bill Quaempts, Confederated Tribes of the Umatilla
 Phil Rigdon, Yakama Nation
 Dave Sauter, Klickitat County
 Teresa Scott, Washington Department of Fish and Wildlife
 Craig Simpson, East Columbia Basin Irrigation District
 Rich Stevens, Grant County Commission
 John Stuhlmiller, Washington Farm Bureau
 Rob Swedo, Bonneville Power Administration

Others in attendance:

Neil Aaland, Washington State Association of Counties
 Nancy Aldrich, City of Richland
 Diana Carlen, Senate Republican Caucus
 Chuck Carnohan, U.S. Bureau of Reclamation
 Scott Cave, S.C. Communications
 Carolyn Comeau, Department of Ecology
 Stu Crane, Yakama Nation

Charity Davidson, Washington Department of Fish and Wildlife
Bill Eller, Washington State Conservation Commission
Karen Epps, Senate Committee Services
Joel Freudenthal, Yakima County
Blaine Graff, HDR, Inc.
Dan Haller, Department of Ecology
Lloyd Henry, Stevens County PUD
Tim Hill, Department of Ecology
Representative Bill Hinkle, Washington State House of Representatives
Paul Jewell, Kittitas County Commission
Eric Johnson, Washington State Association of Counties
Al Josephy, Department of Ecology
Paul LaRiviere, Washington Department of Fish and Wildlife
Greg McLaughlin, Washington Water Trust
David McClure, Klickitat County, WRIAs 30 and 31
Chris Marks, Confederated Tribes of the Umatilla Reservation
Dick Price, Stevens County PUD
Scott Revell, Kennewick Irrigation District
Tom Ring, Yakama Nation
Rick Roeder, Department of Ecology
Derek Sandison, Department of Ecology
Cathy Schaeffer, Walla Walla Partnership
Evan Sheffels, Department of Ecology
Dan Silver, facilitator
Paul Stoker, Groundwater Management Area
Charisse Willis, Stevens County PUD