

Department of Ecology – Water Quality Financial Assistance Council Meeting

July 29, 2015

In Attendance: Nancy Aldrich, Brain Cochran, Don Gatchalian, Kahle Jennings, Bruce Lund, Ed Thorpe, Dan Kaplan, James Kelly, Ruby Irving-Hewey, Jeremy Simmons, Shelly McMurry, Jeff Nejedly, Don Seeberger, Daniel Thompson, Kim Wagar, Ben Rau, Jessica Schwing, Melanie Tyler

Welcome and Introductions, [Shelly McMurry](#)

FMS Update, [Jeff Nejedly](#)

- Hiring a replacement for the Onsite Septic Local Loan position (Environmental Specialist 3). Melanie Tyler is retiring.

Legislative and Budget Update, [Kim Wagar](#)

- The Budget was passed last minute, they failed to pass a bond authorization bill so new Centennial grants won't be able to have expenditures reimbursed the first 9 days of the biennium.
- Centennial \$20M (\$10 LTCA/\$10 Building Construction Account)
- SRF \$203M. We requested \$191 but the legislature added the match on top even though we had already included
- Stormwater had \$53M appropriated (\$20M STCA/\$30 LTCA)
- 981,000 WSU Lid Project proviso
- Disappointed that Centennial is \$30M less than last biennium. We use this is money to fund financially distressed.
- Ecology will request supplemental to restore to at least \$40.
- Ed Thorpe encouraged participants to talk to their legislators and governor.
- Centennial is used to match 319 so it is critical for nonpoint source pollution projects.
- We won't have any Centennial for FY17 projects currently.
- Operating carry forward for Stormwater capacity. Phase 1/Phase2 have applied to receive funds. The question was asked, "Why did we only allow 30 days for applications?" Answer: We needed to get the projects active sooner.
- This biennium the PWTF didn't get an appropriation.
 - There will be staff reductions
 - The Board is deciding what to do. Maybe shut down. Strategic planning process

- Taking an aggressive stance to position themselves to require funding. They are more committed now to play an advocacy role.
- The sweep in the prior biennium is going to in red this biennium.
- Existing obligations will be funded. They are going to issue bonds to backfill. They will be at 4% for loans paying 1-2%.
- It looks like they are moving away from a local loan to a grant program
- EPA has funding for Water Infrastructure Finance and Innovation Act (WIFIA) to develop a program but no funding for projects.
- If this keeps happening, SRF's might need to look into leveraging the fund. State's set up the program so they could leverage. An example of leveraging would be using \$1M and instead of direct lending to a recipient, the SRF would go to the bond market to get \$3M of funds for projects.
 - The interest rates go up because we would be paying back the bonds
 - State's use a combo of direct loan and leverage.
 - There are a lot of options but because the state had the PWTF, we hadn't had to.
- Cash flow for SRF shows we can put out \$100M/year. Depending on the on-going capitalization grants.
- Would we need a statutory change? We need to check.
- Legislation requests
 - We are looking to update statute for 30 year term.
 - How we will apply 30 year will be up to this group to decide. Oregon allows anyone to but they have a tiered interest rate for small and disadvantaged.
 - How does this impact our cash flow.
 - We will be pursuing a rule update after the statute change. This will be a future agenda topic for this group to ensure

Stormwater Update, [Jessica Schwing](#)

- FY16 cycle is moving forward.
- First year of standardization of units.
- Preconstruction/Capacity and Gross grants application cycle open now. List will be out first week of September. Concern expressed on the lack of time to put together projects for short timeline.
- They worked to streamline the application. Reduced the number of forms.
- Since gross grants carry forward operating budgets, communities should be planning ahead.
- Only 6 communities out of 118 are in EAGL.
- Should look at not using population for determining hardship.
- Green retrofit-preconstruction program is no match required for Phase 1 and 2 permittees. Asking for general issue and connection to water body and then work with the stormwater engineers to develop and design what works.
- Streamlined the application

Overview of FY16 Funding list and FY17 Cycle Plan, [Daniel Thompson](#)

- See Daniel's handout

Nonpoint plan Update, [Ben Rau](#)

- Here is the link to the Nonpoint plan, <http://www.ecy.wa.gov/programs/wq/nonpoint/NPSplan.html>
- This includes a summary of comments and Ecology's response.
- Want stakeholder feedback on process for developing BMP's. Next agenda topic.
 - Make the cost share model more prominent in the funding information.
 - Are there other incentives for buffers we can be using? Brian Cochrane has good information about this.
 - Farm to Smart-Spokane Conservation District

Regional onsite septic program, [Melanie Tyler](#)

Counties that applied:

- Grays Harbor
- King
- Kitsap
- Mason
- Pacific
- Pierce
- Snohomish
- Thurston
- Whatcom

Program also available to these counties:

- Clallam
- Island
- Jefferson
- San Juan
- Skagit

Outline of the Program

The nine counties that applied for funding are working with Ecology and Department of Health staff to flesh out the program. The application received \$8,161,007 in State Revolving Funds, plus \$138,985 in forgivable principal loan and \$847,808 in Centennial grant. The expectation is that Ecology will administer these funds, contracting with a financial institution to do the actually lending.

Status:

- Memorandum of Understanding—drafted, not yet signed
- Guidelines for the program—in process
- Request for Proposal for a financial institution—working draft

Next Meeting is November 12, 2015