

March 28, 2014

FAC Notes

WRRDA Title V-

- Updates SRF program Clean Water Act.
- CWSRF reauthorization appears to include GPR, ASR, Buy American (but not manufactured goods) and D-B. Plus a pilot program and an evaluation to redo state allotments.
- Approves a 5 year WIFIA pilot. The conference report language authorizes \$350 million, spread out over five years, for both the Corps and EPA to provide credit assistance in the form of loans and loan guarantees for up to 49 percent of project costs, with a specific focus on projects that can be used to target flood damage reduction, environmental restoration, coastal or inland harbor navigation improvement, among others, as well as a host of traditional water infrastructure projects.

Meet Heather Bartlett, Water Quality (WQ) Program Manager-

- Heather provided a brief overview of her work experience which includes Fish and Wildlife and Dept of Health, Drinking Water SRF.
- This job was appealing because it merged her Natural Resources with Public Health experience
- Heather was encouraged to visit the regulated community and to remember whatever Ecology regulates, communities pay for. Communities are happy to be part of a solution if there is a problem and are open to partnerships to solve the problem.

Human Health Criteria Update-

- Ecology anticipates having a proposed rule by the end of summer which will include an economic study.
- How will EPA's rule making impact Ecology's work? Ecology was aware and of this effort and it has been incorporated.

Non-Point Pollution Activities-

- This past legislation session, there were a lot of bills to eliminate Ecology's authority to regulate nonpoint sources of pollution. Ecology goes beyond Federal Clean Water regulations.
- Director Bellon has convened an Agricultural Water Quality Committee. The conversations are focused on how can we incorporate agricultural ideas into Ecology's business.
- FAC suggested including "End of pipe" folks in those discussions since they are the ones that end up paying for and dealing with agricultural sources of pollution. They also said it is important to get the staff on the ground perspective and not just a filtered perspective. Not all counties have the same perspective. Some are working to implement large direct seed and no till local loan program and solutions to the problem.

- Feedback from FAC. There is a perceived difference in how Ecology talks to regulated community and that different regulators follow different procedures.

#### 15-17 Budget Request (Jeff)

- Ecology Budget Planners are currently discussing proposals
- 4 proposals (capital)
  - Centennial (\$60M/biennium)-Nonpoint and hardship wastewater in small communities
  - SRF (\$200M/biennium)- May ask for an increase next year if Accelerated this year but we are
  - SRF Matching Funds (\$15.5M/biennium)
  - Stormwater (\$100/biennium)
- Stormwater Carry Forward (operating) \$8.9M.
- Timeline: Budget briefings lined up and proposals. Due to Governors office early September. Governor's budget mid December.

#### FY 15 Draft IUP and FY 16 Cycle Timeline

- See meeting materials for details of changes from draft IUP to final IUP
- 9 people came to our public meeting held for accepting comments on the FY15 Draft IUP
- Ecology received 14 written comments. All positive and most were related to Sacheen Lake. Community member have been working for 20+years to address there onsite septic issues. 1 comment related to an error on scoring.
- There were some minor shifts in funding due to Washington receiving \$3M less in cap grant then projected and the 319 grant was a little higher. Set asides changed due to cap grant adjustments.
- We guessed low on our authorized Forgivable Principal allotments so added Forgivable Principal to a Green Project Reserve (GPR) project.
- Timeline (see Meeting Materials)

#### Public Works Board

- The Public Works Trust Fund is being renamed to the Publics Works Construction Loan Program since it isn't really a trust fund.
- The 13-15 appropriation was swept and those funds went to the Education Legacy Fund
- The PWB anticipates having funds available for the 15-17 biennium and put out a call for proposals. They received 90 applications totaling \$263M in requests. They can fund \$175M worth of projects. Funds will be available July 2015.
- 95% of the funds available will be out of existing loan repayments.

- They understand that it's been difficult for local governments to count on the funding. Hopefully the sweep is over.
- PWB will convene in August and decide on the funding list recommendations to be sent to the Governor's office. It will most likely be put in a bill and voted on.
- The board's annual retreat was in May. It is a 13 member board. Many of the members are new.
  - Main focus on getting it back in business in a sustainable way.
  - Short term strategy-board members will be educating legislators on benefits of the loan program and why they should fund it. They will focus the message on how the program increases economic development and helps the economy. OFM uses 9 jobs for every \$1M dollars funded. They are also educating board members about infrastructure projects.
  - Long term strategy-They needed to make more a connection with tribes. How to make it more difficult to divert funds. Last year there was a bill to amend the constitution to disallow the sweep.
  - PWB have had staff reductions. They are requesting additional staff to help with workload.
- Ecology is coordinating with PWB. Dave Dunn reviewed the Wastewater and Stormwater applications to provide input and determine eligibility for Ecology funding for coordination purposes.

### **Buffer Requirements and the Impacts on Activity Projects**

- EPA put a condition on our funds to increase buffer widths to meet National Marine Fisheries service guidance which can range from 35ft to up to 100ft depending on stream type and fish presence.
- This means if Ecology is paying for buffer work, recipients need to comply or we can't pay for it.
- Ecology is compiling complaint letters and will be forwarding them to EPA
- RCO is out for public comment currently
- We received a lot less in request for activity projects during our FY15 cycle. Last year we had 49 projects versus this years request of 29. 14 out of the 29 had buffer implementation
- Incentive to pay 100% of the buffer implementation. Offered to 8 projects.
- Are there any ideas of other incentives?
  - Federal conservation program, USDA/Conservation commission. 10 year rental of buffers.
  - Land owners psychology . Walking in with mandatory buffer that is perceived high, they won't even engage in the conversation. CREP has achieved on average 162 ft buffer. FAC should invite Carol Smith, Conservation Commission to present on CREP.
- Will this impact the direct seed programs? Require buffers? Ecology has currently only been requiring the increased buffer width on projects were we funded the buffer work.
- What are the economic incentive for land owners to do this? The potential yield and earnings on the property is higher then what they could get by leasing or selling the land for a permanent

easement. Landowners fear the land will become weed patches depending on who is leasing and maintaining the property.

- Conversation needs to be with the tribes to show that the desired action is not being realized.

#### Puget Sound Onsite Sewage Financing Project

- (See PowerPoint in Meeting Materials)

#### Stormwater Grant Program Development and Workgroup Update

- Please see the meeting materials “Program Comparison and Comments”, Jessica Schwing, [jess461@ecy.wa.gov](mailto:jess461@ecy.wa.gov) or 360-407-6216 is looking for feedback on this overview of a comparison and proposed changes for the ongoing Stormwater Grant Program guidelines.
- Please send comments by June 15<sup>th</sup>.
- Include web link to the Stormwater Workgroup Meeting notes,
- Send Comments and Questions to Jessica Schwing

#### Viability and value of FAC

- Members see the value of the group to maintain open communication between Ecology’s WQ financial management section and our stakeholders. Members would like agenda items focused less on updates and more on action items and getting their feedback on decision making items.
- Ecology is striving to keep a balance of agenda items and not just focus on wastewater facility topics.
- The number of meetings/year will be reduced from 4 to 3. They should be scheduled around pre-legislative, post legislative sessions. Possibly December, April, September?
- The group agreed to revisit the charter at the next meeting.
- Shelly agreed to continue outreaching to members to get a commitment of attendance or ask for a replacement.
- Future agenda items discussed
  - New Federal Omni circular and how that will affect Ecology and recipients
  - Wifia and WRRDA Title V
  - Small community challenges to infrastructure financing
  - Charter review
  - SRF pursuing and 30 year term finance option approval through EPA
  - Water Quality trading, Watershed Approach-Tualatin river example.

