

Reclaimed Water Removing Barriers Sub-Task Force Meeting
May 28, 2008
1:00 – 4:00 p.m.

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Welcome and Introductions

Angie Thomson, EnviroIssues, explained that the Reclaimed Water Rule Advisory Committee (RAC) and the Removing Barriers Sub-task Force (RBSF) are meeting jointly for the first hour. The groups would discuss agency staffing levels, resources and roles. A quick round of introductions was conducted and Angie reviewed the RBSF agenda.

Task 1 – Agency staffing levels, resources and roles

Melodie Selby, Washington State Department of Ecology (Ecology), discussed the agency staffing levels and resources. She said that the RAC was given two accounts of money for reclaimed water efforts by the legislature. One account goes through the end of fiscal year (FY) 2010 and the other goes through the end of FY 2011. Some of these funds are permanent and others are temporary. The reclaimed water program currently has two full time equivalent positions (FTEs) and they are funded through the foreseeable future. Ecology regional office staff from the wastewater program can work on reclaimed water projects on a project-by-project basis.

Melodie said that Ecology is working on the agency’s budget proposal for the next biennium which goes into effect July 2009. She explained that despite Ecology’s shortfall in the permit fee account, she has put in a placeholder for additional reclaimed water staffing because there is a need for more resources. Ecology has a Fee Workshop discussing the shortfall itself, and Melodie is unsure whether the RAC/RBSF wanted to discuss the fee as well.

Angie concluded that the RAC agrees about the proposal already approved for minimum staff needs and that RAC/RBSF will wait to hear back from the Fee Workgroup regarding fees. Melodie said she would take the input from the discussion back to the appropriate groups.

Questions/Comments:

- *Do we have feedback from the Fee Workgroup on fees?* Melodie said the Fee Workgroup is identifying short and long-term fixes. The short-term proposals will be reviewed by the Fee Workgroup at the June 13 meeting, and the fee itself has not been determined. Craig Riley, Department of Health (DOH), asked whether the Fee Workgroup is a committee like the RAC and Melodie confirmed that it was. Melodie said that the reclaimed water permit fee may be raised by the fiscal growth factor each year if the legislature votes to do so, but it has not been decided whether Ecology will request to do so.
- *Does the RAC know what its needs and staffing minimums are for the departments?* At the last meeting, the RAC approved the minimum staffing recommendations from the RBSF. Kathy Cupps noted there was some concern where the staffing request would fit with other budgets, such as core response and other permit fee work. Nancy Winters asked whether there was an estimated number of FTEs, and Kathleen Emmett said that the minimum is to keep it at the current level: Water Quality has seven FTEs, Water Resources has two FTEs to split between water conservation and reclaimed water, and DOH has two FTEs. Bill Peacock said that if there are two people now and you need six, then that might be a barrier. Melodie commented that the legislature gave money and staff for the rule development process, but that lack of resources at Ecology is a barrier and the RAC/RBSF needs to define their long-time work.
- Kathy said that there are still discussions internally between DOH and Ecology regarding fees and whether there should be one consistent type of fee program. She thought that DOH, Reclaimed Water, and Water Resources staff should be a part of the Fee Workgroup.
- Kathy said that most reclaimed water facilities are already paying wastewater permit discharge fees, so a reclaimed water fee may be a barrier since they would be paying twice the fees. She wants to make sure the groups look at that holistically and encourage utilities to develop reclaimed water facilities. She recommended higher permit fees for wastewater-only permits.
- *Are the fees reasonable today?* Karla Fowler said that the fees are the same as National Pollution Discharge Elimination System (NPDES) permit and questioned what to do about a about satellite plant. She recommended one form for the main plant and satellite plant. Melodie said the fees are based on the residential equivalent unit, which has been capped at \$1.88 and that the Fee Workgroup is looking at changing or removing the cap. She said that the Ecology's total fees are \$35 million.

The discussion concluded and served at the end of the Reclaimed Water Rule Advisory Committee meeting.

Organizational Structure

The RBSF discussed organizational structure for the reclaimed water program. Kathleen recommended that the group keep in mind the barriers being address.

Kathleen proposed three organization options:

- Structured as is: Individuals participate from Ecology's Water Resources and Water Quality programs, and from DOH's Shellfish/Water Protection program and Office of Drinking Water
- One program in either DOH or Ecology
- One program outside DOH or Ecology, similar to the Puget Sound Partnership, encompassing more than just Reclaimed Water

The group also discussed other organization options:

- Core group formed with allowances to deal with peak workloads and/or intermittent/occasional involvement
- Project/program manager who has authority to draw on cross-agency resources
- Alternative funding of position

Questions/Comments:

- *Is there a memorandum of understanding (MOU) with DOH for working together?* Kathy said that there are multiple MOUs but they do not really apply. She said one of the biggest issues is agency priorities and program priorities, and reclaimed water does not fit neatly into any one program.
- Clint Perry commented that the current organization is good for now because there is a good program manager and the program is small and flexible; however, as it grows it will become less efficient. Kathleen said that the program's permit work is being supported and subsidized by permit fees, so it is piggybacking on a program that is working.
- Kathleen noted that the Department of Transportation (DOT) funds a position physically housed at Ecology to coordinate with Ecology staff on DOT projects. This would be similar to funding a DOH position housed at Ecology.
- *How have reclaimed water programs in other states been funded? Is there a model that looks like ours?* Kathy said that they are all different..
- Kathleen commented that one of the current barriers to building a reclaimed water program is that the program manager has to go up the chain and get other program managers to support her. One advantage of the Program Manager approach is that she would be at those managers' level.

The group discussed the options and determined that having a Program Manager with cross-agency and inter-agency authority to acquire staff resources would be preferred.

Task 2 – Coordinated Planning

Jim McCauley gave the group an update regarding checklist development. The RBSF developed a checklist for coordinated planning with the intent to have all agencies and programs buy into the use of a general checklist for reclaimed water planning.

Representatives from each of the following groups will meet to assemble a checklist:

Drinking Water (DOH), Watershed Planning (Ecology), Water Resources (Ecology), and Water Quality (Ecology). Since the programs will have helped develop the list, the hope is that they will buy-in and use it.

Jim questions whether the Puget Sound Partnership should participate in the work group to develop the checklist. Kathy suggested not involving the Partnership directly since the work group wants a statewide perspective. Once the list is developed, then the work group will consult with the Puget Sound Partnership to see if there are checklist items specifically needed for Puget Sound.

Jim said that the checklist will be developed and present to the RBSF in the early fall. The group voted in support of this approach to developing the checklist.

Eugene Radcliff reviewed the proposed statutory changes to RCW 90.46.120. Lynn Coleman had concerns about the ASR reference and suggested there should be a legal review of the language. Kathy asked Lynn to work with Eugene and send any specific questions to the Attorney Generals (AGs).

Questions/Comments:

- *With the proposed statutory changes, will the authority be with the municipality or the state?* Kathy said that it is a state statute, so the authority is with the state.

Task 3 – Incentives

Eugene presented a spreadsheet of potential incentives for water reuse. The group discussed several of the incentives to determine if they should be recommended to the RAC for consideration.

Incentive #15 Giving incentives to businesses that relocate or build near reclaimed water infrastructure: the group discussed that there is potential for both state and local incentives. This is a carrot, with potential incentives being B&O and utility tax exemptions, economic incentives, and other tax incentives. The group decided to send the recommendation to the RAC.

Incentive #16 Public Utility Tax Incentive: the group decided to combine this incentive with Incentive #15. Kathy said this incentive was proposed in 2001, but at the time the utilities were giving reclaimed water away for free so no one took advantage of it. The group classified the incentive as a Phase I, carrot incentive, but it needs some clarification on the details of the tax before recommending it to the RAC.

Incentive #17 Increased fines for exceeding withdrawal or discharge limits: Eugene thought that it is more of a use for potable water when reclaimed water could have been used. Walt thought that it is dependent on water availability, while Craig and Kathleen thought that it isn't feasible. Kathy thought it was really increasing fines for wasting

water. The group decided this was a Phase 3, club incentive and it was not recommended to the RAC.

Incentive #18 State Tax Credit: Eugene gave two examples of this incentive. Arizona provides a \$200 state tax credit when residents add reclaimed water piping to their homes. In addition, New York has a tax credit built around LEED buildings that is spread out over five years. The group decided the incentive was a carrot, but they did not recommend it to the RAC because there is no funding source for the credit.

Incentive #19 Rebates of reclaimed water connections: Kathy recommended making this incentive grant eligible, but Bill Peacock questioned where the money would come from. The group decided that this incentive would have to be locally funded and that it is a carrot, but would not recommended it to the RAC.

Incentive #20 Fee Elimination: Eugene said that this was a local incentive and cities could vote to eliminate fees. The group determined this was a carrot, but it would not be recommended to the RAC. Walt thought that if this was in the form of a grant to a utility then it might work.

Incentive #21 Insurance Fund: Eugene said that this incentive might help businesses underwrite the health liability of reclaimed water. Bill asked whether other states have such a fund, and Eugene cited an example of a town that charges insurance for water lines and the insurance money is used to fix problems and fund water projects.

Walt said that special districts have insurance pools and they do not have capability to insure reclaimed water because it is classified as a pollutant. Kathleen suggested that Ecology clarify that reclaimed water isn't a pollutant. Bill wanted to know what others are doing regarding insurance and whether the insurance is for structure property or health liability. Clint said his facility is going through the insurance process now and are determining whether they will do reclaimed water and how much they will charge. He thought a state insurance fund would help. Lynn wanted to know whether the state has similar insurance for other types of facilities. The group decided they needed more information before making a recommendation on this incentive.

Incentive #22 Public outreach: there was a lot of discussion about possible outreach requirements including a purple bus tour, requiring the public to participate in training sessions and sign a release, having reclaimed water demonstration projects with partner groups, including public outreach as a permit requirement and having signs at facilities identifying reclaimed water. The group decided that this incentive was a carrot and recommended it to the RAC.

Angie said that the next step is to take no's off the incentives list, prioritize the list, and then the group will develop a proposal statement. Eugene will update the list.

Questions/Comments:

- David Moss identified another barrier to reclaimed water use. He said that Spokane County operates a treatment plant, but does not own or operate a system for reclaimed water distribution and would have to build a purple pipe system. David was not sure whether end users of reclaimed water would be the direct users of theirs or the customers. Bill also questioned if a plant in Spokane that takes customers away from the City Water Department, has the right to sell the water. Walt thought that it relates to the city charter and whether it authorizes their government to be in the water district, while Craig thought that if they own the treatment plant then they own the water and can sell it. Kathy said there should be coordinated planning and Angie recommend that this be a part of the checklist and feasibility studies. The group agreed.

Task 4 – Marketing Discussion

Jocelyn Winz provided a handout about marketing, education and outreach, and the group discussed the potential avenues for public outreach. Jocelyn was unsure of the state's role in marketing reclaimed water and said that marketing for customers is the role of utilities. She suggested having a public education/outreach campaign where the effort would focus on community-based social marketing.

Jocelyn recommended a two phased approach to outreach and suggested that the rule require public involvement. During Phase I the state should conduct a survey and focus groups to gauge the public's awareness of reclaimed water followed by a statewide education campaign. Phase II would focus on local campaigns.

Questions/Comments:

- Walt would like to see the outreach campaign include schools. Kathy said that there is a good model in Oregon, and Jocelyn said that the Environmental Protection Agency (EPA) also has school campaign information.
- Bill wants the state to develop an educational program about reclaimed water. Kathy said studies show that you have to start with high-end communities first, and Craig also recommended educating the engineering communities.
- Lynn said that Water Resources learned some lessons from state-wide or regional campaigns, such as drought or water shortage declarations, and if a campaign is about water shortage, then it will need to be very specific and focus on the specific water supply.
- Lynn thought that having a pamphlet similar to the ones for DOH conservation for utilities with Ecology's logo on it is a good idea. Kathy thinks it is a great model and could also be used with stakeholder organizations. PNCWA has an education committee that develops guidance and the state could leverage these resources from the broader base.

- Jocelyn suggested that the state should provide a toolbox for local government to ensure consistent messaging about reclaimed water. For example, the “Washington Waters Ours to Protect” campaign has been used across the state and the country.
- David suggested that some reclaimed water issues, like stormwater, are not statewide issues, so the campaign would need to find things about reclaimed water that are common across the state. Jocelyn said that a broad survey and focus groups would help develop the message for the toolbox for both sides of the state and particular audiences. She recommended providing funding for public outreach.
- Kathy warned that some marketing and public education campaigns have backfired because the information scared people, and she questioned whether this is a public health issue.

Kathleen reminded the group that this was just an opening discussion and asked people to consider what sort of marketing is needed and what should be required as part of the permit. She said that there will be more discussions about this topic at the next meeting. Kathy asked Jocelyn to develop a budget and determine the types of questions and surveys that could be used.

Wrap-Up and Action Items

- Melodie will take the staffing, budget, and fee decisions from the joint session to the appropriate committees.
- The RAC/RBSF will wait for feedback from the Fees Workgroup before making a decision regarding fees.
- Jim will work with other departments on the coordinated checklist and present it to the group in the fall.
- Eugene and Lynn will work together with the AGs on proposed changes to RCW 90.46.120, and the group will discuss the RCW 90.46.120 statutory change at the next meeting.
- Eugene will update the incentives list based on the group’s discussion.
- Jocelyn will develop a rough budget and determine questions and survey types for reclaimed water public outreach.

Angie asked whether having RAC and RBSF meetings on same day worked for people. Most said that it made for a long day, especially when traveling from eastern Washington. The next meeting of the RBSF will be Tuesday, June 24. The RAC meets on Wednesday, June 25, and the TAP meets on Thursday, June 25.

Meeting Attendees

Department of Ecology

Katharine Cupps, Agency Lead

Department of Health

Craig Riley

Angie Thomson, Facilitator

Diann Strom, Note Taker

Committee Members and Alternates	Guests
Ann Wick, Department of Agriculture	
David Moss, Spokane County	
James Hagstrom, Carollo Engineers	
Bill Peacock, City of Spokane	
Doug Raines, DOC	
Clint Perry, Evergreen Valley Utilities	
Hal Schlomann, WASWD	
Walter Canter, WASWD	
John Kounts, WPUA	
Karla Fowler, LOTT Alliance	
Ginger Desy, Sno-King Coalition	
Walt Canter, WASWD	
Jade Sullivan, Covington Water District	
Ecology Staff	
Lynn Coleman, Department of Ecology	
Kathleen Emmett, Department of Ecology	
Jim McCauley, Department of Ecology	
Eugene Radcliff, Department of Ecology	
Melodie Selby, Department of Ecology	
Nancy Winters, Department of Ecology	
Jocelyn Winz, Department of Ecology	