

Water Supply Advisory Committee

April 29, 2009

CenterPoint Corporate Park
20809 72nd Avenue South
Kent, Washington 98032

Meeting Notes

Welcome and Introductions – John Kounts (Chair)

1. Office of Financial Management Infrastructure Study (*Heather Moss, OFM*)

For details on OFM's Infrastructure Assistance Program and Implementation Plan, refer to:
www.ofm.wa.gov/study/default.asp

Plan includes:

1. Review a subset (29) of the state's existing infrastructure grant and loan programs.
2. Update an inventory of these programs.
3. Identify potential new sources of funding.
4. Recommend a new structure to better serve both policy-makers and local communities.

Input from stakeholders:

1. Provide additional funds to respond to increasing regulatory requirements.
2. Consolidate the process, not the programs.
3. Establish a policy-level framework for making funding decisions.
4. Simplify the process.
5. Reduce cost to access program funds.
6. Help us reduce time to construction.

Ideas for new sources of *state* funding:

1. Consider bonding against one or more funds in the state's current loan portfolio to expand resources available for long-term financing of public infrastructure.
2. Consider developing a municipal bond pooling mechanism.

Other ideas for new sources of *local* funding:

1. Modify the Real Estate Excise Tax (REET).
2. Continue the Local Infrastructure Financing Tool (LIFT).
3. Authorize property tax exemption offsets.
4. Authorize collection of growth-related fees in unincorporated urban growth areas.
5. Authorize creation of Community Facility Districts.
6. Pilot a water quality cap-and-trade program.

Alternative structure concept:

1. Provide a strategic opportunity to identify and pursue state funding priorities for policy-makers.
2. Maintain program-level expertise at individual agencies while streamlining processes.
3. Simplify the process and reduce the time-to-construction for program customers.

Heather also discussed a Department of Commerce concept:

- Faced with unprecedented budget pressures, the Governor has placed a priority on job creation and infrastructure development. The Department of Community, Trade and Economic Development (CTED) has unique strengths that support the development of jobs and infrastructure. These include business recruitment, retention, and expansion programs; capital resources for infrastructure investments; and expertise in local planning and land use coordination.
- Establishing a Department of Commerce would enhance CTED's existing strengths by creating a sharp focus on economic development and job creation. This would consolidate expertise and resources in a one-stop shop. The new department would provide easier access to these resources and coordinate the deployment of state and federal resources to maximize the economic impact.

EHB 2242: Creating a Department of Commerce:

- Creates a Department of Commerce, effective July 1, 2009, and changes a number of statutory references from "The Department of Community, Trade and Economic Development" to "the Department of Commerce."
- Sets a November 1, 2009, deadline for the director of the department to develop a report with recommendations to the Governor and legislative committees that ensure the department will feature a concise core mission, accountability, transparency, leverage of resources, focus, flexibility, and local capacity building.
- Requires that the director collaborate with executive and legislative branch officials, and solicit input from key stakeholders.
- Requires that the recommendations include creating or consolidating programs important to the department's core mission, as well as terminating or transferring programs that are inconsistent with it.

2. Economic Recovery Package (*Kristin Bettridge*)

The state of Washington is distributing about \$38.5 million in economic recovery funds for drinking water construction projects. There were 347 project applications reviewed totaling more than \$415 million. A total of 24 projects in 18 counties across the state were approved for funding by the State Department of Health and State Public Works Board under the

American Reinvestment and Recovery Act through the Drinking Water State Revolving Fund. Kristin distributed a map showing projects that will be funded (includes applicant names and water system names). To see this map and obtain more information, refer to: www.doh.wa.gov/ehp/dw/economic-rec.htm. Kristin also mentioned that the Department of Health is responsible for reporting to EPA and the Governor's Office about progress on these projects (*i.e.*, where do we have public health fixes).

3. **Water Outlook (Ginny Stern)**

Key points discussed:

Ginny reported that the forecast for May, June, and July is for continued cooler temperatures across the state. Precipitation is expected to be low than normal.

Yakima Basin has enough water for the months of March and April.

City of Roslyn – Ecology is working with the City to wrap up the final details on the alternative water right. Their current right is subject to curtailment in drought years.

Climate-related bills mentioned:

1. Passed:

SB 5854 (reduces climate pollution in the built environment).

SB 5560 (regarding state agency climate leadership – reduction of greenhouse gases).

2. Did not pass:

SB 5138 (would have created an integrated climate change response that state and local agencies, public and private businesses, tribes, and individuals could have used to prepare for the impacts of climate change through collaborating on research, analysis, collection, and distribution of data and information).

SB 5735 (would have reduced greenhouse gas emissions – may come back in special session).

Other climate-related information:

Denise Clifford reported that the Association of State Drinking Water Administrators' (ASDWA) Water Availability, Variability, and Sustainability (WAVS) group is hosting a workshop related to climate change from September 29 through October 1, 2009, in Denver. This workshop is open to state drinking water program administrators and staff, and representatives of ASDWA's principal federal, state, and local partner organizations.

Climate Web links:

WA Climatologist Climate Newsletter:

<http://www.climate.washington.edu/newsletter/>

Drought Monitor:

http://www.drought.unl.edu/dm/DM_west.htm

Climate Impacts Group:

<http://cses.washington.edu/cig/>

4. Working Lunch/Updates (*Gene Taylor, Brian Walsh*)

Liquid Assets Video – All

The committee watched a 15-minute overview of “Liquid Assets,” a video produced by Penn State Public Broadcasting of Pennsylvania State University. The video tells how essential infrastructure systems (drinking water, wastewater, and stormwater) are aging, neglected, and in need of immediate national and local attention. It presents stories from communities across the United States (*Atlanta / Boston / Herminie, PA / Las Vegas / Los Angeles / Milwaukee / New York City / Philadelphia / Pittsburg / Washington, D.C.*) to help provide an understanding of hidden water infrastructure assets, demonstrate watershed protection approaches, and illustrate twenty-first century solutions.

EPA Update – Gene Taylor

Key points discussed:

1. Stimulus recovery.
2. EPA’s operating budget will likely be decreased in 2010.
3. The agency is emphasizing on nutrients and nitrogen management.
4. Ground Water Rule – all groundwater systems (federally regulated) will need to start complying with the rule by December 1, 2009.
5. Gene announced that he is retiring on July 24, 2009.

Ecology Updates – Brian Walsh

Brian gave updates on Municipal Water Law (MWL), interruptible water rights (an appendix to the Memorandum of Understanding between Ecology and DOH), Interim Guidance and Interpretive and Policy Statement, and MWL legal challenges, including the Burlingame case. For details, refer to:

http://www.ecy.wa.gov/programs/wr/rights/muni_wtr.html

Key bills mentioned relating to water resources:

SB 5583 (signed by Governor) – authorizes the Department of Ecology to use the trust water rights program for water banking purposes statewide and recover costs associated with water service contracts with federal agencies.

HB 1571 (passed, delivered to Governor) – modernizes language related to water right adjudications.

SB 5504 (passed, delivered to Governor) – related to reclaimed water permitting.

HB 1580 (signed by Governor) – establishes a pilot local water management program in Water Resource Inventory Area (WRIA) 32 (Walla Walla). Authorizes creation of a water management board, water banking for water rights on a temporary or permanent basis, and lets water users in a planning area develop a local water plan.

Budget:

The legislature approved a budget for Ecology that includes a reduction of approximately 12 FTEs in water rights processing, two FTEs for information systems, and 1.5 FTEs for watershed planning and implementation.

Reducing water rights processing from 56 to 44 FTEs will drop decisions from about 500 to 370 per year. At 44 FTEs, staffing levels for water rights processing will be comparable to the 1993-95 biennium.

The following topics were also discussed:

- Ground Water Rule – Kittitas.
- Exempt wells.
- Instream Flow Rule (WRIA 17 – Quilcene-Snow, WRIA 18 – Elwha-Dungeness)
- The Department of Ecology has filed the CR-102 (draft rule) for the Quilcene-Snow watershed.
- Hillis Rule.

Other Updates / Discussions – Denise Clifford

Denise reported that Jim Harksen (Water Security Coordinator) is leaving the Department of Health (DOH) to work for the Department of Homeland Security. His last day with DOH is May 21, 2009. DOH will start the interview process on May 1 to hire a replacement for Jim.

Future of WSAC: During the 2009 Legislation the Water Supply Advisory Committee was not abolished from the statute. However, in an effort to save money because of current budgetary constraints, Denise is looking into ways to cut costs associated with WSAC meetings (finding better ways or alternatives of doing business to save some resources).

Suggestions from WSAC:

1. Reduce the number of meetings; possibly not meet during summer.
2. Package meeting agenda topics in such a way that committee members are providing more advice to DOH instead of receiving updates. Updates can be posted on WSAC Web site or be sent to WSAC by e-mail.
3. Hold half-day rather than full-day meetings where DOH can use committee members' time to give DOH advice or recommendations on certain issues.

5. Operating Permit Fee Update (*Peggy Johnson, Kristin Bettridge*)

The Department of Health has not decided yet whether to submit an operating permit fee increase proposal for 2010 because of the current economic climate. The Office of Drinking Water continued to meet with various stakeholders to get their perspective on the proposals that have been developed so far. Overall, it was a positive experience; they are highly supportive of a fee increase.

Next steps:

- Incorporate all the comments received.
- Revised proposal.
- Develop strategy.
- Introduce proposal during 2010 or 2011 legislative session.

Input from stakeholders (Everett / Tacoma / Seattle / Alderwood / Olympia / Spokane / Vancouver, WA / Quad cities: Richland, [West Richland not present], Pasco, and Kennewick):

1. The Office of Drinking Water needs to explain what the problem is, package it well (include large vs. small systems perspective as well).
2. It is only fair because DOH's time is being used.
3. Articulate the value received from DOH.
4. Look at appropriate level of planning / engineering.
5. Can support the increase, but what can it save the water system?
6. Make small systems aware of the benefits.
7. Need to have better understanding of what "primacy" means. What are the benefits? Establish how DOH protects public health.
8. Need to sell it better where utilities can fully understand the whole picture—why an increase is needed.

6. Legislative & Budget Update (*Denise Clifford, All*)

Group B / Small Water Systems Report

SSB 6171 revises certain Department of Health statutes to allow the department to achieve savings for the 2009 supplemental budget and the 2009-2011 biennial budget. As a result, the requirement that the DOH review and approve Group B water systems, monitor water quality standards, and establish maintenance requirements has been eliminated.

SSB 6171 also states that in order to protect public health, the SBOH shall “adopt rules as necessary for group B public water systems, as defined in RCW 70.119A.020. The rules shall, at a minimum, establish requirements regarding the initial design and construction of a public water system. The state board of health rules may waive some or all requirements for group B public water systems with fewer than five connections.”

Local governments may establish requirements for Group B water systems in addition to those established by the State Board of Health (SBOH), as long as they are at least as stringent as state requirements.

The Department of Health is working with the State Board of Health to revise the Group B rule. Below are some of the key points that need to be addressed:

- What does this mean for DOH in terms of rulemaking?
- What is DOH’s role? What is the program direction?
- At what point can we involve WSAC as the rule is being developed?
- Design standards—in rule or in guidance?

Denise mentioned that the agency’s final report (with recommendations) on small water systems will be completed in June 2009. She also reported that EPA’s National Drinking Water Advisory Council is meeting in Seattle in May this year; she will be on the agenda to discuss information about the small water systems report. Denise will send more information about the meeting to WSAC in case anyone would like to attend.

Budget

Denise reported key items in the DOH budget that directly affect the Division of Environmental Health (EH). They are:

1. General Fund State (GFS) support for our Clandestine Drug Lab program was eliminated – a funding cut of \$136,000.
2. GFS support we provide to local health jurisdictions for Group B water systems was eliminated – a funding cut of \$1,160,000.
3. GFS support of our Childhood Lead Poisoning Prevention program was eliminated – a reduction of \$576,000.
4. GFS support of our Pesticide Program was reduced by \$842,000.

5. In addition to the four program-specific cuts noted above, DOH was given an unspecified cut of \$7,759,000 in GFS which will result in further reductions in program activities across the agency (including further reductions in the EH Division).

The EH Leadership team, headed by Gregg Grunenfelder, has been discussing options to support the budget cuts. Gregg will work with DOH's senior management team to identify reduction options for Mary Selecky's consideration.

The Office of Drinking Water early on looked for ways to cut costs. Some of these are administrative costs related to travel, printing requests, equipment purchases, etc. We will continue to incorporate ways to reduce spending where appropriate.

Legislative Updates

SB 5199 (passed, delivered to Governor) – requires a Group A water system serving fewer than 100 connections that purchases water from a water system approved by DOH to measure chlorine residuals at the same time and location for routine and repeat coliform samples.

HB 1283 (passed, signed by Governor) – clarifies our authority to certify, and revoke or suspend certification, for backflow assembly testers and cross-connection control specialists working with public water systems.

Next WSAC meeting is July 30, 2009.

Suggested agenda topic(s):

1. Group B rule
2. Operating permit fee