

**Nisqually Planning Unit Meeting
March 26, 2019, 9:00am-12:00pm
Thurston PUD**

Present:

Lisa Dally Wilson, Dally Environmental
George Walter, Nisqually Indian Tribe
Kevin Hansen, Thurston County
Grant Beck, City of Yelm
Mike Noone, ECY
Justin Hall, NRF
Jesse Barham, City of Olympia
Tom Kantz, Pierce County
Lois Ward, NRC CAC
Matt Curtis, WDFW
Lee Napier, Lewis County
Allison Osterberg, Thurston County

Jeff Dickison, Squaxin Island Tribe
Paul Pickett, Squaxin Island Tribe
Emily McCartan, NRF
Jason Hatch, WWT
Rebecca Brown, ECY
Suzanne Skinner, WWT
Paula Holryode, LWV
Cindy Callahan, Tacoma/Pierce County
Health Department
Cindy Wilson, Thurston County
Julie Rector, City of Lacey
Dave Nazy, EA

1. Agenda, Minutes, and Introductions

Lisa reviewed the agenda, and no additional agenda items were suggested by the PU. Minutes from the February meeting were approved without amendment.

2. Washington Water Trust (WWT) Rapid Assessment and Next Steps – Jason Hatch

WWT is a non-profit founded in 1998 to improve and protect streamflow and support sustainable watershed management. They pursue voluntary, cooperative, market-based strategies which are confidential and non-regulatory. Tools and strategies include water rights assessments, irrigation/water use adjustment strategies for dry years, efficiencies, water banking, leasing and purchasing, and new supply sources.

In 2018, the Planning Unit asked the WWT to conduct a rapid Water Rights Assessment for the Prairie Tributaries sub-basin to be included in the Watershed Plan Addendum. The rapid assessment provided an initial list of candidate water rights in Prairie Sub-basin (22 identified as possible out of 362 rights reviewed, using aerial photos from 2017). The results were ranked by confidence in apparent beneficially-used water, including one bundle of rights which has a recent Ecology quantitative review providing more robust data.

The WWT presented the next steps in assessing water rights for the Planning Unit. WWT follows Ecology guidelines for these assessments and looks at meter and pump records, crop receipts, aerial photographs, and other archival documentation. The paper water right may be larger than what has been practically used (historical beneficial use), which is what can be transferred.

Phase 2 Scope of Work: conduct additional needed background research and analysis on the 22 rights identified in rapid assessment. The goal is to have the best possible documentation of likely actual beneficial use acres before reaching out to landowners (ideally through conservation district relationships). Ranking might change after Phase II.

- Due diligence reviews for target water rights
- Research Ecology water right full records
- Review and summarize paper records
- Complete project maps of all target water rights
- Beneficial use review
- Ground truthing field visits
- Provide final report

Completing by June 30 is still a short timeline, but would allow use of existing PU planning funds before they expire. Specifics of the assessment are not public and slides will not be shared beyond the meeting to protect landowner confidentiality.

Questions:

- Focus on groundwater or surface water? This project would prioritize surface water rights (since our goal is mitigating for streamflow impacts).
- How can Phase 2 or 3 address concerns about impacts to farming? Seasonality or acquiring portions of a right for mitigation so farming can be maintained? Beneficial use means we can only look at productive farms currently irrigating. Ecology requires mitigation in time (indoor domestic use is considered year-round, although outdoor use may be higher in the summer). WWT is not trying to limit productive farms – efficiencies like pivot irrigation systems can offer ways to keep the land in productive agriculture without buying out the entire water right.

3. Managed Aquifer Recharge – Dave Nazy

MAR is a groundwater recharge effort. Surface infiltration is one common technique (diverting surface water to constructed basins, to capture and more slowly infiltrate and capture during winter months, with more available for summer low-flow periods).

Aquifer Storage and Recovery (ASR) wells are another option using less land.

John Covert at Ecology developed a template for MAR projects elsewhere in the state, which was used during the Addendum drafting to help quickly estimate benefits. Nine potential sites in Nisqually were identified by LIDAR elevation data and land ownership (publicly owned land is most likely for successful implementation). Good sites have available land, available water beyond regulatory instream flows, and favorable surface and subsurface conditions for field investigation, testing and monitoring, and operation and maintenance. Successful projects have been installed in the Walla Walla basin (both OR and WA). In the Mashel basin, flows are well above instream flow requirements in the winter, which could allow the diversion of several CFS for storage (varying by year). Finding locations where the water table is lower than the stream to allow storage would be the key challenge.

Discussion:

How is this different from a floodplain restoration, which might be better from a salmon perspective? Ecology likes these projects because they viewed them as highly feasible. The challenge for Ecology was that our short timeline did not allow for the technical analysis necessary to identify specific losing reaches for restoration.

Is it possible to store water across multiple years, to allow flow benefit in dry years when there isn't much water available even in the wet season? Getting water further away from the stream, as they do in Walla Walla, would help increase storage capacity. A well or confined aquifer might store water for several years – would require additional modeling.

Ecology's analysis looked at sites fairly close to the mainstem Nisqually River, but those may not be as beneficial as sites further up-gradient at greater distance from the Nisqually River where timing and effects would be more broadly distributed to tributaries higher in the sub-basins. Consider whether to invest in further evaluations of Ecology's sites, or spend available funds looking into other sites.

Dave has provided a proposal for further assessment, which would include more in-depth site analysis, ruling out any with low potential benefits, and preliminary cost estimates.

4. Ecology Technical Review: Summary and Response – Lisa Dally Wilson

Ecology's (ECY) review recommended adoption of the Addendum with conditions, based on meeting statutory requirements of RCW 90.94.020(4)(b) and (c), and ECY interim guidance. Reviewers used the ECY-recommended method of consumptive use estimates as the basis for mitigation targets. It was not clear if they understood that our technical work group added a multiplier to PUD use data to account for higher use by permit-exempt connections that are not subject to water rates. Lisa will follow up with Tom Culhane to clarify [Note on follow-up, Tom had not recalled that the PU workgroup doubled the PUD numbers but discusses the uncertainty in all the numbers in the Net Ecological Benefit section of the technical review].

ECY ranked the projects based on their determination of "certainty" of completion and benefits. These project tiers were distributed to attendees (pp. 26-27 of Ecology technical review memorandum). Projects that were included in the addendum without complete quantitative assessment were not ranked; the Planning Unit, however, disagrees that a lack of project development and quantification under the short timeframe for this Addendum means there is a high degree of uncertainty in those projects and they felt that some of the best projects were being overlooked with this approach. Projects ranked in the top tier (Yelm water right, water right acquisitions, MAR, and Ohop floodplain restoration) appears to reflect ECY reviewers' familiarity with these strategies. ECY recommended focusing on Tier 1, but Lisa's interpretation is that the Planning Unit can do their own prioritization and advocate for other strategies with additional quantification. Mike Noone agreed with this interpretation.

ECY's review stated that many project descriptions did not meet expectations of rigor from interim guidance. The PU had advised them that we would not be delivering this degree of specificity, due to the short timeframe. In addition, it became clear that salmon recovery frames strategies at a high level and does not define project details until funding is secured, allowing flexibility for achieving major strategic objectives. There remains some disconnect in how best to align the salmon recovery approach with ECY's specifications for projects. Similar concerns were noted with Eatonville's capital improvement projects – it would be difficult to achieve ECY's standard under the 20-year horizon under the typical capital project development process. Mike Noone stated that

Ecology is aware of this inherent tension in the law. ECY is best able to evaluate proposals with robust supporting science and quantification. Projects whose benefits ECY did not consider:

- Upper Nisqually regulatory status
- Deep Groundwater Options 1, 2, and 3
- Barrier removal
- Eatonville water system conservation and ASR
- Upper Nisqually Recovery/Community Forest

5. Ecology Grant Evaluation – Rebecca Brown

Streamflow restoration grants were scored independently by three reviewers, including one from WDFW, using criteria developed in consultation with the staff working on the guidance. Reviewers were not familiar with the work being done on the plan addendum. Water Resources Leadership Team took staff scoring and developed the final funding list, comparing with guidance priorities and statutory language. WRIAs 11 and 1 received special attention as the first two basins working on plans. When it became clear that WRIA 11 was going to approve a plan, they took that into account in final project list to show support. Project funding decisions were made prior to, and separately from, ECY tiering of projects in the Addendum. 12 of the 15 funded projects were the highest priority water projects described in the guidance, along with three habitat projects (strategic land acquisitions).

Notes from debriefing this first grant round:

- Shovel-ready projects with permanent benefits scored highest (rather than size of water offsets)
- Strategic land acquisition projects were treated as habitat projects, but staff discussed options for scoring if acquisitions would also prevent development or take wells offline.
- Want to refine scoring criteria for future rounds.

The funding rule is being drafted now. Public comment is accepted online until Friday, March 15. ECY will rewrite the funding guidelines and scoring criteria based on the rule and feedback from this round.

Mike Noone added his input as a reviewer on the Nisqually projects. Forestry projects needed more site specificity (current stand age, etc.), chain of custody for land acquisition, and additional backup science. ECY has had internal discussions about how to incentivize habitat projects, while balancing the law's explicit requirement for water-for-water mitigation. The new rule will give additional priority to habitat.

Discussion:

Can we apply for project funding for feasibility studies needed for conceptual projects? This year, priority was given to implementation-ready projects, not feasibility study stages. ECY is mindful of the need to distribute funding across the state and not commit to multi-phase implementation grants requiring funding every year.

Can WRIA 11 use the technical support team ECY is providing to other WRIsAs to support feasibility studies to get projects to shovel/grant ready stages? Would need to discuss with leadership at ECY. Planning funds come from Ecology's base budget, and project grants (\$300 million over 20 years) are capital budget dedicated funds. PU members noted that we hope Nisqually's competitive advantage this year won't end up being a disadvantage because our deadline didn't allow time to do these studies up front. The Counties noted that their portion of the per-well fee will not cover anything beyond administrative costs. There are existing capital projects in the pipeline that could be applied to streamflow restoration targets, but will take additional funding/technical assistance capacity to develop those links.

Ecology noted that the major changes in the new grant rule include giving priority to projects that are in an approved RCW 90.94 plan, and those with benefits for habitat/ESA-listed fish. The funding rule does not address prioritization or "tiering" within approved plans, but those may be used for more detailed guidance later. The Planning Unit asked for a way to request re-tiering of Nisqually's projects or other recourse that would not put WRIA 11 at a long-term funding disadvantage in future grand rounds. Rebecca encouraged members to send comments directly to her as the guidance is developed.

6. County Permit-Exempt Well Reports

Pierce: 2 wells approved in Nisqually

Lewis: 1 well approved in Nisqually (Jan-June 2018)

Thurston: 4 wells approved in Nisqually (Jan-June 2018); 20 connections (Jan-Dec 2018)

The PU requested continuing updates to compare to the forecasted growth in the Addendum.

7. Funding

The PU has \$46,000 in uncommitted planning funding, which can be spent by June 30, 2019.

The need for sustainable funding to maintain momentum behind water management plans was discussed. Ongoing legislative funding, special purpose district, or other formats are all possibilities with various challenges. A 2009 draft white paper discussed sustainable PU funding through three potential models, which will be made available after the meeting.

Lisa and the Tribe have been drafting a letter to Ecology requesting additional technical assistance or funding be available to Nisqually, comparable to that being provided to other watersheds. 020 watersheds, including Nisqually, received \$150,000 for technical work plus \$50,000 a year in planning funds for three years of planning. Because Nisqually had a shorter planning deadline, it received \$50,000 for one year where other watersheds will receive up to \$100,000 more. 030 watersheds, with Ecology as the lead planning entity for streamflow restoration, have a technical team available for planning studies (consumptive use estimates, scoping, feasibility studies, etc.) The PU is interested in using the ECY technical team to scope projects for Nisqually, or in requesting \$100,000 in additional funding for technical support directly to the PU. Ecology staff did

not know if the 030 technical team would be available to support 020 watersheds under their current scope, but were receptive to the argument that Nisqually should receive equitable support.

The PU approved sending a letter requesting additional support to Ecology. Lisa will circulate a draft letter to Lee for review.

8. Public Comment

The League of Women Voters of Thurston County is hosting a continuing series of public forums on water issues. Upcoming dates:

- March 19, Yelm Community Center: on rural water issues
 - April 2, Olympia Center: Stormwater and Toxic Runoff
- Recordings are available on the LWVthurston.org website.

9. Contracting

Consultants left the room for discussion of remaining budget. The PU agreed by consensus to retain Lisa Dally Wilson to facilitate the April, May, and June meetings, including associated write-ups, for \$23,000 of the remaining \$46,000 planning funding.

Additional contracting options:

- WWT Phase 2 (scalable) – specific to Pierce County. May not want to spend more money in this area prior to county adoption of the Addendum, given concerns about agricultural water rights.
- Dave Nazy MAR (scalable) – Value in narrowing down the list of 9 current sites and looking for additional upgradient sites.
- Contract with SSPSEG or another entity to further quantify/develop Tier 3 projects (community forest expansion, stream restoration sites) to improve the basis for future grant applications
- Thurston PUD – analysis on first system for potential well improvements

The PU agreed to create a working group to move quickly to decide which of these options to spend remaining funds on. George will work on convening before the next meeting.