

**Meeting Minutes – Nisqually Watershed Planning Unit
June 12, 2019, 9:00am-12:00pm
Thurston PUD**

Present:

George Walter, Nisqually Indian Tribe
Paula Holroyde, LWV
Tom Kantz, Pierce County
Abby Gribi, Town of Eatonville
Julie Rector, City of Lacey
Matt Curtis, WDFW
Jesse Barham, City of Olympia
Justin Hall, NRF

Mike Noone, Dept. of Ecology
Paul Pickett, Squaxin Island Tribe
Kaitlynn Nelson, Thurston County
Kevin Hansen, Thurston County
Gary Bahr, Dept. of Agriculture
Emily McCartan, NRF
Lisa Dally Wilson, Dally Environmental

1. Welcome, Introductions, Administrative

Lisa reviewed the agenda, which was approved as presented. Meeting minutes from the March and May minutes were approved (with dates corrected from electronic versions).

2. Funding

Current Planning Unit Budget

George reviewed the current budget and timeline. As discussed at the May meeting, Ecology granted an extension until December 31, 2019 to spend all of the planning funds we have been allocated (\$50,000 for project administration and \$150,000 for other planning activities). All has been expended but \$46,000. \$23,000 is designated for Lisa's time through June as approved by the Planning Unit at the March PU meeting. At the May meeting, the Planning Unit decided to allocate \$7,430 for a proof of concept analysis for well system revisions in the upper Muck Creek Basin. About \$16,000 remains to be allocated. Other entities have allocated additional internal funding for project studies. The Nisqually Tribe will contract for the Eatonville stormwater project updates.

Sustainable Funding Strategy for Nisqually Watershed Planning

The Planning Unit has ongoing tasks and responsibilities under the adoption conditions of our Streamflow Addendum, but there is currently no funding support for continued meetings or task management. The Legislature provided no funding for additional planning or project development in the 2019-2020 budget. Nisqually is in a unique status, with an independent Planning Unit not led by Ecology and therefore without a source of designated support for continued implementation planning and administration. PU members are currently expected to fund themselves to participate in PU activities and get projects grant-ready. Ecology noted that the PU could apply for scoping/specific project development under the project grant funding, but those may not be as competitive with "shovel-ready" projects, and project grant funding will not support administration of the Planning Unit. Other WRIAs will have grant-ready projects developed with technical support

from ECY-led consultants at the time of plan adoption or rule-making, which Nisqually did not have because of its fast-track timeline.

Discussion:

Thurston County is continuing to discuss how best to proceed with streamflow restoration activities at either the WRIA- or county-wide level. Further project development and implementation work in Nisqually is funding-dependent. Thurston County has been very happy with the Tribe's leadership of the PU and will continue to attend and support meetings.

WDFW will continue to support staff attending PU meetings as long as they happen, and believes regular meetings would be helpful to maintain competitiveness with other WRIAs.

Pierce County is having ongoing policy conversations about how to proceed, and will be discussing funding and staffing workplans in July. Attending PU meetings for four WRIAs is a major staff commitment, especially now that Nisqually has an adopted plan. Pierce County is committed to the process and implementation, but funding and staff resources are a significant problem. As it stands now, Pierce County has no dedicated funding approach and is grant-dependent for any implementation work.

The Nisqually Tribe will continue to participate with internal funding to support George or another as the project coordinator, but does not have a complete answer for how many resources it can commit. Ecology's planning grant did not cover most of George's time for efforts to date. The Tribe is committed to seeing projects implemented and will continue to support process and projects where streamflow restoration overlaps with existing salmon recovery lead entity initiatives, but also does not have a solid source of funding for project development specific to this effort. The Tribe has some significant overhead load in managing contracts for PU work, but may still be more financially efficient than going through the Counties.

There was general support for continued bi-monthly meetings. Some mechanism is needed to keep project development work going. Ecology stated that there is no more funding or technical support available for WRIA 11 for planning-specific activities, but reiterated that Ecology sees "project development" as distinct from "planning," and we could apply for a scoping grant as project funding. Ecology confirmed that grant scoring would include some advantage for projects under an approved addendum. It was noted that this would also be a concern for other WRIAs: even with longer planning horizons and Ecology support, 1-2 years is not a lot of time to find fully-developed, ready-to-go projects of this kind. Not having support for ongoing development will be a problem. The PU will also, at a minimum, need to meet periodically to review and endorse implementation project grants over the next 20 years.

George plans to revise the draft sustainable funding paper from 2009 to address a collective funding strategy. There was a general agreement between the McAllister

group cities of Olympia, Lacey, and Yelm under the 2003 Nisqually Watershed Management Plan (NWMP). Julie stated that Lacey was still committed to implementing the original NWMP, and will be a participant and financial contributor as long as the scope includes the full NWMP and not just the streamflow restoration addendum. Olympia is in a similar position. Yelm is not present at the meeting. There is currently no structure for cities (or counties/other entities) to pay into for watershed management activities.

It was agreed that Lisa, in her remaining contract hours, will draft an interlocal agreement between the counties, Tribe, Lacey, Olympia, and Yelm. The scope will cover ongoing tasks to be facilitated by the Tribe: meeting coordination, contract administration/passthrough for project development, annual reporting, and other conditions of addendum approval. Meetings going forward will be supported internally by George, Emily, and/or others.

3. Streamflow Restoration Grants

Ecology announced that the final grant guidance will be released in October (public comment period in August on draft). The next grant round opening in February/ March, and awarded in late summer 2020. The 2018 round revealed that staff needed more time to review applications, and they are expecting more this round. Mike Noone, ECY believes current Nisqually Land Trust (NLT) grants approved last fall should be ready to execute. Ecology will establish reporting requirements with the grantees via contracts, and all data/reporting will be available as it comes in. The Planning Unit's required annual report on implementation can refer to this material.

There are still outstanding questions about how to document and credit projects that retire existing wells (as one of the NLT projects does). Other WRIAs have similar questions and messages seem to be mixed. We would like clarification from Ecology on whether acquiring and retiring existing permit-exempt wells counts as an offset, and how that should be tracked. The Counties may develop an offset credit tracking system, but that will not happen until their RCW90.94 processes are nearing completion in other watersheds.

An overarching challenge making sure that these plans have real impact: how can we document legally and defensibly that a certain amount of offset has been created? It seems like the counties should be tracking, but the legislation is watershed/sub-basin specific, which complicates the accounting. Thurston County will be creating a database with GIS layers to track projects county-wide. Don't yet know how to document the water achieved through those projects, but will be able to track projects.

The Planning Unit will consider several options:

- Include county responsibility for drafting a credit/tracking system in the interlocal agreement

- Ask for a project grant to develop a system that could be broadly applied in other WRIAs
- Ask Ecology to write a rule, if legally feasible (Mike Noone, ECY, will ask for clarification from Ecology Attorney General's Office)

4. **Technical Review Tiering Response Letter**

ECY's technical review of the Nisqually Addendum assigned projects to three tiers (some projects were not given a tier). Approval of the Addendum with conditions, including a directive to focus on developing and reporting on projects in the top tier: MAR, Yelm water right and system expansion, Ohop Phase IV, and water right acquisition. These are not necessarily the top priorities for the Planning Unit. A draft response letter, circulated prior to the meeting, is intended to show that PU does not want these to be the priorities for grant funding. What is the "ask"?

- Provide new top tier reflecting our priorities?
- Formal confirmation that the technical review tiers will not influence evaluation of the grant proposals
- Other

Discussion

Mike Noone, ECY, stated that ECY does not see tiering as a significant issue for grants. It was intended only as a technical review tool for determining if the plan met the statutory requirements. However, adoption was conditioned on annual reporting addressing the top tier – can the PU report no progress on those items if our projects target different priority approaches? Mike indicated that this would be a problem because of the assumption that the top tier of projects provided the most certain benefits. Providing additional certainty on alternative projects might satisfy. Pierce County noted that the tiering is predicated on "certainty" of quantified benefits as assessed by ECY's technical reviewers, but includes projects that may be more difficult to implement, while there are other projects that we know will definitely be implemented, but have less quantified analysis at this time.

Thurston County noted that tiering is not mentioned in the law. We should be cautious about introducing additional complexity that isn't in the statute.

WDFW stated they would be concerned with taking a position that net ecological benefit should take precedence over water-for-water projects. Their interpretation of RCW 90.94 states explicitly that priority projects would offer water-for-water offsets in time and in place. State agencies would likely abstain from voting on/signing the letter.

In other past matters, Ecology has offered options for adapting orders/conditions via administrative review. Ecology indicated that informal conversations about adaptive management could certainly take place but did not answer whether there was a formal path to revising the adoption order's handling of the tiers, if additional project development would make that appropriate. Ecology noted that they are also

adaptively managing their way through this process and there are still open questions from the legislation. At this time there is not a formal process, either through grant applications or adoption framework, for seeking technical review from Ecology for new information/analysis developed under this Addendum. The Tribe noted that the Addendum calls for adaptive management, which is not mentioned in the order to adopt. This will be an issue for other WRIAs beyond Nisqually. The Tribe's goal is to prioritize substantive projects that will make a difference in streamflow for the Nisqually basin. The PU needs to clarify the purpose and ask for the letter going forward.

Please review and provide overarching comments to Emily by Wednesday, June

26. Please address:

- **What is the purpose of this letter?**
- **What should the ask be?**

5. Status of potential mitigation projects to be developed for grant funding

- *Eatonville CIP Stormwater projects* – Abby and David Troutt have corresponded. David has the contact information for the contractor. Abby will follow up with David.
- *VELMA for Bald Hills* – EPA is working with Justin. The goal is to provide additional support for a grant proposal by providing more detailed local quantification of streamflow benefits from avoiding the clearcut.
- *Well rehab proof of concept* – George is working to establish a contract with PGG.
- *Eatonville Alternative Water Supply* – Anchor offered to write the grant application. Abby and George will have an Eatonville-Nisqually Tribe work group to talk about the best way to approach.
- *Sub-Basin Habitat Assessment* – Originally, this was conceived for Prairie and Lackamas/Toboton/Powell sub-basins. This draft scope is broad enough to include any potential project. It would require a team with expertise to address a wide range of projects. An important component for Thurston County is the ability to do a comparative cost-benefit analysis of different projects. It was agreed that a refined version of this scope will be put out as an RFQ, for a contract for the remaining \$16,000 to develop a full scope and write a grant application to conduct the complete studies. **George and NIT staff will work with Kevin, Kaitlynn, and Tom to prepare this for PU review and approval by June 30.** Applicants will have a four-week submission period to respond, with selections made by August. George will convene a small review team to interview and select a contractor, with invitations open to all PU members but no PU quorum necessary. Mike will provide a list of applicants from ECY's technical team selection.

6. Next Meetings and Planning Unit Function through December 2019

Emily will circulate a poll to determine the next meeting date, targeting September 11 or 18. The PU expects to meet on a bimonthly basis through December.

7. Public Comment/For The Good of the Order

Paula suggested inviting local legislators to observe the process and make note of the challenges and unanswered questions. **Emily and George will work on reaching out to them.**

Ecology will have a public comment period about the streamflow restoration grant criteria. George proposed asking that ECY to designate a minimum annual amount of money to be spent in each WRIA with an approved watershed plan, as an incentive. The PU agreed to submit a separate letter with this request and submit prior to the comment period, so that it can be include in the draft version for public review. It should be cc'd to legislators (local and committee chairs). **George will draft.**

The PU acknowledged and thanked Lisa for her work as facilitator through this year-long process!