



CAPITOL LAKE — DESCHUTES ESTUARY

Long-Term Management Project Environmental Impact Statement

Meeting Notes Summary

Date: June 2, 2020

Time: 9 to 11 a.m.

Location: Zoom

Topic: CLDE EIS: Funding and Governance Work
Group Meeting

Meeting Participants

Work Group Members

- John Doan, City of Tumwater
- Jeff Gadman, Thurston County
- Sam Gibboney, Port of Olympia
- Rich Hoey, City of Olympia
- Rachael Jamison, Port of Olympia
- Justin Long, LOTT Clean Water Alliance
- Michael Strub, LOTT Clean Water Alliance
- Kristin Swenddal, Washington Department of Natural Resources (WDNR)

Department of Enterprise Services

- Ann Larson
- Carrie Martin
- Lynne McGuire

Environmental Impact Statement (EIS) Consultants/Facilitators

- Tessa Gardner-Brown, Floyd|Snider
- Lorelei Juntunen, ECONorthwest
- Nicole Lobodzinski, EnviroIssues
- Jessi Massingale, Floyd|Snider
- Ray Outlaw, EnviroIssues
- Sarah Reich, ECONorthwest

Others

- Steve Shanewise



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Welcome and Introductions

Jessi Massingale welcomed attendees to the June 2, 2020 Funding and Governance Work Group (FGWG) meeting. She provided a schedule update, and noted the state allocated supplemental funding for the EIS, and stipulated the Draft Environmental Impact Statement (DEIS) be completed by June 30, 2021. She mentioned that the bathymetric survey and sediment sampling work in the Capitol Lake Basin is completed, and the team is now working on the technical analyses and discipline reports.

Sara Reich reviewed the agenda. Ray briefly walked through how to participate in this meeting via Zoom.

Foundation of past process for future work

Lorelei walked through the project guiding principles previously developed by the work group and summarized past discussions around how economic theory applies to this conversation. Lorelei noted that we are at the “negotiating funding allocation step” in the process of negotiating funding ([see presentation page 5](#)). Lorelei reiterated there has been feedback that the process should be more iterative.

Lorelei explained that funding and governance was broken into upfront construction costs of the preferred alternative and long-term maintenance, in part because construction work under one entity is more practical for procurement, permitting and design. She also mentioned this would improve the ability to secure funding for the construction phase.

Lorelei presented the team’s assumption based on previous discussions that a legal agreement would be best to determine how funding will be allocated and how the construction phase will be managed if the goal is to move efficiently and quickly.

Comment: I appreciate that you’re separating upfront construction from ongoing operations and maintenance. When I think of upfront construction, I think the burden falls on the state. I’m struggling to see how the other entities and jurisdictions contribute significantly to upfront



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construction. I always had the assumption this was the state's issue to resolve with upfront construction, but there's not a lot the City of Olympia can contribute.

Lorelei noted this reasoning is why the team is suggesting a legal agreement to support up-front construction, and she hopes this conversation would continue throughout the meeting. Lorelei noted the goal is to create a framework to inform decision making but we are not making any decisions today.

Comment: I want to make sure we are talking about the state at a macro level. There may end up being a need for legislative action to fund, and there are timeline issues to consider.

Comment: Enterprise Services and DNR are participating in this committee, but we are not the state at large.

Comment: I think it's important that the visuals are examined at the same time as politics. Capitol Lake was constructed at the direction of the state, and if the state doesn't take the bulk of construction funding on for whatever solution, it will be seen as the state pushing it on the local governments to fix it and may jeopardize public support.

Lorelei explained the longer-term maintenance conversation is difficult to disentangle from longer-term funding. Lorelei walked through the chart showing governance models for thinking about long-term maintenance of the facility. Lorelei asked if anyone had new thoughts on the models, and noted there would be more detailed conversations at future meetings.

Question: Why wouldn't there be a separate body for the construction piece, and one of the groups (e.g., state) could take on construction and potentially funding from other places?

Lorelei noted there are a few ways a legal agreement could be structured. There could be a short-term entity just for the construction period. This is consistent with the proposed approach.

Comment: Addressing the navigational servitude of the navigation channel and turning basin is paramount -- all of these models need to reflect that they must recognize the sovereignty of the channel and the basin. I'm not sure how best to reflect that. Whatever plans or alternatives we come up with, the maintenance of that channel has the highest legal authority.



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Tessa responded that we can use the navigation channel as an example to show the benefits of construction to other entities. She prompted the team to think broadly and globally about who benefits from the finished product.

Question: Why is a legal agreement the obvious choice?

Lorelei responded that the legal agreement is beneficial because it is a single place where you can bring together different funding contributors and tie them to required allocation. She explained this created certainty that funding will be there, and outlines governance questions in a formal legal document.

Comment: A legal agreement makes more sense for the construction phase. From a public perspective, once you get into governing, a model that has citizen representation would likely to receive more support.

Lorelei noted those are points the team has considered. She mentioned that a benefit of the upfront legal agreement is that if we assume a single entity is covering construction, the legal agreement could make things less complex.

Brainstorm: allocation framework

Lorelei revisited the allocation framework ([see presentation page 8](#)). She walked through the operationalizing guiding principles, and difference between contributors and beneficiaries. She opened the topic for discussion, and noted the team will use feedback from this brainstorm to inform a decision-making framework.

Comment: The dam is a major contributor to poor water quality. The dam and lake are not operating as they should. How will things get reallocated in terms of what capacity is remaining in Budd Inlet to handle discharge, as guided by the TMDL and federal permit? It depends on the nutrient load from the lake. Capacity can be measured in dollars. Zero dollars is not realistic, so the capacity will be diminished in some way. LOTT will weigh one solution over another in terms of how much financial impact is incurred.

Comment: Budd Inlet is the most polluted part of Puget Sound. Anything we do to enhance it is a general benefit to the whole community at large. It will be healthier for fisheries, salmon



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reproduction, etc. Individual systems, not just the 65,000 equivalent residential accounts, will have a direct impact depending on whether this solution reduces pollution.

Comment: I see upfront construction vs ongoing as very different. It is primarily on the state to fix this in terms of upfront cost. While Olympia and others will benefit, it's hard to tax the community to contribute to this state's problem. We have been impacted by past decisions and will benefit from the problem being resolved. One of the principles we have is that whatever we come up with needs to be watershed scale. Coming up with a special district formed around the Deschutes watershed makes the most sense to bring in contributors and beneficiaries.

Comment: This needs to be looked at separately, as capital cost and long-term operations. What would the world look like if the lake had never been built or there hadn't been a dam? Sediment is an issue no matter what. Even without a lake there would be a sediment issue, and we'd need a longer-term solution. I appreciate the suggestion that an existing entity that does the construction would be more capable and able to proceed with a major construction project rather than ramp up something completely new. Why did we not include the federal government in this?

Lorelei responded that the preferred alternative is unknown, and the dam was initially built as a state-created project. She noted it is difficult to imagine bringing the federal government into a negotiation. She explained that the federal government is more of a funding source, rather than a funder. Tessa added that for example, some grants may be available for some alternatives, but not for others.

Comment: I echo wondering why the federal government is not involved. I still have questions about the study area, and why West Bay was not included. Sediment management is part of one system. As we think of long-term maintenance, navigational servitude will continue to surface. This district recently approved upland disposal of contaminated sediment, and this could be key for our strategy moving forward. If we can receive federal funds, the risk profile for increased sediment from the lake decreases dramatically.

Jessi responded that the sediment hydrodynamic modeling and assessment of where sediment could be deposited with open alternatives includes West Bay and into Budd Inlet.

Comment: I appreciate comments from LOTT, and the idea to think of the cost of no action. The decision to create the lake and dam and keep it intact is a responsibility of the state. It's important



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to factor into decision-making the comments from LOTT and sediment management long term. I'm struggling with the idea that the goal seems to be to apportion cost based on who's going to benefit. The community and the state are going to both benefit.

Carrie responded that construction is broad, but there are pieces that will improve the resource going into the future, like boardwalks and habitat restoration. She noted that there maybe different ways of thinking about construction costs, some pieces to fix issues and others are about improvements.

Comment: We have to keep in mind that in this process it doesn't matter how we apportion this cost, because the Thurston County taxpayers will be responsible regardless of where each dollar goes and to which entity.

Comment: There will be opportunities to look at enhancements to improve conditions as part of construction for residents of the community.

Comment: Those who contribute should fund construction, and those who benefit should fund ongoing maintenance.

Comment: It's hard to envision a split between benefit and contributions, until I see more of what will be coming out of the EIS because we don't know how much it will cost to clean it up vs. ongoing expenses.

Comment: It's too early to commit to numbers, but it could be some of both beneficiaries and contributors in each phase.

Comment: It's difficult to come up with a formula. For example, when looking at sediment management, the Port would have had to manage sediment for the last 50 years if the dam was not constructed.

Comment: In all the years we've talked about this, it has seemed that politically, it's a good trade if the state generated the money through the legislature to actually do the initial construction project, and the community takes over the long-term care and maintenance.



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Comment: It may be helpful to hone in on sediment management because it appears to be the biggest issue and figuring that out would be a big key.

Lorelei noted that the team needs to dig into what role contributors are playing. She elaborated that if the responsibility won't only be on who built and maintained the dam (the state), then sediment could help determine the contributor. Lorelei reiterated a comment from the group noting that we haven't acknowledged that we also need to account for those who are accruing cost from the solution.

Comment: One of the sediment issues LOTT worries about pertains to their outfall. LOTT is focused on the regional sea-level rise effort, with millions of dollars in liabilities and expenses.

Comment: The Port of Olympia, LOTT, and the City of Olympia are planning to move forward with a funding and governance model around sea-level rise. Part of that will be reaching out to the state around engagement and their role in all this.

Revisit exercises on benefits

Sarah reviewed the summary of the November 2019 anonymous poll around "Who do you think benefits." Sarah also reviewed observations from the first discussion and poll. Lorelei noted feedback heard today about separating upfront costs from longer term maintenance.

Comment: When we did the exercise it was noted as being a casual brainstorm. I'm concerned about how the summaries and observations are characterized. Sounds like we are trying to delineate how group X and Y will receive benefits, and I'm concerned that will not be well received. I'm struggling with defining which parties will benefit the most, vs the approach that we are at a crossroads and the state needs to move forward, otherwise the costs are going to be huge.

Jessi noted apparent consensus on the logic and appropriateness of breaking apart upfront construction and operations and maintenance. She asked the group if there is benefit to having a concept that's simpler for upfront construction costs. She posed, if we all have benefits – if the state bears the most responsibility, that leaves some portion for the community to be responsible for.

Lorelei noted we are using math to lead us to something simpler for a framework to allocate costs that will derive from the conversations, but not be based on them algorithmically.



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Comment: I am cautious about observations based on the analysis from the conversation in November, it's not objective or data-based.

Comment: The exercise was valuable and I worry about it having a life of its own. I think we should think of it more as a learning tool.

Comment: The challenge is to finish the work on the EIS, then put together some sort of reasonable deal the state will embrace to pay for the solution. We have to be unified. The future management and cost will be taken on by the community. But we have to convince the legislature that if they fund construction, we have an organization that has figured out how to maintain it.

Ann responded that showing that partners, local organizations, and the community will be part of the long-term funding is critical.

Contributions homework

Sarah noted that the plan is for the team to send an anonymous poll with information about the question of “who contributed to the existing conditions” to continue collecting baseline information as a starting point for future conversations. She asked the group if they thought it would be a productive way to advance the conversation at the next meeting. The group agreed.

Comment: Yes this exercise would be valuable, and it would also be helpful to weigh what the cost would be to do nothing.

Next Steps

Jessi noted the plan is to meet next in August, and a Doodle poll will be sent out for availability. She noted with the DEIS completed in a year from now, ideally we'd have a legal framework for upfront construction costs.

Public Comments

Comment: I thought there would be a discussion of the fresh-water alternative. Otherwise, I thought the conversation was very constructive.

Jessi noted the freshwater alternative is on the agenda of the Technical Work Group.



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Adjourn

The meeting was adjourned at 11 am.