



# CAPITOL LAKE — DESCHUTES ESTUARY

Long-Term Management Project Environmental Impact Statement

## Meeting Notes Summary

**Date:** August 5, 2020

**Time:** 1 to 3 p.m.

**Location:** Zoom

**Topic:** CLDE EIS: Funding and Governance Work  
Group Meeting

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### Meeting Participants

#### *Work Group Members*

- John Doan, City of Tumwater
- Jeff Gadman, Thurston County
- Sam Gibboney, Port of Olympia
- Rich Hoey, City of Olympia
- Justin Long, LOTT Clean Water Alliance
- Ray Peters, Squaxin Island Tribe
- Kristin Swenddal, Washington Department of Natural Resources (WDNR)

#### *Department of Enterprise Services*

- Ann Larson
- Carrie Martin
- Dave Merchant, Office of the Attorney General
- 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 August 5, 2020 Funding and Governance Work Group (FGWG) meeting.

Carrie welcomed Dave Merchant to the group. Dave introduced himself, and provided his background and role representing Enterprise Services through the Washington State Office of the Attorney General.

Lorelei walked through the agenda and noted the goals for the meeting:

1. Collectively work through the logic underlying a cost allocation framework.
2. Discuss methods to allocate costs that satisfy a call for objective measurement while balancing challenges of complexity and data availability.
3. Determine what is needed to fully inform a legislative decision regarding project construction funding.
4. Determine what is needed to support each FGWG member in internal discussions with organizational leadership and build consensus around a preferred cost allocation framework.

#### *Summary of Progress and Goals*

Lorelei explained the logic underlying the cost allocation framework, and importance of separating the upfront cost from the long-term maintenance cost. She noted that the group should focus efforts now on the upfront cost allocation and the different approaches to allocate those costs.

Sarah reviewed the guiding principles ([see presentation slide 7](#)) and economic foundations ([see presentation slide 8](#)). Sarah noted the goal is to confirm key decisions made as a group ([see](#)



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[presentation slides 9 and 10](#)). She reiterated the decision made that upfront costs will be shared by FGWG entities.

*Comment: I did not think we agreed that upfront costs would specifically be shared among entities. My understanding is that we agreed on a legal agreement, not shared costs among all groups. I remember that the group suggested the state would take on the initial cost and the groups would take on the maintenance costs.*

*Comment: That was my recollection as well, since the lake was created at the sole discretion of the legislature. The upfront costs need to be borne by the state and the beneficiaries can allocate the costs for future upkeep.*

*Comment: That's also my recollection of the conversation. We haven't had conversations about providing for upfront costs.*

*Comment: I agree with previous comments that this should be the state's responsibility.*

*Comment: One nuance is that if part of the construction solution includes public infrastructure like recreation facilities, then there's room for contribution from local folks, not just the state.*

*Comment: That's also my recollection and could be an important part of our strategy working with the legislature.*

*Comment: I agree and want to note at the end of the day the legislature could say the communities will need to step forward to take on a portion of that cost. In principle I agree with others that upfront costs should be from the state.*

*Comment: The legislature should support the FGWG and respect our decisions. I know some legislators personally, and I think they have a commitment to the work of the group.*

Ann responded that there needs to be a defensible strategy moving forward as to why the state should be paying the upfront costs to help explain this to the legislature.

Tessa added that what's been observed in the funding authorizations to date is a clear mandate from the legislature that there is financial participation from the local entities. One of the compelling points in the funding for the EIS was the contribution by the local entities and same



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could go for the upfront construction costs, i.e., if you benefit there is justification for some contribution.

*Comment: I don't necessarily disagree with that, I just don't recall that was a decision we made. I think we do show commitment by saying we are willing to take this over.*

*Question: Do you think the legislature sees value in local jurisdictions bearing the maintenance costs? Dredging and maintenance become significant numbers, does that have value?*

Ann responded that the belief is that the state is going to be responsible for much of the upfront costs. She noted that during early legislative conversations the feeling was that everyone was in it together to find a solution. She added that the group needs to be strategic and build a strong understanding of who will benefit, and there will need to be justification for why the group feels the state is responsible.

*Comment: There are different long-term costs. There is already responsibility of certain entities to maintain navigational dredging. We need to be clear about what's long-term maintenance vs what's the responsibility of parties today.*

*Comment: Contributions towards ultimate maintenance to the solution shows commitment that should be emphasized. There could be recreational opportunities for local entities. Better management of stormwater, and cooperation around construction activity to benefit water quality, would ultimately be a local responsibility.*

*Comment: The strategy can be about how the state pays up front and acknowledging beneficiaries at each stage.*

Sarah noted she heard clear agreement that the state should bear the brunt of the upfront costs, and now the question is how to explain why that makes sense, and how to carve out local contributions to help with the political conversation. She added that's where cost sharing among locals comes into play and should be considered in a cost allocation framework.

*Comment: I remember that the conversation landed on a legal agreement.*

Lorelei asked the group if that's what they remembered as well.



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*Comment: We could use language that costs need to be determined.*

*Comment: I think local jurisdictions will need to show commitment to continue the partnership with the legislature.*

*Comment: Without knowing the preferred option it's difficult to talk about the enhancements of recreation.*

Lorelei noted there is recognition that there will need to be cost sharing, and how to frame them around benefits like recreational facilities. She asked the group if it would be helpful to hear about cost allocation frameworks to react to and determine if that would be helpful to aid conversations with colleagues? The group agreed to move forward with this approach.

Sarah reviewed the role of negotiation ([see presentation slides 15 and 16](#)). She explained the Cost Allocation Frameworks ([see presentation slide 17](#)) and noted they have translated the feedback heard into three different options for discussion. She explained that the feedback heard included the importance to move away from subjective judgement towards objective metrics and defensible science-based criteria. She noted there are challenges with a framework that is too data-driven because data are currently unavailable and for some metrics data will never be available.

Sarah explained the proposed allocation framework for upfront costs ([see presentation slide 19](#)) and noted that there are two other options considered that provide decision rules but are simpler. She explained the cost allocation framework proposed approach. She noted each entity self-assigns categorical levels and is different from the subjective approach because the group will agree to decision rules to define where organizations are placed in the scale. She noted the cost allocation will be based on a rank that the group will agree on.

Sarah walked through the Ranking Factors ([see presentation slide 21-25](#)). She noted each entity would rank themselves using the questions listed. She explained that next the entity would work through a set of questions that compare to the no-action alternative. She noted that there would be a set of decision rules that leads to an overall rank for the entity, considering both contributions and benefits. She noted that the rank would then be converted into a cost value, based on a weighting the group agrees on.



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Sarah explained the second approach and noted it allows for empirical analysis that then leads to cost allocation and works with data available today. Sarah reviewed the third option and noted that it would be divided equally among entities.

Lorelei asked if the group could see the allocation frameworks presented being helpful to organizations and the legislature to advance the conversation? She asked if yes, which one matches best with the direction of the group?

*Comment: The first approach makes the most sense, but the challenge will be coming up with percentages that will require a lot of negotiation and may not be quantitative in the end. I don't see number 2 as equitable, and number 3 seems like what number 1 will become.*

*Comment: If none of these frameworks are chosen, then what? I don't have a better model, and we should start with number 1 and may need to change depending on the political process.*

*Comment: I think you could argue that in most cases everyone is benefiting, and in many cases it is hard to segment it out, and only a subset is contributing.*

*Comment: I think a five-point scale will be better because there will be fringe beneficiaries that should participate in maintenance costs.*

*Comment: I think the upfront cost of dealing with the sediment needs to be borne by the state rather than being put on the Port. I'd like to hear from the group about "null" with a 3-point vs 5-point scale.*

Tessa noted she could see a case where sediment accumulation in the system is largely the responsibility of the state, but that there are notable contributions from other entities, for example, because of land use management, discharge from outfalls, shoreline management, etc. outside of the dam being static, and that could result in a very low ranking for those entities, rather than a null ranking.

*Comment: The five-point scale seems reasonable to me. I could see these changing depending on what option is chosen.*



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Tessa responded that the allocation outcome would have a variation depending on the alternative based on the benefits analysis in this framework. Lorelei and Tessa agreed a five-point methodology would provide a better spread.

*Comment: Would there be weighting of the categories?*

Lorelei responded that they would need to determine the weighting based on contributors vs. beneficiaries.

*Question: Sediment is a natural occurrence. Does an existing condition mean there's a river with sediment? Or that there's a dam causing sedimentation? The question hinges on the definition of existing conditions to proceed with who are the contributors.*

*Comment: I struggle with the use of "benefit" without the coupling of impact or cost, specific to a navigational channel. One could argue that a navigational channel has seen some benefit from the existence of a dam over time, however there's also a high cost if sediment needs to be dispersed across the system that is not a natural process. Where does that type of impact and cost get captured in this model? If we think about the navigational channel being part of this system, if we were able to return the navigational channel to an authorized depth, that would bring us back to an existing condition that provides more depth moving forward. Where are the limits to the system, and how are the cost and benefits being allocated over that to help us to create a different baseline to absorb shock to this system?*

*Comment: My assumption has been that sediment removal would be dealt with in upfront cost, and then transitioned to regular long-term maintenance.*

*Comment: I want to be clear that the US Army Corps of Engineers (Corps) is responsible for sediment management in the federal navigation channel, not the Port.*

*Comment: Consider including negative numbers in scores.*

*Comment: The Port has a real interest and if depth is lost that impedes operations that's an impact and a cost. Alternatively there's a benefit to maintaining operation depth.*

Lorelei asked if the group favored the second or third approach.



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*Comment: If there was a narrative that described all of these categories, how we got to where we are with sediment, and how to move forward, do we build the case to the legislature with a story about the things that have gotten us to where we are today, or how we are moving forward? Presuming we are asking the state to pay for most of the upfront costs. Does the narrative get us there without having to get through this exercise and having to get our individual organizations through this exercise?*

Ann responded that option 3 with a strong narrative could make a lot of sense.

*Comment: I think that makes sense and there's probably going to be a hybrid of approaches. In terms of upfront costs, there may be certain elements that have local contributions even if the state takes the brunt of cost. We may gain wisdom by going through the exercise of completing the first cost allocation option.*

*Comment: The rigor of option 1 helps prepare us to get our argument together to answer inevitable questions that come with what we are proposing.*

*Comment: I think picking one and starting the exercise will help build the story.*

*Question: Can we wait until we know the preferred alternative before starting the exercise?*

Tessa responded that would mean we start going through this process in 2022, and will need to get the legislative support quickly or in the biennium after that resulting in a significant lag in the funding cycle when money could be allocated earlier to keep this project moving forward. She noted the risk is losing the momentum.

Ann noted concern around delayed funding, and that part of the commitments of the group was coming up with this solution, unless the group could make a quick decision down the line.

*Comment: I don't see that decision taking that long once we know the preferred alternative.*

Tessa responded that in the past it has been challenging to get legislative support with a narrative alone and the framework could add defensibility to this.

Lorelei noted the framework is designed to have a different answer and allocation based on the different alternatives.



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*Comment: A best practice, once we know what choice is going to be made, is for the group to check back and make sure that what was agreed on still makes sense.*

*Comment: I suspect that from a political perspective, it will be hard to wrap heads around an allocation without knowing the alternative, if there are political feelings around an alternative.*

Lorelei agreed that this is not a narrative just for the legislature, but also for the local entities if there is a cost allocation component for them as well.

*Comment: I wanted to share appreciation for the team taking this feedback and working on a model based on that.*

Lorelei noted it sounds like the group thinks it would be useful to do a cost allocation exercise using the first framework.

Sarah reviewed equity ([see presentation slide 30](#)). She noted a need to determine if an allocation is efficient and also fair. She explained that if inequities couldn't be accounted for, exclusions can be allowed and built into the narrative.

Sarah walked through the federal cost sharing ([see presentation slide 32](#)). She noted a suggestion for entities to leverage federal dollars through their share of the cost allocations. She asked if this was sufficient to acknowledge the federal side.

*Comment: Does this mean each entity would apply for a loan or grant from a federal entity and contribute to the final cost?*

Sarah answered that's one potential way.

*Comment: I see a possibility for a collective strategy. One of the tricky issues in maintenance of a navigation channel is that sediments are contaminated and the Corps is prohibited from bearing the additional cost of disposing contaminated sediments. There was a recent lobbying effort that was successful for the Corps to dispose of contaminated sediments. I see this as an opportunity for a lobbying strategy to give the Corps the authorization to dispose of contaminated sediment. If we were to make the connection between the benefit to that constitutional asset and this project, that might create a large opportunity.*



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*Comment: I wonder if there is an argument to be made to start that sooner rather than later to be proactive about removing contaminated materials before there's more.*

*Comment: Do we have a sense for what other federal agencies would be able to be targeted? At Ecology we have access to loans not grants.*

*Question: Does the EPA have funds that we could tap into because we will be improving conditions in this navigable waterway?*

*Comment: I believe the dredge authorization is fairly well funded right now and while the competition for that money is steep, it's less challenging than securing other funding sources.*

*Comment: I think there's a lot of opportunity and all the parties at the table can benefit from this.*

*Comment: It may be a hard sell to get federal funding.*

*Comment: I want to acknowledge that most of the parties at the table have contributed to the problem with the exception of the tribe.*

Lorelei noted that the group seems to agree that it would make sense to pursue federal funding.

Sarah confirmed she's hearing direction to start exploring framework 1. The team will put together a proposed cost allocation framework based around proposal number 1 with feedback heard today that will be shared with the group. She noted it will be a draft and should be reviewed with each entities' organizational leadership and practiced. Each group should determine if anything is missing. Sarah asked the group what else the team could provide for each entity to have these conversations with their organizations.

*Comment: We need to be mindful that it's budget development season right now and may be challenging to get on agendas.*

*Comment: I wonder if we would benefit from another conversation to shape the next draft before presenting it to our organization.*

There was agreement from the group.



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*Comment: I think this will make sure we are all on the same page before we talk to our individual groups.*

Sarah noted that earlier planning would provide more time to organize connecting with each entity.

*Question: Will we take this to the legislature this winter?*

Ann responded that no, this work will remain with the FGWG until the timing is appropriate.

*Comment: When will we see the first glimpse of the preferred alternative?*

Tessa noted the team doesn't anticipate having a preferred alternative in the Draft EIS. Tessa acknowledged that the preferred alternative will help this team move forward, and they will let the group know as soon as possible what that timing is once they know.

### ***Next Steps***

Tessa noted they will work internally on timing for the next brainstorming meeting and will send out a Doodle Poll.

*Comment: Going with this process addresses some of my concerns because this process will be iterative.*

### ***Public Comment***

*Comment: Two things that stood out to me – I think the idea of getting extra funding for dredging from the Corps needs to be put in the framework that the Port of Olympia is the most difficult Port to navigate on the west coast. I don't think there will be a lot of interest in keeping ocean-going vessels navigating through Puget Sound. I didn't hear any discussion about potential USFWS funds in estuary restoration in any of the alternatives. I believe there are millions of dollars available for estuary restoration work, and the EPA has a program for that as well. That should be considered for future alternatives.*

*Comment: This has been a productive meeting and managed to do a lot.*



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#### *Adjourn*

The meeting was adjourned at 2:55 p.m.