



CAPITOL LAKE — DESCHUTES ESTUARY

Long-Term Management Project Environmental Impact Statement

Meeting Notes Summary

Date: October 1, 2020

Time: 2 to 4 p.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
- Matt Kennelly, LOTT Clean Water Alliance
- Katrina Lassiter, Washington Department of Natural Resources (WDNR)
- Justin Long, LOTT Clean Water Alliance
- Ray Peters, Squaxin Island Tribe

Department of Enterprise Services

- Ann Larson
- Carrie Martin
- Dave Merchant, Office of the Attorney General
- Linda Kent
- 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



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Welcome and Introductions

Carrie welcomed attendees to the October 1, 2020 Funding and Governance Work Group (FGWG) meeting and welcomed Matt Kennelly and Katrina Lassiter to the group.

Lorelei introduced herself and ECONorthwest. She walked through the agenda and noted the goals for the meeting:

- Collectively address feedback on the draft cost allocation framework and come to consensus on a path forward.
- Discuss the role of weighting in the framework and explore potential scenarios for assigning weights to contributions and benefits.
- Determine what is needed to support each FGWG member in successfully completing a preliminary implementation of the framework.
- Clarify what is needed to fully inform a legislative decision regarding project construction funding.

Lorelei reviewed the cost allocation and negotiation framework ([see presentation slide 4](#)). She noted the goal is to create a defensible, transparent, and reproducible methodology to allocate upfront construction costs. She clarified that the conversation will not necessarily lead to commitments for who will pay costs, but likely an agreement on a methodology to produce an allocation that the group agrees on.

Ann reminded the group that hearing from the FGWG will help tell the story to the legislature and provide critical justifications for questions from the legislature.

Refresh Description of the Alternatives

Tessa reviewed elements of the draft alternatives. She referenced maps from November 2019, which were prepared to provide more information on the optimized alternatives but have not been revised and are subject to change up until the Draft EIS is published.

Tessa explained primary elements of the Managed Lake Alternative ([see presentation slide 6](#)), including:



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- Dredge the North Basin
- Project will beneficially reuse materials onsite to create habitat, this also significantly reduces project construction costs
- Sediment would be used in the Middle Basin to create habitat areas that would ultimately be planted, providing diverse shoreline
- Diverse habitat on the shorelines responds to community interests and project goals
- No dredging planned for the Middle and South Basins, which also reduces project construction costs
- Adding boardwalks respond to community interests and enhances recreation
- A boat launch and a dock would be rebuilt to restore boating and fishing
- An adaptive management plan to meet water quality standards (the majority of these costs would be spent after construction)
- Ongoing maintenance dredging would occur after initial construction and planned for the North Basin only

Tessa explained primary elements of the Estuary Alternative ([see presentation slide 7](#)), including:

- Dredging during construction in the Middle and North Basins
- Dredged material will be used to construct habitat areas along the shorelines of the Middle and North Basin. Just like the Managed Lake, this reduces project construction costs and enhances shoreline habitat
- Adding boardwalks respond to community interests and enhances recreation
- A boat launch and a dock would be rebuilt to restore boating and fishing
- During construction, the majority action for improving water quality under this alternative is removal of the Fifth Avenue Dam
- Future costs driver is associated with long term maintenance dredging from impacted areas in Budd Inlet

Tessa explained primary elements of the Hybrid Alternative ([see presentation slide 8](#)), including:

- Similar to the Estuary Alternative, but the barrier wall constructed in the North Basin to retain a smaller reflecting pool would introduce a new bike and pedestrian path for community use



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Question: How far during high tide would there be saltwater intrusion through the basins?

Tessa responded that project-specific modeling shows that salinity does get into the South Basin, at a low level.

Question: Does the smaller graphic show depth of water at different tides ([presentation slide 7](#))?

Tessa responded that yes – the larger map in the graphics shows the basin at low water to best highlight the shoreline habitat created through the construction approach. The smaller inset map shows that a large portion of the basin would be filled during high tide.

Question: Are you able to use any of the data from the Nisqually transition period for what we can expect to see in terms of mixing salinity and fresh water and the way wildlife changes?

Tessa noted the approach the team took was to develop a model specific to the basin to better understand hydrodynamics, mixing and other environmental elements of the basin.

Cost Allocation Framework

Sarah reviewed the cost allocation framework ([see presentation slide 10](#)) and noted one of the major changes made in response to feedback was to shift to a numerical ranking system. She explained that this makes the math simpler and gives more range in the ultimate percentages that result. She explained that more definition was added to “contributing to existing conditions” as well as “benefits” ([see presentation slide 11](#)).

Sarah walked through the four objectives that frame the idea of how the historical and current actions contribute to existing conditions in the basin related to the management today ([see presentation slide 12-6](#)).

Sarah explained that to assess the benefits, there are examples for how each alternative will produce benefits measured against the no action alternative ([see presentation slide 17](#)). She noted the first slides explain the construction action and benefits from that construction action. She added there is an opportunity to talk about how contributions and benefits are weighted.

Sarah explained there would be a cost allocation for each alternative ([see presentation slide 28](#)). Sarah reviewed the equity test ([see presentation slide 29](#)) and noted this was a way to evaluate whether the cost allocations are fair, or if they need to be reassessed.



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Discussion

Lorelei invited the group to provide feedback on the methodology.

Comment: I misinterpreted what costs associated with the benefits meant – I thought it referred to ongoing costs, not construction costs. This review has changed my understanding of that.

Sarah noted that the entire framework helps focus on allocating upfront construction costs only.

Comment: We appreciated the opportunity to meet with the team this week and we are struggling that this cost allocation framework focuses on upfront costs. We believe the state should be taking the upfront construction costs. Through the construction of the dam the state took on the responsibility to manage the system. It's challenging to think of putting significant money into the fix. That said, as we identify a preferred alternative, there may be opportunities to collaborate in construction. We see some opportunity in the upfront when this gets much further along. We should challenge ourselves to have a methodology grounded in science, this feels subjective.

Comment: We are having a difficult time wrapping our heads around any responsibility for upfront construction costs. I thought the direction we were going was that the state would absorb all the upfront costs unless there were additions.

Comment: I agree that the state should take the burden of construction. We feel it is the state's responsibility to take care of that.

Comment: We brought the previous version of this to our leadership, and while they were generally ok with the framework, one of the main questions was: how are we going to pay for this? Where is money going to come from across the entities?

Comment: Our leadership has shared some caution that we are struggling to figure out funding. Our ability to manage the cost is challenging as well.

Comment: We haven't officially taken a position, but our concern remains the artificial delineation between upfront and long-term maintenance costs. That hasn't taken into full account the navigational servitude doctrine. Those costs should be considered as upfront costs. There will be impact to the navigation channel and the basin.

Sarah explained that the way the framework is designed and has been conceptualized was to recognize that some of the project components would produce benefits for the group's members, for example, with restored active community use. She reiterated she was hearing that



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the group would be willing to consider collaboration or conversation where project components directly benefit the entity. The framework does allow for finding common ground regarding benefits for the group's organizations or constituents they represent. She asked if the group is understanding that the framework does that, and asked if not, what could be added to facilitate that more robustly?

Lynne noted the state expects the bulk of the construction costs will be allocated to the state. However, a boardwalk, for example, could be a shared cost component. She noted there was thinking that this model would produce that result. Lynne noted there may be a need for further segmentation of costs.

Lorelei asked whether the segmentation that Lynne proposed would be possible. Lorelei explained some form of cost sharing on the upfront costs will be critical for legislative buy-in. She added there's general agreement that the ways people benefit would warrant contribution to pay for project elements that benefit partners.

Comment: One of the challenges is not knowing what we are talking about in terms of cost. I have ideas for appropriate project elements for each of the three alternatives, but we will not know if that is possible until the alternative is selected. We do not want to get trapped in percentages. We are feeling uncomfortable getting to a conclusion where we are negotiating percentages.

Lorelei noted the point of the exercise is to make as much progress as we can to show the legislature there is willingness to participate and getting to exact numbers would come later. She noted ECONorthwest needs to provide information to the group that doesn't bind them to a percentage, but rather advances the framework.

Comment: Could we hear directly from the legislature about their thought process? That might help us.

Question: Is it a given that willingness to participate relates to construction, or can willingness to participate mean after construction?

Lorelei noted the importance of having buy in on construction because it is the largest legislative request and first thing to happen. Ann added that the legislature recognizes that the state will take on most of the cost. Ann noted it is about building the story, narrative, and shared commitment. Ann noted that we could explore whether there is benefit to pull the Capitol Budget groups together to have a collective discussion with them.



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Comment: There is a difference between a 10-million-dollar contribution all at once, versus one million dollars every year over 10 years, so that may be a way to phrase it to the legislature. Money will be committed but over time.

Comment: If we commit a sum of money to this at the expense of county employment how do we justify that?

Comment: We don't know what the percentages are of, so it's hard to commit at this point.

Sarah noted that the percentages don't have to be large round numbers, but could be smaller, like 0.1%. Lorelei added that the idea is this framework can be tested in a couple scenarios, in terms of different potential percentage allocations, to learn what the outcome of the process is to see the impact to ongoing negotiations.

Question: What is the timing for going to the legislature to ask for funding?

Tessa explained the intent is to have a Draft EIS that summarizes the framework for cost allocation by mid-summer next year, but a preferred alternative will not be identified in that document. She noted the Final EIS is requested by the legislature in mid-2022, and a preferred alternative will be identified in the Final EIS. Outreach concurrent with that milestone may be the right time for a legislative ask for the 2023 biennium, that would begin design and permitting.

Comment: Is the legislature more interested in the principal of local participation, or the money? Will this be a huge portion of the local budget?

Ann responded that it depends on who you talk to. She noted their interest seems to be in seeing that there is shared ownership of the problem because there's shared benefit. She noted there isn't an expectation for a huge monetary contribution.

Comment: This may not end up being about the money, but rather showing that we went through the exercise.

Comment: If there is contribution to upfront cost related to optional add-ons, we should be structuring this allocation framework with that in mind. The framework starts with allocating all the costs. We need to focus this down around the state's responsibility to the upfront costs.

Lynne reiterated this was the conclusion she was coming to.



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Lorelei noted that going through the exercise may determine that the contributions and benefits are 100% to the state, which would help provide the narrative for that outcome. Sarah added this should help identify project elements that provide benefits as they become clear.

Comment: If the state is responsible for this because it's fixing a problem, we may miss an opportunity in the community to have boardwalks and trails, etc. The framework will help justify where we drew the line to present to the legislature. I urge us to work through the process and see where we end up.

Comment: Earlier we looked at different models for governance and funding, and some had the authority to create revenue. Is that something we need to talk about for these add-ons that have a local benefit?

Lorelei noted she doesn't know what the dollar amount for beneficial project elements might be and separating them out may not bring the outcome imagined if they are not small dollar amounts. Keeping them collectively with the whole project may result in a better outcome for members of the group.

Tessa noted that this framework is most comprehensive and pulling the add-ons out would lose the ability to see some benefits. Lorelei added that the amenities are incredibly important to downtown Olympia and the surrounding community and critical to creating a vibrant downtown.

Lorelei reviewed the weighting of contributions and benefits ([see presentation slide 27](#)). Lorelei asked the group for an initial perspective on how the weighting should be distributed.

Comment: Heavily weight contributions.

Sarah noted that articulating why we are proposing a particular percentage in the weighting is important, to help justify the decision and define the narrative.

Comment: Heavily weighted on contributions because this project is solving a problem.

Comment: Can you clarify what benefits are during construction?

Sarah noted that benefits cannot be realized without some of the construction actions arranged the way that they are. Benefits like building boardwalks occur during the construction phase, but produce benefits throughout the life of the project. Without upfront investment to create those elements, the benefits associated with them would not materialize.

Comment: In the case of water quality it's less tangible.



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Tessa reflected that one could say that money spent to remove the dam during construction may lead to benefits during flushing and lowering TMDLs.

Comment: With the benefits comes ongoing costs to sustain and operate and maintain. This will be important to the story for the legislature. Arguably the state has a liability and the entire public will benefit from addressing that.

Comment: We need to come up with a formula that we can all agree on. The framework needs some tuning.

Comment: Typically, when you're talking about commercial projects you shoot for a 50-year life. Is that a number we can give Lorelei and her team to start to work with?

Comment: We use 50-year life.

Comment: I think that number is reasonable given what we are talking about building.

Lorelei observed she was hearing a concern about feeling obligated by the outcome of the conversation, and the group was concerned the conversation felt like a commitment. She asked the group what they needed to feel successful and supported in the process.

Comment: I'm wondering whether it would be beneficial to start going through this together and looking at the state's contribution. If we all agree that the large majority is the state's, can we take that further and try and dial it in a bit more. Then that leaves us with a smaller portion we figure out how to allocate.

Comment: What I'm hearing is that the legislature won't accept 100% of the cost being absorbed by the state. How does someone in eastern Washington benefit from the money spent on the lake at the State Capitol? What does the legislature have in mind? I don't want to go through all of this and have the legislature think it wasn't a good job.

Comment: Are we all paying for management of state lands and parks all over the state? It's hard to single this one out.

Ann explained that state parks are majority funded by the Discover Pass. Ann added she can check in with the Capital Budget writers to see where they are at.

Comment: There are examples all over the state of public areas that are responsibilities of the state. We should be aware of that, but I don't think we should overthink it.



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Comment: How do we craft the story so that folks in eastern Washington understand their share of it, if all of this goes to the state?

Comment: The proviso was asking for some amount of money to reflect local participation.

Ann noted that showing some support is important, but it's mostly important to go through an exercise about what's compelling and show the legislature why we came up with what we did.

Next Steps

Lorelei explained that next steps include the group completing the framework, then ECONorthwest will run it through a few different scenarios with different approaches to weighting contributions vs. benefit. She noted they will bring that back at the next meeting with clear documentation that this is intended to advance the conversation and understand the options to achieve the goals of funding this project.

Sarah noted they had discussed one more meeting in 2020 to keep things moving, sometime in early December.

Tessa noted the ultimate goal is to have some sort of representation of an allocation framework in the DEIS to show that momentum and thinking to the larger stakeholder group. If needed, it could mean two meetings before spring 2021.

Comment: Is there any way to get something scheduled between January 1 and the legislative session?

Comment: I'm still struggling with the numeric part of this and where that leads to.

Lorelei noted the timeline is to get things back by middle of December and said there would be follow up via email, with a target for an early January meeting. Lorelei thanked the group for their efforts

Public Comment

No public comment.

Adjourn

The meeting was adjourned at 3:55 p.m.
