



CAPITOL LAKE — DESCHUTES ESTUARY

Long-Term Management Project Environmental Impact Statement

Meeting Notes Summary

Date: January 6, 2021

Time: 1 to 3 p.m.

Location: Zoom

Topic: CLDE EIS: Funding and Governance Work Group Meeting

Meeting Participants

Work Group Members

- Jay Burney, City of Olympia
- John Doan, City of Tumwater
- Sam Gibboney, Port of Olympia
- Rich Hoey, City of Olympia
- Matt Kennelly, LOTT Clean Water Alliance
- Justin Long, LOTT Clean Water Alliance
- 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) Project Team

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

Public

- Dave Peeler



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Welcome and Introductions

Carrie welcomed attendees to the January 6, 2021 Funding and Governance Work Group (FGWG) meeting.

Ann noted that the conversation would focus on the funding and governance of ongoing operations, rather than potential funding allocation of initial construction costs, which has been the topic of recent meetings.

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

- Develop shared understanding of the long-term management activities that need to be funded and governed on an ongoing basis under each alternative.
- Develop a list of the desired/required “must have” functions/features of a governance model and discuss how each governance model fits, removing any from the list based on consensus.
- Identify issues and questions that need to be addressed to proceed toward a practicable and complete funding and governance strategy.

Presentation of Long-Term Management Activities by Alternative

Tessa explained that the matrix she presented is an internal tracking document to support the discussion and help define and discuss the components of the long-term project. She noted the details may still change until the Draft EIS is released so this is being shared to best support the meeting discussion.

She added that this table is reflective of long-term management activities and does not include construction activities such as dam removal. She explained it is only reflective of project components and doesn't include maintenance of existing amenities or operations and maintenance requirements or staffing of security.

She explained that the document is organized into the four project goals, and is most helpful to be discussed in terms of alternatives.



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Tessa walked through sediment management in the table and noted that sediment management assumptions are based on a 30-year time horizon. She explained the purpose, location, relative frequency, relative volume, and cost magnitude compared across alternatives.

Question: Can you clarify if in the lake scenario you would dredge every 20 years, and in the estuary scenario every 6 years? In both scenarios are we talking about the same quantity of volume? Why would there be so much more material moving through?

Tessa responded that there is a greater dredge volume under the estuary and hybrid alternative.

Question: Shouldn't you have the same amount of material coming through the watershed? It's currently backing up in the lake. If you have an estuary it's going to move through, and in the lake option we'll continue to absorb the material that's coming down the watershed because it won't be moving out into the bay.

Tessa noted that under the Managed Lake, the hydrodynamics will allow for additional sediment deposition within the Middle Basin and only the North Basin would be dredged to support recreational use. She explained that over time, the system will reach equilibrium and more sediment will begin to move through under the Managed Lake scenario, which would likely increase dredge frequency. But that will not likely occur in the 30-year projection.

Question: It seems that any of the material moving into the Port of Olympia area could be assumed to be navigational dredging and therefore federally funded?

Tessa responded that she agrees, and federal allocation has not been factored into the cost variable at this point.

Question: Will cost and volumes be quantified as part of the EIS process? Will we have numbers at some point in the process related to these three options?

Tessa responded this would be available in the Draft EIS projected for release in June 2021.

Question: Dredging is supporting recreational use in the North Basin for the Managed Lake Alternative. Are you looking at benefits for flood management in the North Basin?

Tessa noted the EIS does evaluate the difference in extent of flooding across alternatives.



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Tessa walked through water quality across the alternatives and explained that water quality management, and associated costs, would only occur under the Managed Lake alternative. She described the purpose, location and frequency of management, and potential management options.

Tessa walked through the recreational use that would be established as part of the project. She noted this is more about maintenance of recreational amenities. Tessa explained that what is constructed and maintained is equal across all alternatives. There will be some level of maintenance for boardwalks, a fishing dock, a hand carried boat launch, 5th Avenue Bridge pedestrian path, and decontamination stations.

Question: Could you explain the reason for a potential decontamination station in West Bay?

Tessa responded that the concept acknowledges that there could be kayak use originating from West Bay Park moving into the basin where there could be some level of persistence of invasive species along the shorelines. She noted there may be interest in having a decontamination station to limit potential spread outside of the Capitol Lake Basin if invasive species tacked onto the equipment.

Question: Can you explain the 5th Avenue pedestrian bridge?

Tessa responded that the 5th Avenue pedestrian bridge provides pedestrian and multi-modal crossing, allowing a pedestrian to continue with a similar loop that is available today.

Tessa walked through operations associated with improving ecological function and noted the approach is consistent across all alternatives – to adaptively manage habitat that is constructed. She explained that during construction the dredge materials would be moved onsite to create habitat islands. Using the materials onsite during construction is a significant cost reduction for the project since the material will not have to be disposed. She added there would also be some monitoring of invasive species to assess efficacy of the decontamination stations.

Question: How are sediments able to be reused if there are mud snails?

Tessa responded that the New Zealand Mud Snails still exist in the project area and would be managed in a few different ways. Under the Managed Lake Alternative, they will persist in a freshwater environment, so to get the public back on the lake there would need to be



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decontamination to prevent spread outside of the Capitol Lake Basin. She explained that under the Estuary and Hybrid Alternatives, the high salinity in the basin is expected to reduce the population of the New Zealand Mud Snail. She noted there is less potential to spread the invasive species so the decontamination stations are still important.

Tessa walked through the public infrastructure associated with and adjacent to the Capitol Lake Basin and noted it was about infrastructure that may be impacted by the project. She explained the potential impacts to the 5th Avenue Dam pedestrian bridge, Deschutes Parkway, I-5 Bridge and Railroad Trestle, and Stormwater Outfalls and Utilities.

Lorelei added that this activity is helpful to understand what kind of governance structure makes the most sense and how much additional funding might be needed for operation of each alternative, and asked the group if they see any issues that the funding and governance model might need to overcome.

Comment: My mind goes to the costs that are dispersed and not attributable to any entity, like public infrastructure. Depends on who owns the infrastructure.

Tessa noted that there will need to be discussion about where the line is drawn in terms of management actions and governance. Most of the long-term management activities are at, above or in-water. When we think about the management activities geographically, it can help to inform discussions around particular governance models like a utility district.

Comment: It would be interesting to go back in the matrix and think about which of those obligations would attach to an organization, and which would be done by local government or the state. For example, for a new bridge, that will likely be City of Olympia and not a lake entity. That exercise may enlighten us on who has responsibility for what pieces.

Funding and Governance Options – Governance Models matrix

Lorelei explained that David Merchant would walk through the Governance Models matrix and noted it is important to focus on must-have characteristics for an entity after discussing the matrix.

David Merchant introduced himself and explained the matrix, noting much of what is included was used previously to look at what governance structure could be established to manage the



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ongoing project. David explained that he reviewed the matrix to flesh out the legal aspects and noted that the real issue is identifying what each entity needs to do and who is going to own what. David noted there were preexisting governance models with columns, and various entities that had been looked at. He looked at other models and noticed they were mostly a variation on a theme and noted that the goal was to find the best fit. He explained that leadership of a governance structure would need to be able to set and carry out goals. He asked the group what level of autonomy they want to have. David added there would need to be staff and contracts, especially around dredging. He asked the group if they want this to be an entity that controls or owns real estate? He explained that in all the situations there is flexibility around real estate. He noted costs will need to be stable and predictable. David walked through the table and explained the different governance models:

- Special Purpose District – essentially its own quasi government.
- Public development authority – quasi municipal corporation. Can be jurisdictional. Has to have a host jurisdiction.
- Legal agreement – binding agreement among all the entities, but it can be whatever the group creates.
- Non-profit – if formed by public entities it is considered a public entity, but there are some gray areas. Needs to be for specific purposes. If the entity wanted to collect money and do business, there may be restrictions.
- Joint municipal utility authority – Fairly new, and last to be created. The issue with this one is powers and authority – it has to do with utilities.

Question: Would the state be able to be a member of a joint-municipal utility authority?

David noted he believes so, and that he would look into this further.

David explained that he tried to match the must-haves with the features of the entity. He walked through the takeaway's column.

Comment: We could look into the Cascade Water Alliance because they bought Lake Tapps in Pierce County and operate the dam and control the water levels in the dam, and I believe there are recreation facilities that come with that. It stretches the definition of a utility.

David agreed it was worth a look.



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Comment: From the non-profit perspective, there would likely be a lot of administration in convincing the IRS you do not need to fill out a 990. You will have to convince businesses that we are doing business with that we are a public entity. Tax-exempt bonds are very complicated. We may not be a government, but we function like a government.

Comment: I understand the scope of potential work to be covered under this model could be large. If we start by narrowing down and looking at sediment and management, which of these seems to fit best for that context?

David noted the utility authority, or the public development authority, seem to answer the most questions.

Comment: Regarding level of authority and autonomy, in the case of LOTT when it was formed, there was specific thought that went into how to categorize LOTT. That is important for the group to consider, the level of future change that we envision.

David responded the group may need to consider both positive change (meaning growing) and negative change (meaning staying constrained to what mission you want).

Question: LOTT has an interlocal agreement. Would you foresee there being an interlocal agreement that says we could do this and then another choice could be a wrapper?

David noted it can be a one step process. The interlocal agreement could be about whether you want one or not.

Comment: If you have to do a two-step process it's difficult to change the local agreement. It is very time intensive.

Sarah noted that reflecting on Tessa's presentation around what it is that we think we need to be governing, she asked if the must-haves in the table make sense? Are there any must-haves missing? Are there any must-haves included that should be removed? She noted that as we moved forward, we want this to serve as basis for how to understand and characterize the options. She asked, are there any big concerns that should be taken off the table to narrow the discussion moving forward?

Question: What is the likelihood this entity would need to issue debt in the future?



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Sarah confirmed that ability to issue debt should be included in the table.

Comment: I am talking about tax exempt bonds. We have the authority to issue debt through local agreements, the issue is tax-exempt debts.

Comment: Maybe the key thing is control over its own finances. It seems like if we are issuing a charge of obligation, we should give them control of the money.

David noted that because LOTT offers utility service, they make their own money.

Comment: LOTT has the interlocal agreement and essentially has 3 customers.

Comment: If the entity is going to charge its own taxes and fees, that is one thing, but if the member jurisdictions are contributing funds, those elected officials will want to maintain control over that entity which may make a special purpose district not a feasible solution. The special purpose district does not seem like it would get a lot of traction.

Comment: Did I hear public development authority was the recommendation?

David noted he did not have a recommendation, but the public development authority seemed to have flexibility. He added that he does not understand everything that's going into this or the must-haves well enough for a recommendation, but public develop authority seems like a good option. There are several that seem to meet the thresholds, particularly the joint municipal utility authority.

Lorelei asked if the state needs to be involved and part of ongoing membership?

Comment: I think so, it is one of the guiding principles we set that the state would have a role and continued involvement.

Comment: I am candidly on the fence about whether I'm in agreement with the must-haves.

David noted that agreement around the must-haves is the question for the group.

Lorelei noted there was nothing intended to pressure decisions in the meeting, this is intended to get the thinking moving in the direction of potential governance options.



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Comment: This led me to think about what information I need to gather in my agency to think about must-have's.

Comment: My struggle depends on the scope we are trying to address, dependent on what alternative. How far can we get in this work not knowing what the preferred alternative is?

Comment: I'm thinking a must-have in this process is flexibility.

Lorelei noted that one answer regarding governance may not come out of this group – that it could be one for each alternative, for example. Sarah added that they can describe the parameters that might be the best for each alternative, to be ready to move toward decision-making when the EIS is released.

Ann noted these are hard decisions, and the sooner we can start thinking about this the better. Tessa noted that it stood out to her how common the long-term management actions are across the alternatives.

Question: Is it possible for the Department of Natural Resources to relinquish the lake?

Comment: I think the entirety of the lake and lands in question are tide lands.

Next steps

Lorelei explained that she and Sarah would organize thoughts to explain why you may consider a particular governance option over others. She noted they would send back out the governance model matrix with additions from this meeting.

Carrie noted she didn't have anything else apart from thinking more about where they want to go next.

Tessa noted in terms of the group's next steps, the end goal is to demonstrate to the legislature, community and stakeholders that there is movement in the direction of long-term funding and governance. Demonstrating progress may increase likelihood for a potential funding package for the next phase. She said the team would debrief and consider whether there is an opportunity to move forward with FGWG before the Draft EIS.



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Public Comment

Thank you for letting me listen in. I assume that the tables presented to support the governance discussions are essentially bullet points on these issues that would be further elaborated on in the EIS or in separate appendices.

I think local examples of models we talked about like LOTT and watershed council should be included in the table to help think about that particular model.

Regarding the New Zealand mud snails and future need for decontamination and monitoring, today it's possible to restrict access to the south basin if they persist. You're not supposed to be recreating there. You can have signs and information if recreation is available. That could change over time with monitoring.

I think the last discussion on what the entity can carry out vs how much autonomy you want to give it is important. Regarding Lake Tapps, it was built as a water resource availability feature. It wasn't built as a recreation dam. When the Cascade Alliance was formed, they bought the water rights and dam. They formed their own entity to have an alternative, and it essentially is a water supply facility and water resources for serving communities. This may be the first time an entity like that was formed in the state.

Adjourn

The meeting was adjourned at 2:37 pm.