



CAPITOL LAKE – DESCHUTES ESTUARY

Long-Term Management Project Environmental Impact Statement

Meeting Notes Summary

Date: March 30, 2022

Time: 12:30 to 1:45 p.m.

Location: Zoom

Topic: FGWG Meeting

Meeting Participants

Work Group Members

- John Doan, City of Tumwater
- Jeff Gadman, Thurston County
- Rich Hoey, City of Olympia
- Matt Kennelly, LOTT Clean Water Alliance
- Justin Long, LOTT Clean Water Alliance
- Ray Peters, Squaxin Island Tribe
- Alex Smith, Washington Department of Natural Resources (WDNR)

Department of Enterprise Services

- Ashley Howard
- Linda Kent
- Ann Larson
- Carrie Martin

Department of Enterprise Services

- Dave Merchant, Office of the Attorney General

Environmental Impact Statement (EIS) Project Team

- Tessa Gardner-Brown, Floyd|Snider
- Lorelei Juntunen, ECONorthwest
- Ray Outlaw, Floyd|Snider
- Sarah Reich, ECONorthwest

Public

- John MacLean



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Welcome and Introductions

Carrie Martin, Enterprise Services Project Manager, welcomed attendees to the March 30, 2022 Funding and Governance Work Group (FGWG) meeting. Noting the group last met almost one year ago. She led a round of introductions which include two new members: Ashley Howard, Enterprise Services Chief Financial Officer, and Alex Smith, WDNR.

Sarah Reich reviewed the meeting objectives and agenda which focusses on the importance of the FGWG's work to support delivery of the Final EIS.

Review Goals and Objectives of FGWG Process

Sarah briefly reviewed the direction from the state legislature which prescribes what information must be included in the Final EIS with regard to funding and governance.

Engrossed Substitute House Bill 2380 states that Enterprise Services shall identify conceptual options for shared funding and shared governance.

Sarah also referenced the entities that comprise the FGWG, which has not changed.

She then reviewed the FGWG's guiding principle as established in the 2016 Phase 1 Report:

1. Dedicated and secure funding sources.
2. Those who contribute to the problem should participate in funding or paying for the solution.
3. Those who benefit from the solution should participate in funding or paying for the solution.
4. Shared distribution of costs.
5. State participation.
6. Watershed-wide in scale.
7. Manageable governance.
8. Commitment to a long-term collaborative process.
9. Adequately resourced administration.
10. Support the goals and objectives of the long-term management plan and the future of the overall watershed.



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Sarah noted the FGWG agreed to reconvene following the identification of a preferred alternative and added that Enterprise Services has invited legislative participation to future meetings. Given the legislature is ultimately responsible for funding construction, and that the state currently has governance responsibility for the waterbody, it would be valuable to have their input to increase certainty of outcomes.

She then revisited the FGWG funding recommendations as described in the Draft EIS:

- Construction funding should remain the state’s responsibility
- Long-term funding:
 - Estuary Alternative funding responsibilities could be shared
 - Managed Lake Alternative funding would be the responsibility of the state
 - Hybrid Alternative funding responsibilities are unknown

Goals and Objectives for FGWG in 2022

Sarah said the primary goal for the FGWG is to adopt a governance model, funding strategy, and cost allocations that provide management certainty for the likely preferred alternative. This includes the following:

- Develop a funding allocation strategy to ensure long-term funding needs are met.
- Identify a governance framework to assign roles and responsibilities for long-term management.
- Prepare a legal agreement that outlines commitments and presents the path and timeline for legal implementation of governance and funding.
- Address questions about roles and responsibilities for federal, state, local, tribal, and private entities.

Question: Is there an existing charter for the FGWG that defines how decisions are made or things like that? It may be good to think about that given there are challenging decisions to be made.

Response: Enterprise Services did not develop a charter relative to decision-making process but will consider that suggestion.



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Question: Do we envision this as being a single agreement that would take us into construction and long-term management?

Response: That decision has not been made yet. The initial vision was a single document that would have those two parts, but it could be two agreements.

Sarah explained that uncertainty about future funding availability for maintenance dredging was a common theme of Draft EIS comments, which reinforces the importance of this work, given the potential impact of sediment to downstream navigation. This theme is common to downstream users including the marinas, recreational boating interests, and the Port of Olympia.

Comment: The path the FGWG chose was the correct one given the information we had at the time.

Question: Nothing would happen until this group makes a decision?

Response: Decision-making by this group will be extremely important to the legislature as they consider a funding package for construction.

Comment: This highlights what we've all known from the beginning that the key to unlocking this whole thing is dealing with sediment management. Now that we have a likely preferred alternative, we can turn to sediment management. That is the charge before us.

Proposed Process for FGWG in 2022

Sarah explained the FGWG has until roughly October to complete this critical work and explained the proposed timeline. The October timing allows the outcome of this group to be reflected in the Final EIS, and available for all stakeholders, including the legislature to review and understand.

Month	Proposed Meeting Topics
March	Reconvene
Early April	Review past work on governance model Review past concepts for long-term cost allocation options



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Month	Proposed Meeting Topics
Late April	Meet individually with FGWG/EWG representatives to discuss cost allocation options and identify critical path issues
May	Present options for cost allocation and governance Move toward identifying a preferred option
June	Formalize funding allocation and governance model agreement in principle
July	Meet individually with FGWG/EWG representatives to refine legal agreement
August	Prepare legal agreement for formal decision by each jurisdiction
Late Summer	Formal votes/confirmation by member jurisdictions
September	Finalize legal agreement and formalize communication for Final EIS
October 31	Final EIS issued (legislative target for delivery)

Question: What happens if this group can't get to an agreement by October?

Response: It is important that we reevaluate that question based on where we are at that time. A legal agreement included in the Final EIS delivered in October would increase certainty for the legislature as an capital budget request is evaluated for design and permitting. If we fall short, let's address that when we get there but the legislature has asked for this; it could jeopardize construction funding if we don't reach a long-term agreement.

Question: What are the specifics in the legislation?

Response: Engrossed Substitute House Bill 2380 states that Enterprise Services shall:

- *Identify conceptual options and degree of general support for shared funding by state, local, and federal governments and potentially other entities*
- *Identify one or more conceptual options for long-term shared governance of a future management plan...*

Comment: If this agreement is in place, it will go a long way. Our sticking point is going to be what happens if there is a funding gap after we learn what individuals are willing to pay for.



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Comment: This is obviously a very aggressive timeline. There are some big policy decisions here. Agencies can get bogged down even for small amounts of money. It is going to be important to think about how to engage our policy makers in this conversation. I don't see that in the schedule.

Response: The meetings in April and July are intended for you to draw others from your organization into that conversation, including Executive Work Group representatives and others that may be needed. We will share this presentation via email, so everyone has the proposed plan. We are asking that you start the work now in preparation for those April meetings to identify critical paths and internal decision-making processes so that we can identify how this can all fit together within the time we have. We have worked with the assumption that it was best to reconvene the FGWG after a likely preferred alternative was identified. However, we needed to be certain that the likely preferred alternative was identified in a defensible and transparent way. That set the timing in March to begin this work and the legislature set the end point in October, when the Final EIS must be delivered. We understand it is aggressive but those are the factors that defined this schedule.

Comment: We are grateful the likely preferred alternative has been announced and that we are where we are.

Planning-Level Costs

Tessa Gardner-Brown reviewed the planning-level costs as presented in the Draft EIS. [See presentation slide 10](#). She explained how costs were divided and key assumptions. Tessa noted the 30-year cost estimates only focus on sediment management. Other management requirements like adaptive management will be better defined during design and permitting.

Tessa noted this information is presented in [Chapter 7 of the Draft EIS](#). She encouraged participants to review this 12-page chapter.

She then briefly reviewed the following project goals that were established during Phase 1, noting all alternatives were designed to achieve these goals:

- Project goals
 - Improve water quality
 - Improve ecological functions
 - Manage sediment accumulation and future deposition



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- Enhance community use
- Project components also screened for:
 - Economic sustainability
 - Environmental sustainability

Tessa described the planning-level cost assumptions as follows, then briefly reviewed the construction cost estimate for the Estuary Alternative for reference.

- Developed by civil, environmental, and coastal engineers on the EIS Project Team
- Considered Class 4 estimates, by standards established by the Association for the Advancement of Cost Engineering
- Reflect an accuracy variation of - (minus) 25% and + (plus) 35%
- Assume a 3.5% annual escalation
- Reflect actual costs for similar work on recent projects
- Include estimates for design and permitting, construction, and long-term sediment management

She also noted that [more detailed estimates are available on the project website](#).

Question: Are these the Class 4 estimates that went into creating that cost range? These are 1-2 years old?

Comment: Correct, these were used to create the range and are in 2020 dollars, escalated at 3.5% annually.

Question: Are there Draft EIS comments that potentially could increase these costs?

Response: There are comments that could potentially change the costs. We are not in a position to indicate which direction at this time. Key line items that may change include the 5th Avenue Bridge replacement due to efforts to avoid long-term closure; and stormwater and utility upgrades relative to saltwater intrusion.

Comment: We are grateful that Enterprise Services is meeting with Olympia to talk about 5th Avenue.



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Carrie noted Enterprise Services did receive supplemental funding to look into a funding strategy for construction and how the project might qualify for federal, state or local funding. Initial conversations are beginning soon.

Question: These are all construction costs that would be state responsibility, right?

Response: We understand that is the FGWG recommendations, but we wanted to give you the opportunity to see these and be familiar.

Comment: For this group we should escalate these numbers to the higher number for our discussions.

Tessa then reviewed the costs estimate and assumptions for long-term sediment management. She explained the estimates were informed by existing dredging frequencies and hydrodynamic and sediment transport numerical modeling. Dredging would only occur along the eastern shore of West Bay and in Federal Navigation Channel because it is not necessary along the west side of West Bay due to intertidal habitat along that shoreline and historically shallow water depths. Dredging is estimated to occur at an estimated frequency of 6 years to minimize impacts from sediment accumulation and maintain navigability, but annual sediment monitoring would be required to understand exact locations and timing.

She explained that the estimated sediment management costs are \$48 – \$101 million over the 30-year project time horizon for in-water disposal or \$367 – \$660 million for upland disposal. The Draft EIS analysis suggests that in-water disposal would be feasible under the Estuary Alternative.

Question: How can you be confident about the lack of invasive species in the sediment?

Response: There is inherent uncertainty, but we know that sediment and debris move through the dam into Budd Inlet under existing conditions. To date there are no known populations of mud snails in West Bay despite that transport of material that has been in Capitol Lake with New Zealand mudsnail (NZMS). We also looked at salinity levels, and the salinity levels along with water depths and location of dredging suggest that a NZMS population would not establish in West Bay. In addition, for the Final EIS we are going to conduct a survey to confirm mud snail distribution.

Comment: WDNR is increasing in-water disposal fees over the next 10 years. Fees would be required to dispose of sediment at the Anderson/Ketron site.



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Comment: It is useful to know that sediment disposal requirements could change. We need to think through the unknowns that could come up years from now. We are talking about costs that could be 6 times greater.

Tessa reviewed the predicted annual rate of sedimentation for the areas that would require dredging under the Estuary Alternative to maintain navigation. She described the estimated dredging frequencies at various locations ([see presentation slide 16](#)) and noted dredging would occur where shoaling occurs, where it is needed for navigability.

Tessa added that sedimentation under the Estuary Alternative would be consistent with rates that existed prior to dam construction.

Question: Does deposition drop off when you get out to West Bay marina?

Response: It drops off quite consistent with existing conditions. We don't see the change in those areas as potential significant impact.

Capital Expenditures Across 30 Years

Ray Outlaw described the scale of expenditures for long-term maintenance over 30 years. As noted earlier, there are small annual costs for survey work to understand where sediment is accumulating. The larger expenditures occur approximately every six years, which aligns with the dredging frequencies discussed in the previous slide. Ray noted these are estimates both in terms of frequency and magnitude of costs that would be verified and adjusted based on actual conditions. It is important to anticipate these peaks in expenditures for planning purposes but also recognizing the average annual costs, especially if shared by multiple parties, would look much different.

Ray described the timeline of expenditures. As previously mentioned, the legislature recently provided Enterprise Services with additional funding to support development of a construction funding strategy that leverages all possible funding sources, especially federal. Enterprise Services expects to submit a capital request for design and permitting this year, for inclusion in the 2023 capital budget. If funding was authorized that would allow design and permitting to begin as early as mid-2023 and would take 3-5 years. That would mean construction begins in the 2026-2028 timeframe, again dependent on funding availability. That all results in completing construction as early as 2035, assuming there are no delays to funding or the design and



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permitting process, with the first estimated maintenance dredge activities occurring around 2040.

Question: Are cost estimates current dollars?

Response: They are 2020 dollars escalated at 3.5%

Comment: We will all likely need presentations to our full councils and boards.

Response: We anticipate that, and it is something we hope to discuss during the upcoming individual meetings.

Next Steps

Ray asked for feedback regarding the next meeting, which was subsequently scheduled for April 19, 10 a.m. – 12 p.m. He then requested that each member look for and respond to a request for information about availability for upcoming meetings so that the remaining FGWG meetings could be calendared as soon as possible.

Ann noted there is urgency to continue this work and that she is working to get legislative participation.

Question: Have you identified key legislators yet?

Response: Not yet as there are changes happening in 22nd delegation. We are working with budget legislators and staff to identify participants.

Public Comment

No members of the public were present.

Adjourn

Carrie thanked the group for participating and adjourned the meeting at 1:45 p.m.