

Squaxin Island Tribe

Please find attached the Squaxin Island Tribe's March 15 comments on the draft funding rule, along with two prior comment letters. Thank you for your consideration.

Sharon Haensly, Attorney
Squaxin Island Tribe



SQUAXIN ISLAND TRIBE

March 14, 2019

Rebecca Inman
Department of Ecology
Water Resources Program
P.O. Box 47600
Olympia, WA 98504-7600
Filed in <http://ws.ecology.commentinput.com/?id=bJBti>

Re: Squaxin Island Tribe's comments on Draft Restoration Funding Rule, Chapter 173-566 WAC

Dear Ms. Inman:

The Squaxin Island Tribe ("Tribe") respectfully submits these comments on the above draft rule.

I. Background

The Tribe's usual and accustomed fishing area ("U&A") overlaps with most of the Water Resource Inventory Area ("WRIAs") listed in RCW 90.94.030 – i.e., WRIAs 12 through 15 – all of which lack adopted watershed plans. The Tribe also has U&A in WRIA 11, which has a watershed plan update that Ecology recently adopted under RCW 90.94.020. The Tribe therefore has a significant stake in the Watershed Restoration Act ("Act") planning process that is currently unfolding, including in how Ecology interprets and implements the Act's funding provisions.

II. Funding to ensure that watershed plans and projects are scientifically-based and effective

A key area of concern remains Ecology's discouragement, and apparent prohibition, on funding data-gathering, assessments and feasibility studies (collectively, "studies").¹ Ecology's Preliminary Regulatory Analysis for the rule says that it will not use the grant money to fund feasibility studies and basin assessments:

Fund feasibility studies and assessments. Feasibility studies and basin assessments are important precursors to developing effective projects that will result in meaningful environmental benefit. However, Ecology chose not to fund these through this grants program. Instead, entities engaged in planning efforts established under RCW 90.94.020 and 90.94.030 are eligible for funding for these purposes through Planning and

¹ The Tribe voiced these concerns in letters dated October 15 and 26 (attached).

Participation Grants, which are funded using money from the state's operating budget. Projects funded under the proposed rule, on the other hand, are funded using money from the state's capital budget. Funding feasibility studies and assessments with operating funds is consistent with standard budget and accounting principles, and therefore allows us to better meet the goals and objectives of the statute. (§ 6.3.4)

While Ecology's draft rule does not expressly prohibit awarding grants for these purposes, it does so indirectly by requiring submissions that seem only to apply to shovel-ready projects. *See, e.g.,* WAC 173-566-120(2) ("Application"); -130(1) ("Phasing"); -140(3) ("Evaluation Process").²

While we understand the need for practicality and the short timeframes that the Act imposes, the reality is that these kind of studies are critical precursors to funding projects that will restore and enhance South Sound streams with closures and/or unmet instream flows. As described in our earlier letters, we are still missing fundamental information that was identified in the unapproved watershed plans. In many cases, more than guesswork is required before we can propose scientifically-supported shovel ready projects that will actually restore and enhance these streams.

There are several reasons that Ecology should reconsider its approach. First, the components of watershed plans that the Act requires, and the findings that Ecology must make, cannot be accomplished without critical data such as: (1) the amount of water needed to restore depleted streamflows; (2) the amount needed to offset permit-exempt wells; (2) when and where that water is needed; and (3) inventories and assessments of sources of that water, including water rights that may be acquired and reclaimed water.

Second, the Act anticipates that the money will be spent this way.³ Third, Ecology's Planning and Participation Grants are insufficient for developing studies that are critical in certain subbasins. Participation funds are only \$15,000 per WRIA. In comparison, the Tribe's WRIA 14 grant sought \$240,000 for basic data-gathering and analyses.

The Tribe stands ready to work with the Committees created by the Act to identify and prioritize critical data gaps that need to be filled in order to identify shovel-ready projects. We urge Ecology to fund the necessary studies with the grant money or from other sources, and/or supply the technical assistance with Ecology and other state agency staff such as the Washington Department of Fish & Wildlife. Like Ecology, WDFW sits on the watershed committees and has a

² Ecology rejected the Tribe's application to fund the collection and analysis of basic data in WRIA 14.

³ *See, e.g.,* RCW 90.94.060(1) (account expenditures may be used only to administer the Act, including implementing watershed planning projects under RCW 90.94.020 and watershed restoration and enhancement projects under RCW 90.94.030, and collecting data and completing studies necessary to develop, implement, and evaluate watershed restoration and enhancement projects. . . ."); .070(2) (taxable bond account expenditures may be used to assess, plan, and develop projects. . . ."); .080(2) (bond account expenditures may be used to assess, plan, and develop projects . . ."). (Emphases added.)

mandate to protect and restore fisheries. State law requires this kind of inter-agency cooperative effort in watershed planning.⁴

Section-by-Section comments

The Tribe offers the following additional section-by-section comments:

WAC 173-566-010(2)(c) (“Purpose”): RCW 90.04.030(b) describes offsetting domestic permit-exempt wells, not only “new” domestic permit-exempt wells as described in the rule. The rule’s language should stay true to the governing statute.

WAC 173-566-030 (“Definitions”): The rule defines “consumptive use” as that portion of withdrawn groundwater that is lost from the water source, rather than returned through a septic system or other means. This definition lacks clarity and should be subject to further review.

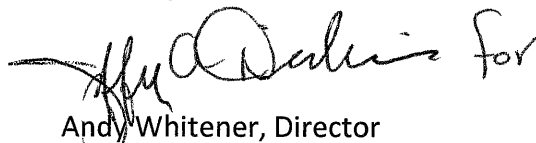
WAC 173-566-120(2) (“Application”): For reasons described above and in our previous letters, Ecology’s application requirements discourage applying for data collection, assessments and feasibility studies that are precursors to shovel-ready projects.

WAC 173-566-130(1) (“Phasing”): Same comment as above.

WAC 173-566-140(3) (“Evaluation Process”): Same comment as above.

Thank you for your consideration.

Sincerely,

A handwritten signature in black ink, appearing to read "Andy Whitener for". The signature is written in a cursive, flowing style.

Andy Whitener, Director

Squaxin Island Natural Resources Department

⁴ See, e.g., RCW 90.54.010(1) (“Efforts should be made to coordinate and consolidate into one resource data system all relevant information developed by [Ecology] and other agencies relating to the use, protection, and management of the state's water resources.”); RCW 90.54.010(2) (declaring the Legislature’s intent “to work closely with the executive branch, Indian tribes, local government, and interested parties to ensure that water resources of the state are wisely managed.”); RCW 90.54.020(4) (Ecology, other state agencies, local governments, and planning units . . . shall evaluate the potential for the development of new storage projects . . . , and improving streamflow regimes for fisheries and other instream uses.”); RCW 90.54.060(2) (directing other state agencies to fully participate to ensure that Ecology considers their interests; and directing Ecology, when funds are available, to provide assistance grants to other state agencies); RCW 90.54.090 (“All agencies of state and local government, including counties and municipal and public corporations, shall, whenever possible, carry out powers vested in them in manners which are consistent with the provisions of [1971 Water Resources Act]”).

cc: Mary Verner, Director, Department of Water Resources, mary.verner@ecy.wa.gov
Sharon Haensly, Attorney, Squaxin Island Legal Department, shaensly@squaxin.us

Attachments



SQUAXIN ISLAND TRIBE

October 15, 2018

SENT BY REGULAR U.S. MAIL AND ELECTRONIC MAIL

Maia Bellon, Director
Washington Department of Ecology
P.O. Box 47600
Olympia, WA 98504-7600
maia.bellon@ecy.wa.gov

Re: Squaxin Island Tribe's concerns about Ecology's Interim Funding Guidelines for Streamflow Restoration Grants

Dear Director Bellon:

I am sending this letter because the Squaxin Island Tribe ("Tribe" or "Squaxin") has serious concerns about the legality and effectiveness of Ecology's approach to awarding grants under ESSB 6091 as described in its *Streamflow Restoration Grants FY 2019: Interim Funding Guidelines* (Pub. No. 18-11-010, June 2018) ("Interim Guidelines"). For reasons described below, Ecology's focus on shovel-ready projects to the virtual exclusion of data collection and analyses during this grant cycle is illogical and inconsistent with ESSB 6091. Its approach unreasonably and significantly prejudices the Tribe and its Treaty fishing rights.

Squaxin's usual and accustomed fishing area ("U&A") overlaps with most of the Water Resource Inventory Area ("WRIAs") in § 203, all of which lack adopted watershed plans.¹ While this letter focuses on WRIA 14, our concerns extend to the other WRIAs listed in § 203 that are within Squaxin's U&A – i.e., WRIAs 12, 13 and 15. We will also be sending comments on Ecology's draft Streamflow Restoration Funding rule, WAC Ch. 173-566. We respectfully urge Ecology to change course when evaluating and scoring upcoming project applications in § 203 basins during this critical period leading up to watershed plans.

¹ As you are aware, the Tribe has unadjudicated federal reserved water rights to instream flows throughout its U&A, flows that are both senior to state instream flows and often reserve more water. See *United States v. Adair*, 723 F.2d 1394, 1410, 1414 (9th Cir. 1983).

I. Critical Data Gaps Exist in Section 203 WRIAs that must be Filled to Meet ESSB 6091's Requirements.

ESSB 6091 purports to allow development to impair instream flows and impact closed water bodies in WRIA 14 through compliance with § 203. Section 203, in turn, applies to specific WRIAs that lack adopted watershed plans under RCW Ch. 90.82. These WRIAs (12-15) cover most of Squaxin's U&A. For § 203 WRIAs, Ecology must prepare and adopt watershed restoration and enhancement plans ("plans") by June 30, 2021. These plans must contain, among other things, actions and projects needed to offset impacts on instream flows from permit-exempt wells. That deadline is less than three years away.

As noted, there is no adopted watershed plan for WRIA 14, that effort having failed in 2006. The unadopted plans identify basic data gaps that include:

- "Much more data must be collected before we can really quantify water availability and understand how pumping from WRIA 14's aquifers will affect streamflows and habitat." (p. 5)
- "However, no single database currently exists where planners can access monitoring data from a variety of sources. . . . The Planning Unit recommends that Mason County, Thurston County, and the State of Washington (Departments of Health and Ecology) support a comprehensive water-resource monitoring program for WRIA 14. This program will address data gaps in the areas of water quality and water quantity. . . . To facilitate the first task, the program should be organized by subbasin—that is, the drainage areas for major creeks and for Pickering Passage/Case Inlet and Chapman Cove. . . . Creeks should include, but not be limited to, Sherwood, Malaney, Deer, Cranberry, Johns, Goldsborough, Mill, Skookum, Kennedy, Schneider, and Perry." (p. 9 & n. 1)
- "Specific data-gathering and analysis tasks should include: . . .
 - Developing science-based sub-basin plans that specify management strategies for protecting and restoring natural flow regimes.
 - Developing a detailed current and historical water budget that accounts for precipitation, evapotranspiration, groundwater recharge, aquifer storage, creek flows, nearshore discharge, pumping, and surface-water diversions. In addition, historic trends should be identified in these parameters. Note that streamflow analyses should account for both the runoff component, which originates from precipitation, and the baseflow, which is fed by groundwater.
 - Assessing the impact of changes in streamflow on physical habitat and channel geomorphology; use information on historical climate trends, hydrostratigraphy, fish production, land use, and forestry practices to expand the analysis." (p. 11)

- “The Planning Unit recommends that Mason County, Thurston County, and the City of Shelton coordinate closely with the Planning Unit to develop and implement comprehensive water conservation plans for all water users. . . . These plans should also specify conservation measures that should be implemented before a municipality can exercise inchoate rights in closed basins.” (p. 15)

- “The Planning Unit recommends that Mason and Thurston Counties and the City of Shelton estimate the anticipated demand for water and then reconcile discrepancies between water demand and availability, using a process consistent with GMA. The water-demand estimates should be based on land use designations, as well as on population projections and allocations in the comprehensive plans.” (p. 20)

Again, the nonexistence of § 203 plans starkly contrasts with approved watersheds plans for the § 202 WRIsAs, and requires different treatment for § 203 WRIsAs. In WRIA 14 and the other § 203 WRIsAs, the reality is that specific data must be collected and analyzed as a precursor to drafting meaningful watershed plans with scientifically-supported restoration and mitigation projects. The first funding cycle in a short three-year turnaround is certainly not the time to withhold funding to fill critical gaps in data and analyses in these watersheds.

II. Ecology’s Interim Funding Guidelines Inappropriately Favor Shovel-Ready Projects.

As shown in the bullets below, Ecology’s Interim Guidelines improperly favor shovel-ready projects to the near or complete exclusion of funding for data gathering and analysis that leads to shovel-ready projects:

- “Water right studies, assessments, and valuations, will **not** be eligible for funding in the 2018-2019 grant cycle.” (p. 7, emphasis in original)

- The definitions exclude data collection and analyses. “Eligible projects” are defined as: (1) “Water projects category”, which includes water acquisition, water storage and altered water management or infrastructure; and (2) “non-water projects category”, which is riparian and fish habitat improvement. (p. 6)

- Applicants must “illustrate that the project is ready to go”, and document that it has completed environmental review, obtained or applied for permits, and completed easements, property owner agreements or land acquisition. (pp. 12-13)

- While Ecology’s guidance acknowledges that projects can be phased, it improperly limits phased projects to “large, expensive, or complex projects” particularly when “each phase can be shown to provide streamflow/fish benefits.” (p. 13)

- Ecology’s ranking process improperly weights shovel-ready projects by, among other things, granting higher scores to projects that are “permanen[t]”, have a “clear linkage” between flow conditions and negative impacts on instream resources, and have designs and permits. (pp. 14-16).

Finally, the Tribe cautions Ecology against heavily weighting projects in and near waters that contain ESA-listed fish. (pp. 14-15) ESSB 6091 does not provide authority for such preference.

III. Ecology's Interim Guidelines are Inconsistent with ESSB 6091.

For the following reasons, the Interim Guidelines' preference for shovel-ready projects conflicts with the language and intent of ESSB 6091. ESSB 6091 directs Ecology to implement a program that restores and enhances streamflows. § 304. First, as described above, in many cases data collection and analyses are needed to develop the scientifically-supported mitigation actions and projects that are required in the plans. § 203(3). Without these plans, Ecology cannot carry out its overall mandate of implementing a program that restores and enhances streamflows to levels necessary to support healthy salmon populations. See § 203, § 304.

Second, the Legislature in ESSB 6091's bond funding provision clearly intended that Ecology would fund actions and projects that include data collection, assessments, and planning. It directed Ecology's grant money to the watershed restoration and enhancement bond account created in § 208.² Section 208(2) expressly anticipates and authorizes Ecology to fund data collection and assessments in advance of shovel-ready projects:

Expenditures from the watershed restoration and enhancement bond account may be used to **assess, plan, and develop projects** that include acquiring senior water rights, water conservation, water reuse, stream gaging, groundwater monitoring, and developing natural and constructed infrastructure, which includes, but is not limited to, projects such as floodplain restoration, off-channel storage, and aquifer recharge, or other actions designed to provide access to new water supplies with priority given to projects in watersheds developing plans as directed by sections 202 and 203 of this act and watersheds participating in the pilot project in section 204 of this act. (Emphasis added.)

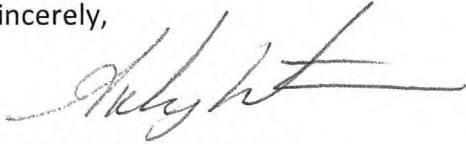
Third, the mandatory components of and requisite Ecology findings for § 203 watershed plans are unattainable without critical data such as: (1) the amount of water needed to restore depleted streamflows; (2) the amount needed to offset permit-exempt wells; (2) when and where that water is needed; and (3) inventories and assessments of sources of that water, including water rights that may be acquired and reclaimed water. See § 203(b).

To the extent that the interim funding guidance is a rule, it exceeds Ecology's statutory authority, was adopted without compliance with statutory rule-making procedures, and is arbitrary and capricious. See RCW 34.05.570(2)(c).

² Interim Guidance at p. 1 ("In passing this new law, the Legislature also authorized the sale of capital bonds for this purpose in the aggregate amount of \$300 million over the next 15 years. Of this total, \$20 million was made available to start projects in 2018-19."); Substitute SB 6090, Capital Budget, § 3027 (establishing "Watershed Restoration and Enhancement Bond Account – State") <http://lawfilesextra.leg.wa.gov/biennium/2017-18/Pdf/Bills/Session%20Laws/Senate/6090-S.SL.pdf>.

To conclude, the law does not support Ecology in this first, critical funding cycle discriminating against projects involving data collection, assessment and/or analyses that will inform as to shovel-ready projects. This information is in many, if not most cases, a prerequisite to obtaining meaningful, scientifically supported watershed restoration and enhancement plans for § 203 watersheds and thus to carrying out the Legislature's mandates in ESSB 6091.

Sincerely,

A handwritten signature in black ink, appearing to read 'Andy Whitener', with a long horizontal flourish extending to the right.

Andy Whitener, Director
Squaxin Island Natural Resources Department

cc: Mary Verner, Director, Department of Water Resources, mary.verner@ecy.wa.gov
Sharon Haensly, Attorney, Squaxin Island Legal Department, shaensly@squaxin.us



SQUAXIN ISLAND TRIBE

October 26, 2018

Rebecca Inman
Department of Ecology
P.O. Box 47600
Olympia, WA 98504-7600
Filed in <http://ws.ecology.commentinput.com/?id=bK6DJ>

**Re: Squaxin Island Tribe's comments on Draft Streamflow Restoration Funding,
WAC Ch. 173-566**

Dear Rebecca:

The Squaxin Island Tribe ("Tribe") submits these comments on the above draft rules.

By way of background, Squaxin's usual and accustomed fishing area ("U&A") overlaps with most of the Water Resource Inventory Area ("WRIAs") listed in RCW 90.94.030 – i.e., WRIAs 12 through 15 – all of which lack adopted watershed plans (referred to as § 203 WRIAs or watersheds).¹ ESSB 6091 purports to allow development to impair instream flows and impact closed water bodies in these WRIAs through compliance with RCW 90.94.030. For § 203 WRIAs, Ecology must prepare and adopt watershed restoration and enhancement plans ("plans") by June 30, 2021. These plans must contain, among other things, actions and projects needed to offset impacts on instream flows from permit-exempt wells. That deadline is less than three years away.

Ecology's draft rules are deficient for the following reasons, and should be revised accordingly:

- The draft rules fail to specifically anticipate funding for watershed planning and assessment projects in § 203 watersheds, which are needed as precursors to shovel-ready projects.**

As described below, the draft rules fail to specifically acknowledge the appropriateness of funding planning and assessment actions and projects in § 203 WRIAs, as a necessary precursor to developing shovel-ready projects. They also improperly implicitly prefer shovel-

¹ As you are aware, the Tribe has unadjudicated federal reserved water rights to instream flows throughout its U&A, flows that are both senior to state instream flows and often reserve more water. *See United States v. Adair*, 723 F.2d 1394, 1410, 1414 (9th Cir. 1983). And notably, the Watershed Planning Act prohibits plans from containing provisions that "are in conflict with existing state statutes, federal laws, or tribal treaty rights." RCW 90.82.120(1).

ready projects. Specifically, Ecology should revise the following sections of the rules: WAC 173-566-010(4) (Purpose), -130 (Phasing), -140(3) (Evaluation process), -150(2) (Funding priorities), -310 (Ineligible projects and costs). Ecology should also revise its grant application forms to ensure that such planning and assessment projects do not receive lower scores than shovel-ready projects.

As noted, there are no adopted watershed plans for § 203 WRIsAs, as compared with § 202 WRIsAs. The unadopted plans in the § 203 WRIsAs identified basic data gaps, many of which remain unfulfilled. The nonexistence of plans for § 203 WRIsAs starkly contrasts with approved watersheds plans for the § 202 WRIsAs, and thus requires different treatment. In the § 203 WRIsAs, the reality is that specific data must be collected and analyzed as a precursor to drafting meaningful watershed plans with scientifically-supported restoration and mitigation projects. Ecology sought to withhold, or at minimum discourage and downwardly score, such funding in its Interim Funding Guidance and the Tribe has objected.²

Without meaningful watershed plans, Ecology cannot carry out its overall mandate of implementing a program that restores and enhances streamflows to levels necessary to support healthy salmon populations. See RCW 90.94.030, RCW 90.04.010 (Legislative statement following Definitions). Nor can Ecology attain the mandatory components of and make requisite findings for § 203 watershed plans absent critical data such as: (1) the amount of water needed to restore depleted streamflows; (2) the amount needed to offset permit-exempt wells; (2) when and where that water is needed; and (3) inventories and assessments of sources of that water, including water rights that may be acquired and reclaimed water. See RCW 90.94.030(b).

Finally, the Legislature in the funding provision, RCW 90.94.080, clearly intended that Ecology would fund actions and projects that include data collection, assessments, and planning. It directed Ecology's grant money to the watershed restoration and enhancement bond account created in § 208. Section 208(2) expressly anticipates and authorizes Ecology to fund data collection and assessments in advance of shovel-ready projects:

Expenditures from the watershed restoration and enhancement bond account may be used to assess, plan, and develop projects that include acquiring senior water rights, water conservation, water reuse, stream gaging, groundwater monitoring, and developing natural and constructed infrastructure, which includes, but is not limited to, projects such as floodplain restoration, off-channel storage, and aquifer recharge, or other actions designed to provide access to new water supplies with priority given to projects in watersheds developing plans as directed by sections 202 and 203 of this act and watersheds participating in the pilot project in section 204 of this act. (RCW 90.94.080, emphasis added.)

² The Tribe attaches and incorporates the comments in its October 15, 2018 letter to Director Bellon in which it raised concerns about the Interim Guidance.

2. Ecology’s grants must fund projects and lead to watershed plans that do more than merely offset the impacts of new permit-exempt domestic wells.

Ecology’s draft rules improperly define projects and watershed plans as successful if they do no more than offset new domestic permit-exempt wells. *See, e.g.*, WAC 173-566-010(3) (Purpose), -030 (Definitions – “New domestic permit-exempt wells”, “Watershed plan”), -150(2)(ii) (Funding priorities), -200 (3)(a) (Water right acquisitions). However, ESSB 6091 (including RCW Ch. 90.94) requires more by mandating streamflow “restoration” and “enhancement”. *See, e.g.*, RCW 90.94.010, .020, .030, .050, .060, .070, .080. Neither term means merely returning streams in 2038 to their current degraded state. Virtually all of the streams in the § 203 watersheds within Squaxin’s U&A have unmet instream flows. And, many of these same streams suffer from other flow-related deficiencies like high temperature (e.g., the Deschutes, Woodland, Kennedy, Johns, Goldsborough, Skookum, Mill and Cranberry).³ A plan that results in a degraded status quo after 20 years is incompatible with the label that the Legislature gave these plans: i.e., “watershed restoration and enhancement plans.” RCW 90.94.030. Notably, that same descriptor for plans is absent in § 202, which labels them as “updated” “watershed plans”. RCW 90.94.020(4).

While merely offsetting new domestic permit-exempt wells may be sufficient for streams whose flows meet instream flows, it is insufficient for unhealthy streams. In these cases, ESSB 6091 requires more to restore and enhance streamflows and fish habitat.

Additionally, Ecology must make a determination before adopting a § 203 plan that actions identified in the plan – after accounting for “new projected uses of water” – will result in a “net ecological benefit” to instream resources within the WRIA. RCW 90.94.030(c). This provision is not expressly restricted to estimating new domestic permit-exempt wells. Additionally, the word “benefit” in the phrase “net ecological benefit” (“NEB”) is commonly understood to mean more than ending up with the degraded status quo in 2038. “Benefit” means “an advantage or profit gained from something.”⁴ The “benefit” part is missing if the situation in 2038 is merely the current degraded situation.

Also, Ecology must include in plans an estimate of the “cost of offsetting new domestic water uses over the subsequent twenty years, including withdrawals exempt from permitting under RCW 90.44.050.” RCW 90.94.030(3)(d). This mandate is also not restricted to new domestic permit-exempt wells. And, Ecology’s restrictive view is inconsistent with RCW 90.94.030(e), which requires that plans include estimates of “the cumulative consumptive water use impacts over the subsequent twenty years, including withdrawals exempt from permitting under RCW 90.44.050”. Again, this is not as restrictive as Ecology’s interpretation.

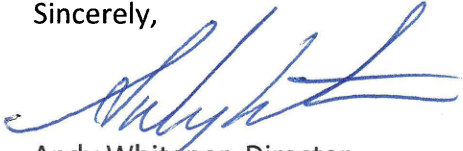
³ *See, e.g.*, <https://nwifc.org/publications/state-of-our-watersheds/> (Accessed Oct. 24, 2018).

⁴ Available at <https://en.oxforddictionaries.com/definition/benefit> (Accessed Oct. 24, 2018).

For the above reasons, Squaxin asks Ecology to redraft its rules to correct these deficiencies. The Tribe stands willing to assist. As currently drafted, however, the rule exceeds Ecology's statutory authority and is arbitrary and capricious. See RCW 34.05.570(2)(c).

Thank you for your consideration.

Sincerely,



Andy Whitener, Director
Squaxin Island Natural Resources Department

cc: Mary Verner, Director, Department of Water Resources, mary.verner@ecy.wa.gov
Sharon Haensly, Attorney, Squaxin Island Legal Department, shaensly@squaxin.us



SQUAXIN ISLAND TRIBE

October 15, 2018

SENT BY REGULAR U.S. MAIL AND ELECTRONIC MAIL

Maia Bellon, Director
Washington Department of Ecology
P.O. Box 47600
Olympia, WA 98504-7600
maia.bellon@ecy.wa.gov

Re: Squaxin Island Tribe's concerns about Ecology's Interim Funding Guidelines for Streamflow Restoration Grants

Dear Director Bellon:

I am sending this letter because the Squaxin Island Tribe ("Tribe" or "Squaxin") has serious concerns about the legality and effectiveness of Ecology's approach to awarding grants under ESSB 6091 as described in its *Streamflow Restoration Grants FY 2019: Interim Funding Guidelines* (Pub. No. 18-11-010, June 2018) ("Interim Guidelines"). For reasons described below, Ecology's focus on shovel-ready projects to the virtual exclusion of data collection and analyses during this grant cycle is illogical and inconsistent with ESSB 6091. Its approach unreasonably and significantly prejudices the Tribe and its Treaty fishing rights.

Squaxin's usual and accustomed fishing area ("U&A") overlaps with most of the Water Resource Inventory Area ("WRIAs") in § 203, all of which lack adopted watershed plans.¹ While this letter focuses on WRIA 14, our concerns extend to the other WRIAs listed in § 203 that are within Squaxin's U&A – i.e., WRIAs 12, 13 and 15. We will also be sending comments on Ecology's draft Streamflow Restoration Funding rule, WAC Ch. 173-566. We respectfully urge Ecology to change course when evaluating and scoring upcoming project applications in § 203 basins during this critical period leading up to watershed plans.

¹ As you are aware, the Tribe has unadjudicated federal reserved water rights to instream flows throughout its U&A, flows that are both senior to state instream flows and often reserve more water. See *United States v. Adair*, 723 F.2d 1394, 1410, 1414 (9th Cir. 1983).

I. Critical Data Gaps Exist in Section 203 WRIAs that must be Filled to Meet ESSB 6091's Requirements.

ESSB 6091 purports to allow development to impair instream flows and impact closed water bodies in WRIA 14 through compliance with § 203. Section 203, in turn, applies to specific WRIAs that lack adopted watershed plans under RCW Ch. 90.82. These WRIAs (12-15) cover most of Squaxin's U&A. For § 203 WRIAs, Ecology must prepare and adopt watershed restoration and enhancement plans ("plans") by June 30, 2021. These plans must contain, among other things, actions and projects needed to offset impacts on instream flows from permit-exempt wells. That deadline is less than three years away.

As noted, there is no adopted watershed plan for WRIA 14, that effort having failed in 2006. The unadopted plans identify basic data gaps that include:

- "Much more data must be collected before we can really quantify water availability and understand how pumping from WRIA 14's aquifers will affect streamflows and habitat." (p. 5)
- "However, no single database currently exists where planners can access monitoring data from a variety of sources. . . . The Planning Unit recommends that Mason County, Thurston County, and the State of Washington (Departments of Health and Ecology) support a comprehensive water-resource monitoring program for WRIA 14. This program will address data gaps in the areas of water quality and water quantity. . . . To facilitate the first task, the program should be organized by subbasin—that is, the drainage areas for major creeks and for Pickering Passage/Case Inlet and Chapman Cove. . . .Creeks should include, but not be limited to, Sherwood, Malaney, Deer, Cranberry, Johns, Goldsborough, Mill, Skookum, Kennedy, Schneider, and Perry." (p. 9 & n. 1)
- "Specific data-gathering and analysis tasks should include: . . .
 - Developing science-based sub-basin plans that specify management strategies for protecting and restoring natural flow regimes.
 - Developing a detailed current and historical water budget that accounts for precipitation, evapotranspiration, groundwater recharge, aquifer storage, creek flows, nearshore discharge, pumping, and surface-water diversions. In addition, historic trends should be identified in these parameters. Note that streamflow analyses should account for both the runoff component, which originates from precipitation, and the baseflow, which is fed by groundwater.
 - Assessing the impact of changes in streamflow on physical habitat and channel geomorphology; use information on historical climate trends, hydrostratigraphy, fish production, land use, and forestry practices to expand the analysis." (p. 11)

- “The Planning Unit recommends that Mason County, Thurston County, and the City of Shelton coordinate closely with the Planning Unit to develop and implement comprehensive water conservation plans for all water users. . . . These plans should also specify conservation measures that should be implemented before a municipality can exercise inchoate rights in closed basins.” (p. 15)

- “The Planning Unit recommends that Mason and Thurston Counties and the City of Shelton estimate the anticipated demand for water and then reconcile discrepancies between water demand and availability, using a process consistent with GMA. The water-demand estimates should be based on land use designations, as well as on population projections and allocations in the comprehensive plans.” (p. 20)

Again, the nonexistence of § 203 plans starkly contrasts with approved watersheds plans for the § 202 WRIAs, and requires different treatment for § 203 WRIAs. In WRIA 14 and the other § 203 WRIAs, the reality is that specific data must be collected and analyzed as a precursor to drafting meaningful watershed plans with scientifically-supported restoration and mitigation projects. The first funding cycle in a short three-year turnaround is certainly not the time to withhold funding to fill critical gaps in data and analyses in these watersheds.

II. Ecology’s Interim Funding Guidelines Inappropriately Favor Shovel-Ready Projects.

As shown in the bullets below, Ecology’s Interim Guidelines improperly favor shovel-ready projects to the near or complete exclusion of funding for data gathering and analysis that leads to shovel-ready projects:

- “Water right studies, assessments, and valuations, will **not** be eligible for funding in the 2018-2019 grant cycle.” (p. 7, emphasis in original)

- The definitions exclude data collection and analyses. “Eligible projects” are defined as: (1) “Water projects category”, which includes water acquisition, water storage and altered water management or infrastructure; and (2) “non-water projects category”, which is riparian and fish habitat improvement. (p. 6)

- Applicants must “illustrate that the project is ready to go”, and document that it has completed environmental review, obtained or applied for permits, and completed easements, property owner agreements or land acquisition. (pp. 12-13)

- While Ecology’s guidance acknowledges that projects can be phased, it improperly limits phased projects to “large, expensive, or complex projects” particularly when “each phase can be shown to provide streamflow/fish benefits.” (p. 13)

- Ecology’s ranking process improperly weights shovel-ready projects by, among other things, granting higher scores to projects that are “permanen[t]”, have a “clear linkage” between flow conditions and negative impacts on instream resources, and have designs and permits. (pp. 14-16).

Finally, the Tribe cautions Ecology against heavily weighting projects in and near waters that contain ESA-listed fish. (pp. 14-15) ESSB 6091 does not provide authority for such preference.

III. Ecology's Interim Guidelines are Inconsistent with ESSB 6091.

For the following reasons, the Interim Guidelines' preference for shovel-ready projects conflicts with the language and intent of ESSB 6091. ESSB 6091 directs Ecology to implement a program that restores and enhances streamflows. § 304. First, as described above, in many cases data collection and analyses are needed to develop the scientifically-supported mitigation actions and projects that are required in the plans. § 203(3). Without these plans, Ecology cannot carry out its overall mandate of implementing a program that restores and enhances streamflows to levels necessary to support healthy salmon populations. See § 203, § 304.

Second, the Legislature in ESSB 6091's bond funding provision clearly intended that Ecology would fund actions and projects that include data collection, assessments, and planning. It directed Ecology's grant money to the watershed restoration and enhancement bond account created in § 208.² Section 208(2) expressly anticipates and authorizes Ecology to fund data collection and assessments in advance of shovel-ready projects:

Expenditures from the watershed restoration and enhancement bond account may be used to **assess, plan, and develop projects** that include acquiring senior water rights, water conservation, water reuse, stream gaging, groundwater monitoring, and developing natural and constructed infrastructure, which includes, but is not limited to, projects such as floodplain restoration, off-channel storage, and aquifer recharge, or other actions designed to provide access to new water supplies with priority given to projects in watersheds developing plans as directed by sections 202 and 203 of this act and watersheds participating in the pilot project in section 204 of this act. (Emphasis added.)

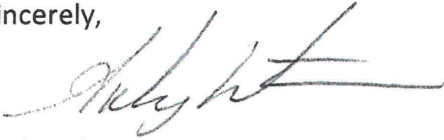
Third, the mandatory components of and requisite Ecology findings for § 203 watershed plans are unattainable without critical data such as: (1) the amount of water needed to restore depleted streamflows; (2) the amount needed to offset permit-exempt wells; (2) when and where that water is needed; and (3) inventories and assessments of sources of that water, including water rights that may be acquired and reclaimed water. See § 203(b).

To the extent that the interim funding guidance is a rule, it exceeds Ecology's statutory authority, was adopted without compliance with statutory rule-making procedures, and is arbitrary and capricious. See RCW 34.05.570(2)(c).

² Interim Guidance at p. 1 ("In passing this new law, the Legislature also authorized the sale of capital bonds for this purpose in the aggregate amount of \$300 million over the next 15 years. Of this total, \$20 million was made available to start projects in 2018-19."); Substitute SB 6090, Capital Budget, § 3027 (establishing "Watershed Restoration and Enhancement Bond Account – State") <http://lawfilesexternal.wa.gov/biennium/2017-18/Pdf/Bills/Session%20Laws/Senate/6090-S.SL.pdf>.

To conclude, the law does not support Ecology in this first, critical funding cycle discriminating against projects involving data collection, assessment and/or analyses that will inform as to shovel-ready projects. This information is in many, if not most cases, a prerequisite to obtaining meaningful, scientifically supported watershed restoration and enhancement plans for § 203 watersheds and thus to carrying out the Legislature's mandates in ESSB 6091.

Sincerely,

A handwritten signature in black ink, appearing to read 'Andy Whitener', with a long horizontal flourish extending to the right.

Andy Whitener, Director
Squaxin Island Natural Resources Department

cc: Mary Verner, Director, Department of Water Resources, mary.verner@ecy.wa.gov
Sharon Haensly, Attorney, Squaxin Island Legal Department, shaensly@squaxin.us