

City of Bremerton

The City of Bremerton supports Ecology's efforts to assess the financial impacts of the Puget Sound Nutrient General Permit and to provide guidelines for the analysis. The City believes that the financial assessment should reflect the potential financial impacts on our most vulnerable community members through direct measures that consider all of the City's compliance obligations, as well as our need to maintain infrastructure assets to sustain the expected level of service into the future. For these reasons, the City has reviewed Ecology's Draft Financial Capability Assessment (FCA) Guidance document and is providing comments here with the intent to improve Ecology's approach to the assessment.

1) Attainable Implementation Schedules: There appears to be a disconnect between Ecology's Draft FCA Guidance and Puget Sound Nutrient General Permit (PSNGP) with respect to schedule and the establishment of economically feasible implementation timelines.

The Draft FCA guidance states: "We also emphasize that results, for purpose of the Nutrient Permit, are not intended for schedule negotiation." (Ecology 2024, p. 15).

Ecology's approach seems to contradict the clear direction in the Puget Sound Nutrient General Permit (PSNGP) that explicitly calls for the AKART analysis to address an attainable implementation schedule:

"Section S6.C. AKART ANALYSIS Subpart f. Attainable implementation schedule that includes funding, design and construction of infrastructure improvement capable of achieving and maintaining AKART." (Ecology 2021)

2) Affordability and Insensitivity of Ecology's FCA Spreadsheet Tool: A test application of Ecology's spreadsheet FCA tool using realistic entries for baseline capital improvement plans without nutrient removal and representative upgrades for nutrient removal at significantly greater cost reveals a surprising lack of sensitivity to the magnitude of project costs. This baseline scenario received a ranking of "Low Impact" in the final FCA matrix assessment. In a sensitivity analysis, the project costs needed to be increased to extraordinarily high levels to even trigger a shift from "Low Impact" to a "Medium Impact" assessment in the FCA matrix. It is concerning that doubling the annual debt service and O&M expenses would result in only a "Medium Impact" since it would likely double rates. This is a particular concern considering the demographics of Bremerton since our median household income is only 75% of the state as a whole, and our poverty rate is 40% higher than the state as a whole (reference US Census data at <https://www.census.gov/quickfacts/fact/table/bremertoncitywashington/IPE120222#IPE120222>, and <https://data.census.gov/profile/Washington?g=040XX00US53#income-and-poverty>). This suggests that the formulation of Ecology's FCA tool may not be sensitive enough to reflect the severity of the financial impact of a doubling of costs.