RESOLUTION NO. 626

A RESOLUTION OF THE BOARD OF COMMISSIONERS OF BIRCH BAY WATER & SEWER DISTRICT, WHATCOM COUNTY, WASHINGTON, REGARDING THE WATERSHED PLAN AND WRIA 1

WHEREAS, the purpose of watershed planning is to develop a more thorough and cooperative method of determining the current water resource situation in each Water Resource Inventory Area ("WRIA") and to provide local citizens with the maximum possible input concerning their goals and objectives for water resource management and development (RCW 90.82.005); and

WHEREAS, the local development of watershed plans is intended to serve vital local interests by placing it in the hands of people: Who have the greatest knowledge of both the resources and the aspirations of those who live and work in the watershed; and who have the greatest stake in the proper, long-term management of the resources (RCW 90.82.010); and

WHEREAS, the legislature found that it is necessary for units of local government to engage in the orderly development of watershed plans (RCW 90.82.010); and

WHEREAS, the Birch Bay Water & Sewer District ("District") is one such unit of local government; and

WHEREAS, RCW 90.82.060 specifies procedures for initiation of watershed planning within a Water Resource Inventory Area ("WRIA"), as such areas are established in chapter 173-500 WAC; and

WHEREAS, most of Whatcom County lies within WRIA 1; and

WHEREAS, pursuant to RCW 90.82.060, Whatcom County, the City of Bellingham and Whatcom County PUD #1 decided jointly and unanimously to proceed with watershed planning in WRIA 1 and invited, as further provided under RCW 90.82.060, the Lummi Tribe and Nooksack Tribe to participate; and

WHEREAS, the five above-named entities together are regarded as the initiating governments ("Initiating Governments") as defined in RCW 90.82.060; and

WHEREAS, RCW 90.82.060 assigns the Initiating Governments the task of determining the scope of the planning to be conducted within the WRIA; and

WHEREAS, the scope of watershed planning must include water quantity elements (RCW 90.82.070), and may include water quality elements (RCW 90.82.090), habitat elements (RCW 90.82.100) and instream flow elements (RCW 90.82.080) as optional elements of the watershed plan; and

WHEREAS, the Initiating Governments decided that the WRIA plan would include all components identified in the statute, to wit: water quantity, instream flow, water quality and habitat. This decision was later approved by the Planning Unit; and

WHEREAS, RCW 90.82.060 further assigns the Initiating Governments the task of organizing a planning unit ("Planning Unit"); and

WHEREAS, in 1998 the Initiating Governments organized a Planning Unit and provided for representation of water districts in the WRIA 1 watershed planning process by establishing a Water Districts Caucus as a member of said Planning Unit; and

WHEREAS, Birch Bay Water and Sewer District is a member of the Water Districts Caucus; and

WHEREAS, RCW 90.82.130 indicates that the Planning Unit may approve the watershed plan by consensus of all of the members of the Planning Unit or by consensus among the members of the Planning Unit appointed to represent units of government and a majority vote of the nongovernmental members of the Planning Unit; and

WHEREAS, water districts are obliged to engage in water resource planning consistent with 20-year population projections required under the Growth Management Act ("GMA"); and

WHEREAS, the Water Districts Caucus represents units of government and must be included in the statutorily mandated consensus among governmental members of the Planning Unit; and

WHEREAS, the Water Districts Caucus have chosen an approach to decision-making in which consensus among the participants will be the goal for all Water Districts Caucus decisions, with all positions of the Water Districts Caucus going forward to the Planning Unit if consensus cannot be reached; and

WHEREAS, RCW 90.82.030(1) requires that the Planning Unit establish a process to assure that water resource user interests have the opportunity, in a fair and equitable manner, to give input and direction to the process; and

WHEREAS, in 1998, to pay for part of the cost of the WRIA 1 watershed planning process and related water resources programs, the County enacted Resolution 98-078 which doubled the then-existing Flood Control Zone Fee, thereby producing a substantial new revenue stream totaling approximately \$2 million per year. Total costs of WRIA 1 watershed planning would apparently approach or possibly even exceed \$2 million per year if the expenditures of state, federal and local governments, tribes and other participants were taken into account; and

WHEREAS, although much of the Flood Control Zone Fee revenue has been derived from properties within water district boundaries, nearly all County funding of watershed

planning from that fee has been allocated to the Initiating Governments and/or County; and

WHEREAS, in 1998 the County applied for and received grant funding from the State Department of Ecology to support WRIA 1 watershed planning. The grant application stated an intent to make a "good faith effort" to complete the plan within four years, but noted that this schedule was "ambitious"; and

WHEREAS, the lack of funding support combined with unrealistic approval timetables have made fair and equitable participation in the process extremely difficult if not impossible for the District; and

WHEREAS, the District is obliged to represent the interests of its ratepayers as well as those persons who have purchased property within the District's water service area with the expectation that the District will take reasonable steps to secure water supplies to serve such properties when they are ready to develop in the future; and

WHEREAS, obligations in a watershed plan for WRIA 1 approved under RCW 90.82 would become binding on the County (RCW 90.82.130(a)) which may, in the course of funding and otherwise meeting such obligations, further affect the interests of District ratepayers and property owners; and

WHEREAS, the current schedule for the WRIA 1 watershed planning process calls for the Planning Unit to approve the watershed plan tentatively by June 2003, with final Planning Unit approval of that watershed plan to occur by October 2003; and

WHEREAS, the Board of Commissioners of Birch Bay Water and Sewer District ("Board") believes the watershed plan will not be complete by June or October 2003 but rather, if it continues on its current course, is likely to have certain major unresolved problems; and

WHEREAS, timely resolution of such significant unresolved problems requires that the Board's concerns be communicated clearly to the Water Districts Caucus members, Planning Unit members and Initiating Governments; and

WHEREAS, most of the concerns identified in this Resolution have been previously expressed orally at meetings of the Planning Unit and/or in writing: July 29, 2002 letter to County Executive (Exhibit 1); January 6, 2003 memorandum on draft Implementation Plan (Exhibit 2); and April 1, 2003 memorandum on draft Instream Flow Action Plan, Version 4 (Exhibit 3); and

WHEREAS, the foregoing recitals are a material part of this Resolution,

NOW, THEREFORE, the Board of Commissioners of Birch Bay Water and Sewer District resolves:

That the following are among the significant problems with the watershed plan and WRIA I planning process:

- 1. A WRIA 1 watershed plan, as a major program of local government, must disclose all relevant financial information to the public and their elected decision-makers. Despite the substantial expenditure of funds that has already taken place, however, the proposed plan documents include no accounting of expenses and revenues to date, nor do they present a budget with estimated expenditures and identified revenue sources for activities recommended in the plan. As noted above, RCW 90.82.130(a) makes the obligations in a watershed plan approved under RCW 90.82 binding on the County. No plan should be approved without an understanding of the financial impacts.
- The watershed plan will not meet the statutory requirements for any plan component, including RCW 90.82.070 (water quantity), RCW 90.82.080 (instream flow), RCW 90.82.090 (water quality), and RCW 90.82.100 (habitat), under the currently proposed timetable for plan adoption.
- 3. Once a watershed plan has been approved, the Planning Unit has no further statutory authority. Premature approval of a purported "plan" may divest water districts of their statutory right to be included in the consensus of the Planning Unit's governmental members on final watershed planning actions.
- 4. The plan is expected to call for implementation of a complex set of computer models called a Decision Support System ("DSS"). RCW 90.82 does not require development of the DSS as part of a watershed plan. Alternatives to the DSS, as well as its cost, funding and technical feasibility, should be examined and presented in the plan.
- 5. As a direct result of an inequitable and unrealistic distribution of staff and consulting resources, it has proven infeasible to review the large volume of technical information produced in the watershed planning process within the limited time allowed. This has undermined the District's ability to represent the interests of its ratepayers and property owners by fairly and equitably participating in the planning process. The watershed plan's proposed instream flow element proposes a negotiating process which would further prevent water districts from participating effectively to protect such ratepayer and property interests.
- The impediments to District participation identified in paragraph 5 above contravene the letter and spirit of Chapter 90.82 RCW,

including without limitation RCW 90.82.005, RCW 90.82.010, RCW 90.82.030 (1), and RCW 90.82.060 (1).

Section 2: BE IT FURTHER RESOLVED that unless such problems are adequately addressed, the District will not support Water Districts Caucus approval of the forthcoming watershed plan on the schedule now proposed. The District reserves the option of adding to, subtracting from or modifying the issues identified in this resolution as further information emerges.

Section 3: BE IT FURTHER RESOLVED that any resolutions or parts of resolutions in conflict herewith are hereby repealed insofar as they conflict with the provisions of this resolution.

Section 4: If any section, subsection, sentence, clause or phrase of this Resolution is for any reason held to be invalid or unconstitutional, such decision shall not affect the validity of the remaining portions of this Resolution. The Board of Commissioners hereby declare that it would have passed this code and each section, subsection, sentence, clause and phrase thereof, irrespective of the fact that any one or more sections, subsections, sentences, clauses or phrases has been declared invalid or unconstitutional, and if, for any reason, this Resolution should be declared invalid or unconstitutional, then the original Resolution or Resolutions shall be in full force and effect.

Section 5: This Resolution shall be effective immediately.

ADOPTED by the Board of Commissioners of Birch Bay Water & Sewer District, Whatcom County, Washington, at a regular meeting held the 844 day of . 2003.

COMMISSIONER

COMMISSIONER

COMMISSIONER

SECRETARY

July 29, 2002

Pete Kremen County Executive 311 Grand Ave. Bellingham, WA 98225

Dear Pete.

As I have discussed with you and your staff in recent weeks, the 2514 watershed planning process for WRIA 1, which calls for plan adoption by July, 2003, seems to be facing major problems. From the beginning, the process has attempted to cover a large number of complex, highly technical issues in a comparatively short period. Thanks to a sizable increase in the flood fee in 1998, the County has been able to add staff and consultants to drive the process. For many Planning Unit participants, however, the resulting schedule of meetings to attend, documents to review and decisions to make has proven unmanageable. As a result, the County may find that the statutorily required consensus for watershed plan approval is unattainable simply because there is insufficient time - under the current schedule - for all participants to develop the required understanding of the issues.

Fortunately, the July 2003 deadline for plan approval appears largely discretionary – at least that is the impression I get from reading RCW 90.82 and talking with Joint Board staff and others. Admittedly, there seems to be concern that Ecology, absent plan approval by next July, might proceed to set instream flow rules independently or even demand return of state grants previously given to the County for watershed planning. My discussions with Ecology staff, however, lead me to believe that Ecology would be loath to take such actions, provided there continues to be a good faith effort to move forward with planning at the pace local stakeholders deem reasonable. Under the circumstances, I would propose revising the watershed planning schedule, including only the most essential items in the July 2003 plan and/or delaying the date for plan adoption. When I have suggested this to County staff, they have asked for specific suggestions on plan elements, and I would like to take this opportunity to answer that question.

WATERSHED PLAN ELEMENTS

Baseline assessment. As I understand it, the plan can and should include an initial baseline assessment of conditions in WRIA 1 with respect to water quality, water quantity and habitat. I have heard different opinions about how complete this beginning assessment has been, so it would need to be described carefully.

<u>Data gathering.</u> This would involve an ongoing program, during the period covered by the plan, for gathering data to support continuing scientific analysis of water quality, water quantity and habitat. This effort would logically address deficiencies in the baseline assessment. Beyond that, there are questions of cost, organization and funding.

- As I understand it, the data design which data should be gathered, where, how often, with what procedures – is related to USU's models, which may be expensive to support. Different program levels should be costed out and considered.
- Organizations with existing data-gathering programs should be encouraged to continue such programs.
- I assume the County should pay for and/or perform data-gathering not being done by other organizations. Quality control criteria would need to be specified. Data would need to be maintained centrally. I would think the County would fill this role.

Negotiations with the tribes. It is estimated that development of the WRIA 1 watershed plan will cost \$8 million in County funds, yet the plan – as now envisioned - would only be binding on the County and state. It is difficult to see the value of a plan that does not provide for an agreement on instream flows and water rights with the tribes, and I believe a process to arrive at such an agreement should be the central activity in the initial watershed plan.

An immediate question is how to organize such negotiations successfully. The initial tendency seems to lean toward organizing negotiations under the existing Joint Board structure. In that framework, the mechanism for representing the interests of the tribes, Bellingham and the PUD would be fairly straightforward. The County, however, is not organized to represent the interests of the other water appropriators. Hence, it would seem that either the Joint Board or the County would have to make significant changes to bring these other important interests to the table effectively. I understand Joint Board staff are currently grappling with these issues. I would suggest hiring consultants with expertise in water rights negotiations for assistance.

I see no reason, incidentally, to embrace a particular position on instream flows or the decision support system in the initial plan. I would think it would be clearer how to approach these topics as a result of negotiations.

Implementation of water quality and habitat improvements. Spending \$8 million just to initiate negotiations may seem like a lot of process with comparatively little in the way of real actions to address problems. In addition to supporting the negotiating process, therefore, the plan should identify funding for projects and programs to improve water quality and habitat throughout WRIA 1. As an example of currently unmet local needs, I have attached information from the Shellfish Protection District.

<u>Plan update</u>. The plan ought to cover some reasonable period, say seven years, with an update beginning in the fifth year. The Planning Unit should be reconstituted to oversee and approve the update.

<u>Funding review.</u> Stable revenue sources for implementation should be identified. Also, the level and structure of fees supporting implementation should be reviewed periodically to ensure that

they are sufficient and well-designed to meet their regulatory function and other criteria. Alternative revenue sources should be identified and explored where appropriate.

I hope you find this information useful in your efforts to complete the WRIA 1 watershed plan. If I can answer any questions, please give me a call.

Sincerely,

Roger M. Brown General Manager Birch Bay Water and Sewer District

cc: Board of Commissioners Bob Carmichael

MEMO

1/6/03

To: Mary Dumas: Rob Kelly

From: Roger Brown, Water Districts Caucus

Re: Implementation Plan

I am submitting the following tentative comments on the proposed Implementation Plan element of the Watershed Management Plan. These comments will be discussed at the next Water Districts Caucus meeting on January 15, 2003 and may be changed after that review.

The current schedule, calling for finalization of the Implementation Plan element this month and Draft Plan approval by March 03, seems unrealistic. Consensus cannot occur without full understanding of the proposed plan. We believe it will require significantly more time than the current schedule allows for commissioners and staff to develop an adequate understanding of the water quantity, water quality, habitat and ISF components and for legal review of the latter. We understand staff will propose schedule revisions at the January 8, 2003 Planning Unit meeting.

Submission of a document lacking adequate assessments for the WRIA would be of dubious value and might undermine the Planning Unit's authority for plan approval. As we understand it, the information and analyses supporting completion of the four statutory components have not been sufficiently developed for all of WRIA 1. Major problems with the assessment of groundwater quantity, for example, seem to remain unresolved. Moreover, the components seem highly interrelated and the currently proposed ISF process may take years to complete (and has not been approved by the Planning Unit). Absent adequate information on such components, the "plan," as currently envisioned, seems unable to meet the objectives specified in RCW 90.54.005:

"...to supply water in sufficient quantities to satisfy the following three water resource objectives:

Providing sufficient water for residential, commercial, and industrial needs;
Providing sufficient water for productive fish populations; and

(3) Providing sufficient water for productive agriculture. "

County Council approval of a document labeled as a "plan," moreover, could terminate the Planning Unit's statutory authority while the main substance of the plan has yet to be developed. Although the Planning Unit might be essentially reconstituted under a different name during Implementation, we see little reason to do that when the Planning Unit could just be left in place to oversee plan completion, secure in the authority contemplated under RCW 90.82.

We assume that any information on the Plan released at this point will be characterized as a progress report or the equivalent, and that the Implementation Plan will be described as options under consideration.

We believe it would be most appropriate for the Planning Unit, in addition to approving any progress report released, to discuss and identify the activities that must be scheduled and funded to complete a Watershed Management Plan meeting statutory requirements.

The Conservation District (CD) should be added to the Planning Unit. Under RCW 90.82.100, the habitat component must be coordinated with laws, rules and ordinances pertaining to shoreline management, GMA and the forest practices act. In addition, the statute provides that habitat restoration activities being developed under Salmon Recovery (RCW 77.85), "...shall be relied on as the primary nonregulatory habitat component for fish habitat..." The CD's involvement in Salmon Recovery would make its participation in the Planning Unit especially useful. We see no reason to delay their involvement (which seems primarily a matter for the CD to decide in any case) until formation of a successor to the Planning Unit (such as the proposed Water Resource Management Group), after the Plan has already been completed and approved.

Executive Decision Making Entity and Funding. We believe the core functions should probably be integrated within general County Government and funded from the County's current expense fund (General Fund). The rationale for project funding is ordinarily specific to the project being considered.

Other comments. There seem to be process problems, in that certain topics never previously discussed at the series of special Implementation meetings have surfaced in the Implementation paper. The option for adding the review committee function to the Water Resource Management Group (beginning at line 26) and the Program Implementation Groups (beginning at line 182) have not been discussed previously, so we do not understand the thinking behind them. In addition, the Water Policy Solution seems to pertain to Implementation but was not discussed at the Implementation meetings nor is it included in PMX's paper on Implementation. We will comment separately on the Water Policy Solution.

MEMO

To: Bruce M. Roll, Whatcom County Water Resources

From: Roger Brown, Water Districts Caucus

Date: April 1, 2003

Re: Comments on Draft Instream Flow Action Plan, Version 4

I am writing to provide preliminary comments from the Water Districts Caucus on the Draft Instream Flow Action Plan, Version 4 ("Instream Flow Plan"). We have refrained from commenting earlier because of our understanding that the Joint Board had not reviewed the Instream Flow Plan with their attorneys and that the document might be changed substantially after that review. We now understand that only Section 5 of this document is expected to change. These initial comments may be modified after the Water Districts Caucus considers them at our next meeting, now scheduled for April 16, 2003 and/or after the Joint Board releases Section 5 revisions.

The Instream Flow Plan establishes an Intergovernmental Instream Flow Working Group ("Working Group") comprised of Bellingham, Whatcom County, PUD No. 1, the Lummi Nation, Nooksack Indian Tribe, Department of Ecology and Small Cities Caucus, which is proposed to direct technical analysis and recommend instream flows. Under the Watershed Planning statute (Chapter 90.82 RCW), however, there is no such thing as a Working Group or Joint Board. Once constituted, the only responsible entity recognized in the statute is the Planning Unit. There is no statutory authorization for development or approval of any Plan other than a final Watershed Plan. Once the Watershed Plan receives final approval, the Planning Unit disappears. Accordingly, approval of the proposed Instream Flow Plan and other incomplete "Plans" may divest local governments of their statutory authority to withhold consensus on final watershed planning actions, including the actual setting of instream flows.

Chapter 90.82 RCW vests the Planning Unit with all authority for approval and recommendation of a Watershed Plan to the County Council. There must be consensus on the Planning Unit among the governmental representatives (including water districts) for the Watershed Plan to go forward for County Council consideration. The statutory right of districts to be part of the consensus in approving the Watershed Plan is compromised by their exclusion from the Working Group. Under the Instream Flow Plan, flow recommendations require the concurrence of the Planning Unit. However, the Instream Flow Plan contains no express requirement for consensus among units of local government, as would otherwise be required by Chapter 90.82 RCW.

Components of a Watershed Plan include water quantity (RCW 90.82.070); instream flow (RCW 90.82.080); water quality (RCW 90.82.090); and habitat (RCW 90.82.100). Each component has its own requirements and process. Only the water quantity component is mandated by statute. In WRIA 1, none of the components of the Watershed Plan are complete (including the Instream Flow Plan), nor are any of the components near completion. Until there is a completed Plan or completed Plan component, there is nothing to approve under the statute.

Even if the Planning Unit could retain its existing statutory authority, the advantages to being included in the Working Group would be significant. Although complex technical analyses will form the foundation for instream flow decisions, the process cannot be reasonably described as

² Added to the Working Group in the Executive Summary document.

¹ I am including the Executive Summary passed out at the Planning Unit meeting on March 26, 2003 as part of this review.

exact - at the end of the day, no instream flow number will emerge upon which all biologists will inevitably agree. There will be a range of values and room for differences of opinion among equally qualified scientists. Small differences of opinion on required instream flows, moreover, may equate to large differences in water quantity available for out-of-stream withdrawals. Inclusion in the Working Group brings with it the opportunity for enhanced understanding of the issues pertaining to such critical technical matters before they come before the Planning Unit, whose rules indicate that substantive issues may be forced to a decision after discussion at only two meetings (i.e., after as little as one month of review).

The following rationale is stated in the Instream Flow Plan (p. 3) for establishing the Working Group: (a) "To reduce expense and effort a collaborative approach will be used to reach agreement on WRIA-wide goals and recommended flows, adoption and implementation of flows;" and (b) "Representative governments have technical and legal resources directed to ensuring that recommended flows meet the criteria described previously." This justification for the Working Group fails to withstand logical analysis.

- Except for the Small Cities, the proposed Working Group would consist of those entities comprising the Joint Board. With County expenditures on watershed planning exceeding \$8 million dollars, a spending rate significantly higher than in other watershed planning processes around the state, continued collaboration among Working Group members does not, in itself, appear to ensure efficiency.
- The proposed Working Group may lack the expertise to supervise technical consultants. To date, nominal oversight has been provided by "Tech Teams," which have been seemingly populated by generalists and not technical experts for the most part. In one case, hydrogeological consultants were hired directly by certain Planning Unit members to review technical groundwater work, as a result of which major problems were identified. We believe this has raised questions about the general adequacy of technical supervision, and suggests that basic organizational questions are political and financial rather than technical and legal.

The Instream Flow Plan gives no defensible rationale for excluding water districts from the Working Group. Water districts are units of local government serving, in some cases, larger populations than cities now proposed for inclusion within the Working Group. Birch Bay Water and Sewer District, for example, has its own Urban Growth Area and is the most rapidly growing area of the county. Water District 10 also serves areas designated for urban levels of growth. Water districts would add considerably to the technical, legal and financial resources of the Working Group.

The mandated water quantity component of watershed planning requires, *inter alia*, an assessment of the surface and ground water available in the management area, the quantity of water actually being used, and the quantity of water needed for future population and economic growth under the requirements of the Growth Management Act. RCW 90.82.070. These assessments of community needs should at least be substantially addressed before, rather than after, detailed analysis of instream flows.

⁵ PUD #1 and Birch Bay Water and Sewer District.

³ WRIA 1 Watershed Management Project PLANNING UNIT PROCESS AND PROCEDURAL AGREEMENT

⁴ The concern is not speculative. The experience of the past five years shows that the Planning Unit has often been asked to pass judgment on difficult matters with little review time.

Where a Planning Unit member disagrees with the flow recommendation of the Working Group, the Instream Flow Plan requires the Planning Unit member to recommend alternative flow levels. This provision seems patently unfair unless the disagreeing Planning Unit member can be provided with resources reasonably equivalent to those the Working Group has been able to allocate to the disputed issue. This unfairness would be especially evident if disagreement developed between the Working Group and water districts. District property owners might pay hundreds of thousands of dollars in flood fees, only to see those fees fund Working Group studies directed in a manner they perceive to be contrary to their interests. If the water districts disagree with the Working Group recommendation, they would have to spend more of their constituents' money to challenge the Working Group recommendation which they helped fund.

Where irreconcilable disagreements emerge, the Instream Flow Plan directs Planning Unit members to litigate limited and discrete issues. No sensible Planning Unit member would agree to a Plan requiring them to litigate and also require that such litigation be limited to a discrete issue. When an impasse between a Planning Unit member and the Working Group reaches the point of litigation, the Planning Unit member's leverage and survival may depend on the strength of all its claims.

If the Instream Flow Plan does not require litigation in the event of an impasse and the subject Planning Unit member refused to bring litigation itself, such a suit could be brought by the Working Group. However, in this event, there is nothing to prevent the defendant Planning Unit member from expanding the suit to include broader issues and perhaps even trigger a basin-wide adjudication.

Step 4 does not specifically mention evaluation of interbasin transfers. It is unclear whether such options are being excluded or are intended to be subsumed under "various potential management options within the specific area." We understand WRIA 3 is considering transfers from the Skagit to the Samish basin.

The document lists the Planning Unit facilitators, Mary Dumas and Rob Kelly, as drafters of the Instream Flow Plan. Casting the facilitators as proponents of any proposal coming before the Planning Unit seems to pose a process problem.

No rationale is provided for having the Working Group identify WRIA-wide goals.

Water Districts Caucus Members
Mary Dumas & Rob Kelly, Resolution Services